

Dissenting Report from the LP and PHON Senators

National Obesity Taskforce

Recommendation 3

3.27 The committee recommends the establishment of a National Obesity Taskforce, comprising representatives across all knowledge sectors from federal, state, and local government, and alongside stakeholders from the NGO, private sectors and community members. The Taskforce should sit within the Commonwealth Department of Health and be responsible for all aspects of government policy direction, implementation and the management of funding

1.2 The Senators oppose the establishment of a National Obesity Taskforce within the Commonwealth Department of Health. The Chair's report recommends the establishment and operation of a National Obesity Taskforce in a number of its recommendations (3, 4, 14, 15, 18, 19, 20), within the Department of Health. This is a structural solution rather than a strategic one and it is unclear how adding another layer of bureaucracy will lead to better addressing obesity policy issues. The report could have recommended a review of the current administrative arrangements applying to identify if existing arrangements can be improved to make them more effective and efficient.

1.3 The Senators support a broad, multi-strategy approach to tackling obesity, but they do not support the establishment of a taskforce to sit within the Commonwealth Department of Health.

1.4 At the COAG Health Council (CHC) meeting of 12 October 2018, Senator the Hon Bridget McKenzie, the then Minister for Rural Health, sought agreement from members for the Commonwealth to lead the development of a National Obesity Strategy through the Australian Health Minister's Advisory Council (AHMAC), and proposed that an Obesity Summit be held as the first phase of its development. This summit will take place in 2019.

Health Star rating System

Recommendation 6

4.98 The committee recommends the Minister for Rural Health promote to the Australia and New Zealand Ministerial Forum on Food Regulation the adoption of the following changes to the current Health Star Rating system:

- **The Health Star Rating Calculator be modified to address inconsistencies in the calculation of ratings in relation to:**
 - **foods high in sugar, sodium and saturated fat;**
 - **the current treatment of added sugar;**
 - **the current treatment of fruit juices;**
 - **the current treatment of unprocessed fruit and vegetables; and**

- **the 'as prepared' rules.**
- **Representatives of the food and beverage industry sectors may be consulted for technical advice but no longer sit on the HSR Calculator Technical Advisory Group.**
- **The Health Star Rating system be made mandatory by 2020.**

1.5 The Senators oppose Recommendation 6. The Health Star Rating system (HSR) is currently undergoing a comprehensive review process conducted by MP Consulting. This review is ongoing with submissions closing 7 December 2018. It is not advisable to speculate on certain aspects of the calculator while that review is underway. The Senators further note that the food and beverage industry has played an important role in developing the HSR system and is well placed to provide technical input into the HSR.

1.6 The Senators also oppose making the HSR system a mandatory scheme. The voluntary uptake of the HSR by industry has been strong. The HSR is featured on over 10 000 products and the system is internationally renowned.¹ Currently, the HSR is undergoing its largest review since its inception, and it is important that the review proceeds without political interference. The HSR should not be made mandatory until all calculations involved in the operations of the HSR have been thoroughly assessed and further consultations undertaken. Moreover, any changes to make a 5 star rating increasingly harder to achieve represents a constant shifting of the goal posts, discouraging industry from important reformulation progress and sending confusing messages to consumers. This may undermine the HSR system by decreasing consumer trust.

Tax on sugar-sweetened beverages

Recommendation 10

6.31 The committee recommends the Australian Government introduce a tax on sugar-sweetened beverages, with the objectives of reducing consumption, improving public health and accelerating the reformulation of products.

