

## PARLIAMENT OF AUSTRALIA HOUSE OF REPRESENTATIVES PUBLIC HEARING – INQUIRY INTO DIABETES, ADDITIONAL EVIDENCE.

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In response to the Chair's question to me about a sugar sweetened beverage tax, I would like to add the following to my response.

There is evidence that indicates a sugar sweetened beverage tax applied at an adequate magnitude can be effective in reducing sugar sweetened beverage volume purchased. It is one of a suite of policies needed to reduce sugar sweetened beverage consumption in Australia to achieve National policy goals of halting the rise in obesity and reducing the prevalence of diet-related conditions including Type 2 diabetes. There is strong evidence for policy that restricts price promotions and marketing of sugar sweetened beverages. In the context of remote Australia, we have empirical evidence generated through a randomised controlled trial and published in *Lancet Planetary Health* that no price promotions of sugar sweetened beverages in addition to no placement of sugar sweetened beverages in high traffic areas and availability of large-size units (>600ML) of sugar sweetened soft drinks at ambient temperature only, can reduce sales of sugar sweetened beverages in remote stores.

If Australia were to introduce a sugar sweetened beverage tax, how this is applied in the remote Aboriginal and Torres Strait Islander context needs serious consideration.

Many remote community stores in the Northern Territory under the leadership of Aboriginal store owners (particularly those with The Arnhem Land Progress Aboriginal Corporation and Outback Stores) as I indicated in the evidence I gave at the Diabetes Inquiry have effectively applied their own "store tax" on sugar sweetened soft drinks to reduce consumption and tackle the diabetes epidemic. Some stores use the revenue from the "store tax" for example to offset the freight costs which would otherwise be added to the price of fruit and vegetables, to make healthier food more affordable.

If a national tax were applied, the cost to purchase sugar sweetened drinks for the remote retailer will increase, which could then be passed to the customer through the shelf price of the sugary drink. However, for stores that already have a "store tax", they may choose to not further increase the price of sugar sweetened beverages to the customer (i.e., effectively absorb the price increase imposed by the tax). If this were to occur, the profit to the store gained from their "store tax" will be less than current collected and therefore there could be a shortfall in the amount of "subsidy" available to use on healthy foods and drinks. On the other hand, remote retailers may apply the government tax in conjunction with the "store tax" which will further increase the price and may lead to a reduction in sales of sugar sweetened beverages, with those customers paying high prices for sugar sweetened beverages (essentially a double tax).

This nuance needs consideration so there is equitable public health benefit from a national public health policy. One way to deal with this is to provide a subsidy to remote stores to enable an ongoing subsidy to reduce price of healthier foods and drinks. This could be through a direct subsidy to stores or through a percentage of the national revenue received from the sugar sweetened beverage tax to address the high cost of healthy food and food affordability in remote communities. This however would need consideration to ensure that provision of a healthy food and drink subsidy to stores does not result in stores removing or reducing their "store tax" and applying the government tax only (as the "store tax" may be seen as no longer needed to subsidise healthy food and drinks).

I provide this additional information to bring to the inquiry's attention how some remote stores have applied an informal "store tax" on sugar sweetened soft drinks for the health of their communities in the absence of government policy. Policy to address food affordability in remote communities and restricted price promotions on unhealthy food including sugar sweetened beverages (a strategy tested and supported by remote communities) must be considered as part of prevention policy.

### FOR FURTHER INFORMATION

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