Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act [Our File #: HCS 009 2013]

On April 10, 2013, the Department of Health and Community Services (Department) received your request for access to the following records/information:

"Any and all documents including reports, correspondence, policy papers or studies on implementing a junk food tax (sometimes called a sugar tax or fat tax) in Newfoundland and Labrador."

The Department has reviewed your request in the context of the Access to Information and Protection of Privacy Act (the Act). The Department is able to provide you with partial access to the information that you have requested. Portions of the attached documents have been severed as they are non-responsive.

Section 43 of the Act provides that you may ask the Information and Privacy Commissioner to review the processing of your access request or you may appeal to the Supreme Court Trial Division. A request to the Commissioner shall be made in writing within 60 days of the date of this letter or within a longer period that may be allowed by the Information and Privacy Commissioner.

The address and contact information of the Information and Privacy Commissioner is as follows:

Office of the Information and Privacy Commissioner
2nd Floor, 34 Pippy Place
P.O. Box 13004, Stn. A
St. John’s, NL A1B 3V8

Telephone: (709) 729-6309
Facsimile: (709) 729-6500
Email: oipc@gov.nl.ca
In the event that you choose to appeal to the Trial Division, you must do so within 30 days of the date of this letter. Section 60 of the Act sets out the process to be followed when filing such an appeal.

If you have any further questions please feel free to contact Rachelle Cutler, ATIPP Coordinator at (709) 729-7776 or via email at rachellecutler@gov.nl.ca.

Sincerely,

Bruce Cooper
Deputy Minister

/Encl.
/rc
Dear Minister Osborne,

Taxing so called ‘junk food’ to help curb obesity is receiving increasing interest and consideration. Dietitians of Canada has considered this option and is pleased to offer information to you that supports a very cautious approach to the idea.

It is my pleasure to send along a Dietitians of Canada media release and a copy of the Dietitians of Canada publication Current Issues that speaks to this idea. You may find this valuable information for use in your role and in your department.

The Dietitians of Canada website at www.dietitians.ca is also an excellent resource should you wish further information on nutrition and healthy eating.

Sincerely,

Judy Jenkins
Regional Executive Director, Atlantic Region
Dietitians of Canada
October 24, 2006
For Immediate Release October 24, 2006

Obesity – a taxing problem?

Toronto, ON. Taxing so called "junk" food to help curb the rise in obesity is receiving increasing interest and consideration, according to Dietitians of Canada. Since the expanding waistline of Canadians is a serious health problem showing no signs of abating, innovative solutions are being sought to reverse this trend. One proposal is to apply a consumption tax on less healthy foods, similar to the strategy for reducing tobacco usage. Can a consumption tax help to change Canadian's intake of excess energy, fat and sugar? Dietitians of Canada (DC) has reviewed the evidence on this complex matter and cautions that it is premature to endorse taxation as a solution to our obesity problem.

One of the factors that makes this a more complex issue than tobacco is that the tax would not be applied to all foods – only those seen as being less desirable choices. "Since there is no clear definition for "junk" foods, what exactly should be taxed?" queries Dr Paul Fieldhouse, author of a recent professional practice article on this issue prepared for Dietitians of Canada. "The types of foods proposed to be targeted by this form of taxation are foods high in fat, sugar, snack foods, fast foods, soft drinks and candy. However, it is difficult to link individual foods to specific health impacts. There would have to be broad agreement on the part of policy makers, practitioners and industry on what constitutes "junk-food" or "snack food" and therefore would be taxable," continues Fieldhouse.

A second challenge recognizes the complexity of administering a differential retail tax. Given that new products are constantly appearing on the market, and that manufacturers may change product specifications, a continual monitoring, evaluation and classification system would be required. Retailers would need to adopt new technologies and/or accounting systems to charge the tax, and tax remittance and collection systems would have to be developed. Restaurants would be faced with an even more complex task. It may be that tax levies at the manufacturer or distributor level would be somewhat easier to administer and would underline the idea that healthier choices are an industry as well as consumer responsibility. In either case, both producers and consumers would likely bear a share of the costs.

A third and equally important issue in this debate, is whether or not a consumption tax would actually have the desired impact of changing eating habits and curbing obesity. Evidence supporting these outcomes is difficult to find since "junk" food tax strategies have rarely been tried. Dr. Fieldhouse noted, "Given this lack of data to draw on, researchers have consequently used economic models to determine what impact the tax might have on eating habits; the results are conflicting." Research from the United States Department of Agriculture (USDA) concluded that a small tax would not change eating patterns or diet quality. Conversely, a Danish Food and Resource Economics Institute found that taxing food based on fat or sugar content could positively change the eating habits of some groups but not those for whom obesity and unhealthy diets are of the most concern.

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www.dietitians.ca
There are some examples in specific and more "controlled" settings, where cost incentives for healthier foods and limiting the availability of less desirable products have been shown to improve food choices. Schools and workplaces are cases in point where all stakeholders have worked together in implementing these kinds of health promoting policies. In these environments it is easier to monitor results and to assess their impact on food choices – whether they will reduce the incidence of obesity remains to be seen.