1.7 The Senators do not support the introduction of a tax on sugar-sweetened beverages. There is insufficient evidence that sugar-sweetened beverage taxes are effective in reducing obesity. No witnesses who appeared before the inquiry could point to any jurisdiction in the world where the introduction of a sugar tax led to a fall in obesity rates. Research by the McKinsey Global Institute undertaken in 2014 in the United Kingdom examined 16 popularised options for obesity prevention and found that portion control, product reformulation and consumer education were consistently in the top five for effectiveness (see Graph 1). Graph 1 shows that the tax on sugar ranked 13 on the list and was found to be one of the least effective options for obesity prevention.²

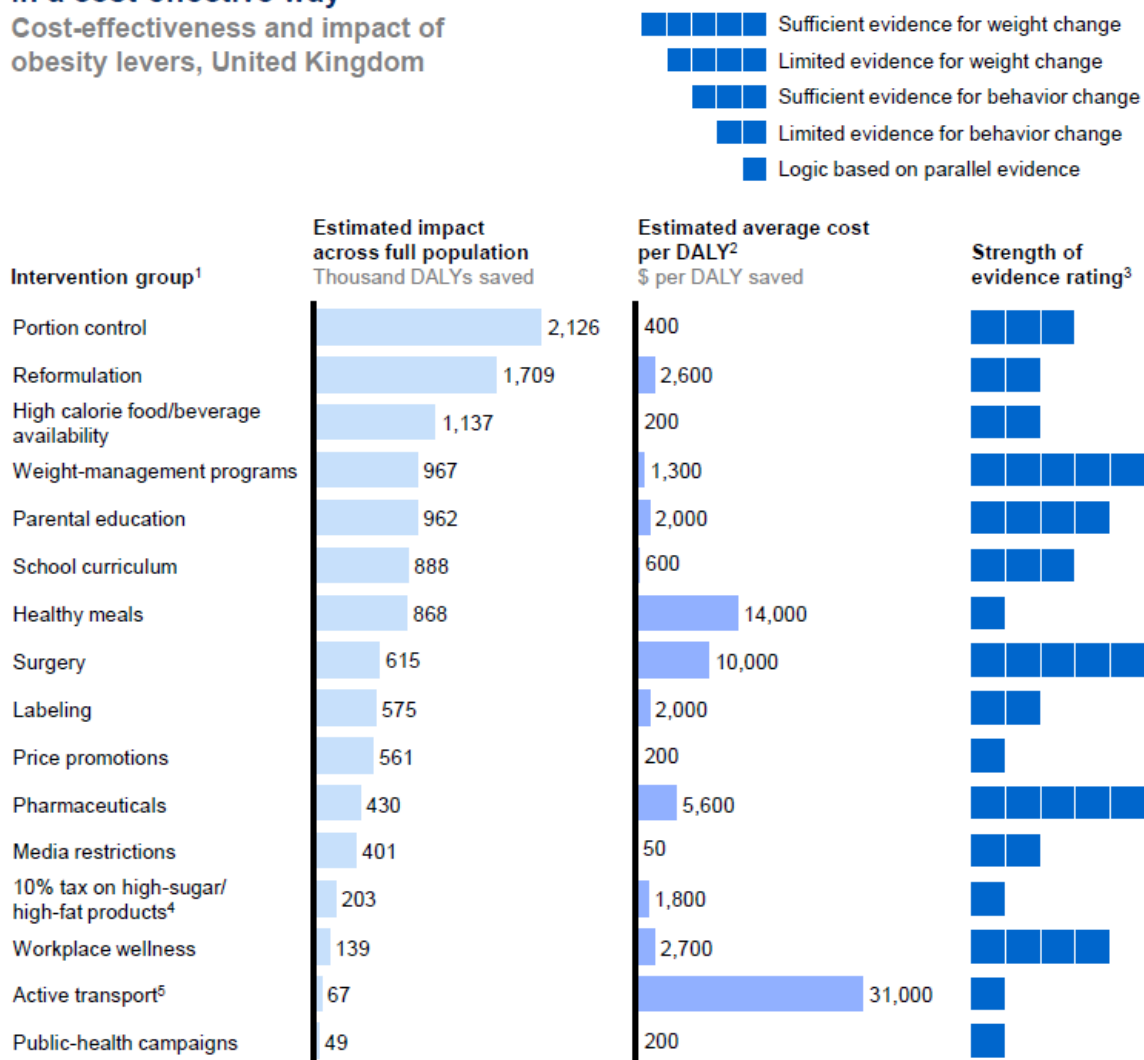
1 Professor Kevin Buckett, *Committee Hansard*, 7 August 2018, p. 64.

2 Coca-Cola Amatil, *Submission 84*, p. 15.

Graph 1: Cost-effectiveness and impact of obesity levers, United Kingdom

There is considerable scope to have high impact on obesity in a cost-effective way

Cost-effectiveness and impact of obesity levers, United Kingdom



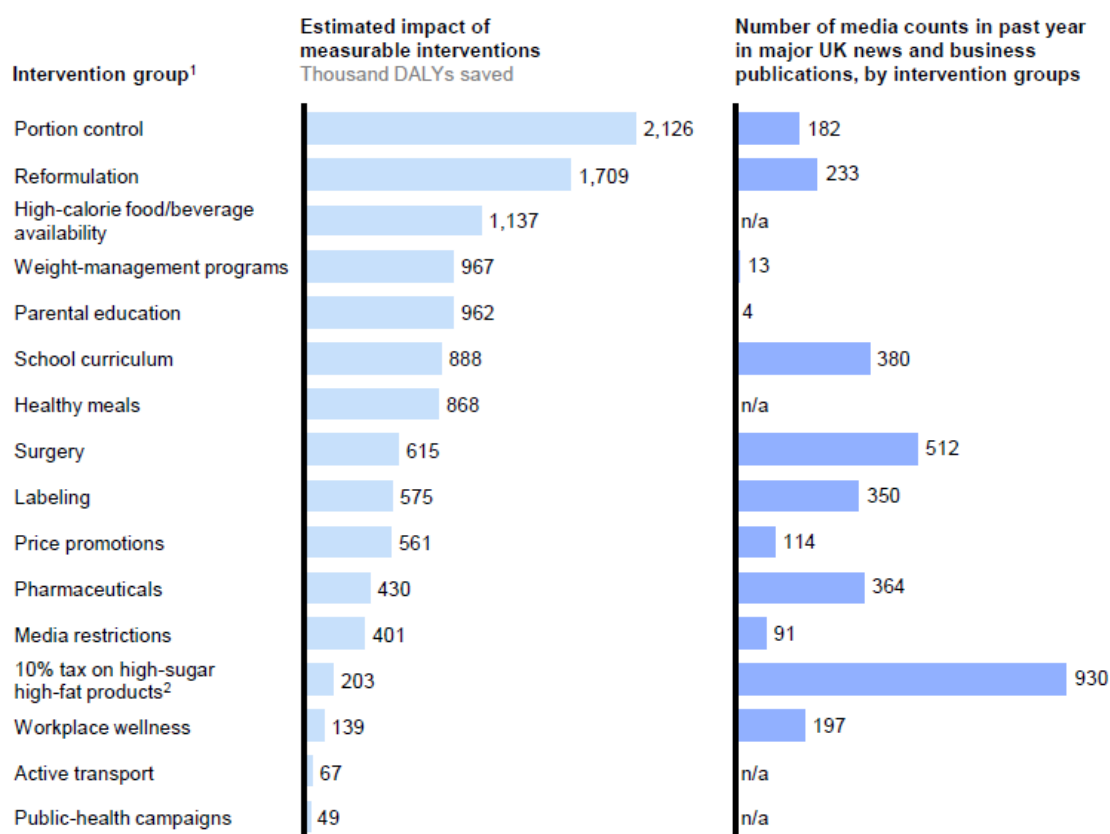
Source: McKinsey&Company, *Overcoming obesity: An initial economic analysis*, 2014

1.8 The research undertaken by the McKinsey Global Institute also shows that a sugar tax attracts disproportionate amount of media attention despite ranking poorly as a mechanism to counter or improve obesity rates (See Graph 2). This demonstrates that the continued focus on a sugar tax is political, rather than policy based on evidence. This skewed focus detracts from interventions that have a measurable impact demonstrated by the McKinsey report such as portion control, balanced access to discretionary foods and education programs.