Dietitians of Canada advises that the usefulness of economic policies such as food taxes and their influence on eating behaviors is poorly understood and requires more research. Says Lynda Corby, Director Policy Communications with DC, "For now, a "junk" food tax can at best be considered a potential strategy among many alternatives to help stem the rise of obesity, but one that needs further study to demonstrate its effectiveness." While solutions to our obesity problem continue to be examined, DC encourages Canadians to use the mandatory nutrition labelling information on packaged food products to help guide their food choices. Learn more about nutrition labelling by visiting the Virtual Grocery Store at www.healthyeatingisinstore.ca

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Dietitians of Canada represents over 5,400 dietitians across Canada. DC is committed to promoting the health and well-being of consumers through food and nutrition. For further information on nutrition and healthy eating, visit Dietitians of Canada award-winning website at www.dietitians.ca. Register to received regular healthy eating messages from dietitians – food and nutrition information you can trust.

Contacts for further information:
Helene Charlebois - Ottawa PH (613) 232-6798
Anar Jamali - Calgary PH: (403) 943-3114
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Taxing Food

Summary Overview

Over the past few years there has been increasing interest in nutrition advocacy circles and in the popular press about the idea of a so-called “fat tax”, “junk food tax” or “snack tax”. In this review I will address several basic issues connected to small taxes on food including their intended purpose, how they work, pros and cons and implications for dietetic practice.

Background

The concept of a small tax on selected food products is rooted in two big ideas. Firstly, strong scientific evidence that links diet to chronic disease, together with, concerns over the increasing prevalence of obesity has fuelled calls for strategies to reduce intakes of dietary fat, sugar, salt and overall food energy (1). Secondly, as food costs are important factors in consumer food choice, it is thought to be possible to change eating behaviour through the application of economic levers. The two ideas intersect in the fact that energy dense foods are amongst the least costly of foods (2).

In 1994, Dr. Kelly Brownell of Yale University suggested taxing unhealthy foods, a proposal that was quickly labelled “the Twinkie Tax” and ridiculed by opponents (3). Since then several types of small taxes on food have been proposed, the most common of which are styled: “Junk food tax”; “Fat tax”; and “Snack Tax”. An alternative economic strategy, the application of subsidies to healthy food choices, is beyond the scope of this discussion (4).

Definitions

The terms “junk food tax”, “fat tax”, or “snack tax”, lack common clear definitions. “Junk food” is more of a conceptual category than it is a nutritional one, although the term is widely used as shorthand to refer to some or all of high fat or sugar snack foods, fast foods, soft drinks and candy (6). “Fat tax” embraces a variety of schemes to tax foods based on their total fat content, or specifically the saturated fat or trans-fat component. For example Marshall suggests that products could be taxed if they raised cholesterol concentrations but be exempted if the “ratio of polyunsaturates to saturates (and trans fatty acids) were more favourable” (6). Targeting foods for taxation based on their fat (or indeed, other nutrient) content provides a clearer nutritional criterion than that of junk-food / non junk food. “Snack food”, like “junk food”, is a more ambiguous concept. For example, Health Canada refers to snack foods “like potato chips and pretzels” but also to the concept of healthy nutritious snacks from the food groups (7), while examples from Industry Canada of what are considered as snack food include cheese curls, popcorn, corn chips and potato chips (8).

Why a tax?

Advocates identify two potential positive outcomes of differentiated food taxes. The first is the potential for prompting changes in individual eating behaviour that are consistent with current nutritional advice on healthy eating and that will contribute to changes in population consumption patterns leading to reduced levels of obesity and chronic disease. This rationale is generally favoured by public health groups and consumer health lobbies and is often proposed as part of a broader comprehensive health promotion/public health strategy, citing the experience of cigarette taxation as a component of a comprehensive tobacco control strategy (9). The second outcome is revenue generation that could be directed to support nutritional health promotion programs. For this reason, some critics who doubt the likeliness of the first outcome nevertheless support such taxes.
Options for tax intervention

Taxes on food may be applied at the retail level in the form of general or targeted sales taxes. In Canada, food is already differentially taxed through the Goods and Services Tax (GST) and Provincial Sales Tax (PST). Foods and beverages subject to GST are listed by Canada Customs (10). There is, arguably, a high degree of congruency between what is in this list and what would be likely to be on a “junk food” or “snack food” tax list. A number of states from the United States of America have at different times experimented with levying special taxes on soft drinks and specific snack foods or have excluded these products from tax exemptions given to foods (11).

There are also options for levying taxes at different stages in the food system. Approaches tried in the U.S. include:

- Manufacturers tax - payable on production volume (e.g. soft drinks or syrups) or as a percentage of sales revenue, and
- Wholesalers and distributors tax - payable on amount of product sold.

In several jurisdictions these types of taxes were subsequently repealed due to industry lobbying and threats to commercial development (12).