Graph 2: High-impact intervention areas are receiving less media and public focus, United Kingdom

Some high-impact intervention areas are receiving less media and public focus

Impact and media count of intervention groups, United Kingdom



Source: McKinsey&Company, *Overcoming obesity: An initial economic analysis*, 2014

1.9 More recently, in 2017, both the Menzies Research Centre and the New Zealand Institute of Economic Research conducted a review of a series of papers in favour of the introduction of a tax on sugary drinks to see if a case could be made for a sugar tax. Both reviews concluded that a tax on sugar-sweetened beverages lacks evidence for reducing obesity levels and improving health outcomes.³ The Menzies Research Centre report also pointed out that a sugar tax is likely to be regressive as it would disproportionately affect low-income households. This is because low-income households spend relatively more on soft drinks as a share of their average weekly expenditure.⁴

1.10 Furthermore, a New Zealand Treasury paper published in 2016 noted that numerous studies found highly price sensitive consumers are more likely to switch to

3 Australian Beverages Council, *Submission 22*, p. 40.

4 Menzies Research Centre, *Submission 119*, Attachment 1, p. 2.

non-taxed and unhealthy substitute products, negating any potential health improvements from a soft drink tax.⁵

1.11 The Senators also note the recent United Nations General Assembly Declaration on Non-communicable diseases, adopted on 10 October 2018 that does not endorse taxes on discretionary foods as a means by which to tackle non-communicable diseases caused by tobacco use, harmful use of alcohol, unhealthy diets and physical inactivity. The Declaration supports the implementation of cost-effective and evidence-based interventions to halt the rise of overweight and obesity.⁶

1.12 The Senators note that the committee received compelling evidence about the ineffectiveness and the negative impacts of the taxes on sugar and unhealthy foods that have been introduced in other countries.⁷ For example, in 2011, Denmark introduced a 'fat tax' in an attempt to limit population's intake of unhealthy foods. The tax was scrapped twelve months later and the Danish government quickly cancelled its plans to introduce a sugar tax. According to the Danish government, the tax was abolished because of increased prices for consumers, increased administrative costs for producers and retailers, and because it put jobs at risk. Additionally, the tax failed in reducing consumption of unhealthy foods.⁸ Mexico introduced a soft drink tax in 2014 and the results have been similarly counterproductive. Indeed, sales of taxed products declined initially when the tax was introduced, only to rebound to pre-tax levels and show growth thereafter. The tax had no effect on reducing consumption or reducing obesity.⁹ Lastly, the Mexico experience demonstrates that the burden of taxation is mostly carried by those who can least afford the financial impost. Indeed, in 2014, 63.7 percent of the tax was collected from the lowest socio-economic group.¹⁰

1.13 As described in Chapter 3 of the report, the causes of obesity are myriad, as are the impacts, and the potential solutions. Therefore, we must approach obesity through a multifaceted approach. The Senators believe that introducing a tax or other

5 New Zealand Treasury Working Paper 16/09, *Implications of a sugar tax in New Zealand: Incidence and Effectiveness*, November 2016, <https://treasury.govt.nz/publications/wp/implications-sugar-tax-new-zealand-incidence-and-effectiveness-wp-16-09#formats> (accessed 3 December 2018)

6 United Nations General Assembly, *Resolution adopted by the General Assembly on 10 October 2018 -73.2 Political declaration of the third high-level meeting of the General Assembly on the prevention and control of non-communicable diseases*, 10 October 2018, http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/73/2 (accessed 4 December 2018)

7 See for example: Australian Association of Convenience Stores Limited, *Submission 6*, p. 5; Terry Barnes, *Submission 83*, pp.7-8; Australian Food and Grocery's, *Submission 89*, p. 18; Australian Taxpayers' Alliance, *Submission 123*, pp. 18-22.