Would junk food taxes be effective?

While there have been few attempts to demonstrate the actual impact of such taxes with real world examples, several recent economic modelling studies have attempted to gauge the likely impact of such taxes, taking into account factors such as current levels of consumption, price elasticity and substitution strategies. A United States Department of Agriculture (USDA) model suggests that “small” taxes on snack foods would be ineffective in changing patterns of consumption and would have little impact on diet quality or health outcomes (13). Even a 20% tax on salty snack foods would result in only a 4-6 ounce reduction in annual per capita consumption. Moreover, as the authors point out, there is no guarantee that any consumption changes prompted by such taxes would be nutritionally beneficial.

An analysis carried out for the Danish Food and Resource Economics Institute indicated that differential taxes based on total fat, saturated fat or sugar could have an impact on consumption of fats, sugars and overall calories for some groups, although with no “particularly advantageous effects” for the socio-demographic groups amongst which obesity and unhealthy diets are of the most concern (14). The authors suggest that combining economic instruments with public information campaigns may be a fruitful avenue for further exploration. A U.S. study that attempted to simulate the effects of a fat tax on dairy products concluded that a 10% tax on fat content had little impact on the quantity of dairy products consumed by any group, though there was an overall predicted 1.4% reduction of average total fat intake (15). Other researchers have proposed combining taxation of less healthy options with subsidies for healthier alternatives such as fruits and vegetables, as a potentially more effective strategy in improving diet quality and health outcomes (16).

Food taxes would almost certainly raise revenues. The USDA analysis cited above estimated that a 1% tax on potato chips translates into twenty seven million dollars of revenue that could be spent on education programs. Governments are often reluctant to allocate specific revenue streams to specific purposes. A notable exception is VicHealth – a very successful Australian health promotion foundation supported through tobacco taxes (17). More often, monies go into general revenues from where they are reallocated according to changing needs and government priorities.

It should be noted that food taxes are regressive in nature since they disproportionately affect lower income populations where a higher percentage of income is spent on food. Modelling the distributional effect of hypothetical taxes on saturated fat, monounsaturated fat, sodium and cholesterol using data from the National Food Survey, a recent United Kingdom analysis showed that the poorest 2% of people would pay 0.7% of total income on a fat tax, while the richest group would pay only 0.1% of total income (18).

Implementation issues

If the idea of a “junk food”, “snack food” or “fat tax” gained political and public support, there would be at least two kinds of implementation challenges to address. The first is in deciding what to tax. It is difficult to link specific foods to specific health impacts so the idea of tax on specific food and beverage products runs counter to the message that it is overall dietary intake that matters. There would have to be broad agreement on the part of policy makers,
practitioners and industry on what constitutes "junk-food" or "snack food" and therefore is taxable.

The second challenge recognises the complexity of administering a differential retail tax. Given that new products are constantly appearing on the market, and that manufacturers may change product specifications, a continual monitoring, evaluation and classification system would be required. Retailers would need to adopt new technologies and/or accounting systems to charge the tax, and tax remittance and collection systems would have to be developed. Restaurants would be faced with an even more complex task. It may be that tax levies at the manufacturer or distributor level would be relatively easier to administer and would underline the idea that healthier choices are an industry as well as consumer responsibility. In either case, both producers and consumers would likely bear a share of the costs.

Implications for dietetic practice

While economic incentives and disincentives are a potential addition to the array of public policy instruments available to encourage healthy eating, there is as yet no clear cut empirical evidence on which to judge the merits of junk food or similar taxes. The Institute of Medicine concludes that there is insufficient evidence to recommend either for or against taxing these foods, while a recent Canadian think-tank on addressing obesity concluded that the relationship between economic policies such as the role of tax incentives and disincentives and their influence on eating behaviours is poorly understood and requires further research (19).

It would be useful to develop more robust definitions of terms such as "Junk Food" and "Snack Food" as a means to defining exactly what foods would be targeted and why.

Continuing media discourse about food tax proposals does provide an opportunity for dietitians to engage the public in discussions about the importance of healthy eating and the role of public policy in supporting healthy choices.

References:


Ms. Judy Jenkins  
Regional Executive Director, Atlantic Region  
Dietitians of Canada, Atlantic  
21 MicMac Blvd, Box 24070  
Dartmouth, NS  B3A 4T4  

Dear Ms. Jenkins:  

Thank you for your letter and information on taxing “junk food” to help curb the rise in obesity. This is certainly an interesting concept and as you have noted is poorly understood and requires more research. Your newsletter and document was very informative.  

Our government has taken a more comprehensive approach to address obesity by supporting healthy eating choices. In June 2006, we released new School Food Guidelines as a first step to providing supportive environments. As our schools move toward full implementation of the School Food Guidelines for September 2008 we will encourage school districts to consider a variety of strategies to encourage healthy eating. I invite you to visit our websites at www.gohealthy.ca and www.livinghealthyschools.com for more information.  

Sincerely,  

TOM OSBORNE  
St. John’s South District Minister