8 Terry Barnes, *Submission 83*, p. 7.

9 Australian Association of Convenience Stores Limited, *Submission 6*, p. 5.

10 Australian Beverages Council, *Submission 22.1*, p. 4.

punitive measures are paternalistic as it implies that people cannot be trusted to make healthier food choices by themselves.

1.14 The established narrative also oversimplifies and obfuscates the causes of obesity. The Senators further note that international experts are becoming increasingly frustrated with “siloes” approaches to tackling obesity related health issues in the community. In the October 2018 Edition of *The Lancet*, 18 experts from across the globe stated:

The continued temptation to chase easy wins and focus on single policies in silos, such as school programs or taxes, rather than addressing the wider obesogenic environment and other drivers of obesity will mean countries continue to fail to protect their citizens from the harm caused by obesity.¹¹

1.15 We also must be careful about not further stigmatising people who are overweight and obese (see Chapter 2 of the report). The Senators believes that introducing a tax or other punitive measures contribute directly to reinforcing the stigma of obesity as it implies that people cannot be trusted to make healthier food choices by themselves.

1.16 Based on the evidence, the Senators are of the view that the case for government intervention is extremely weak. Regressive taxes that stigmatise and patronise individuals, harm businesses and risk jobs are not the solution to tackle obesity.

Marketing and advertising of discretionary food

Recommendations 11

7.44 The committee recommends that, as part of the 2019 annual review of the Commercial Television Industry Code of Practice, Free TV Australia introduce restrictions on discretionary food and drink advertising on free-to-air television until 9.00pm.

Recommendation 12

7.45 The committee recommends that the Australian Government consider introducing legislation to restrict discretionary food and drink advertising on free-to-air television until 9.00pm if these restrictions are not voluntary introduced by Free TV Australia by 2020.

1.17 The Senators do not support introducing legislation to restrict discretionary food and drink advertising on free-to-air television until 9.00pm. Australia currently has in place a stringent and effective self-regulatory system for regulating the content of food and non-alcoholic beverage advertising, including advertising to children.¹² The Senators believes that self-regulation provides a robust, transparent and effective

11 Ralston J. et al, *Time for a new obesity narrative*, *The Lancet*, Vol 392, 20 October 2018, p. 1385.

12 Ad Standard, *Submission 19*, pp. 7-20.

way for advertisers to engage with consumers and to respond to consumer's concerns about advertising. There is no need for government to intervene or legislate.

1.18 The Senators note that the research undertaken by the McKinsey Global Institute has found that there is limited evidence for behaviour change through media restrictions. Graph 1 shows that introducing media restrictions would have a negligible impact on obesity prevention.

1.19 Furthermore, research shows that there is no causal relationship between responsible advertising and harmful consumption of food and beverage products.¹³ Work undertaken by the Australian Communications and Media Authority (ACMA) also found the contribution of television advertising to obesity appears inconclusive and that public health literature points to a range of multi-factorial contributors to obesity, including hereditary, environmental, social and cultural factors.¹⁴

1.20 Finally, the Senators are of the view that restricting advertising on free-to-air television disproportionately impacts this platform as other platforms, including paid platforms and YouTube, would not be impacted by such restrictions. With children now predominantly watching content on platforms like YouTube, further regulating free-to-air television, would not only reduce the revenue available to fund Australian services, but would also fail to achieve the policy intent.¹⁵

Senator James Paterson

Senator for Victoria

Senator Amanda Stoker

Senator for Queensland

Senator Peter Georgiou

Senator for Western Australia

13 Australian Association of National Advertisers, *Submission 49*, p. 2.

14 Free TV Australia, *Submission 91*, p. 14.

15 Free TV Australia, *Submission 91*, p. 5.

