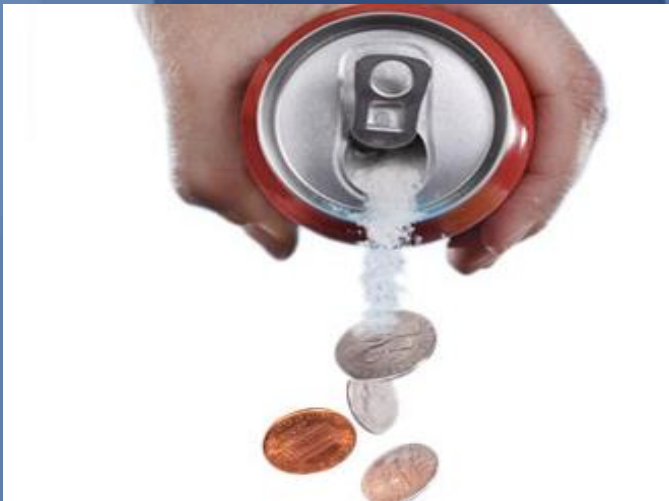








Health Taxes Seminar Series

**Modelling the impact of SSB tax on health and beyond:
the role of modelled analysis in shaping pro-health
fiscal policies**

Thursday, March 3, 7.00-8.30 am EST



Meeting Guidance

1. Please mute your mic when others are speaking by clicking this icon on your screen  . You are muted when you see the following icon 
2. If you have technical difficulties, please contact Aditi Nigam or Vrishali Shekhar using the **Chat feature**. This can be found by clicking this icon 
3. Please use the chat feature by clicking this icon  and to send a question that can be seen by 'Everyone'.

Session moderator



Dr. Hideki Higashi

Senior Health Economist, World
Bank



Dr. Jahanzaib Sohail

Health Economist, World Bank

Agenda

Agenda Item	Speaker
OPENING REMARKS	Ms. Trina Haque Practice Manager for Health, Nutrition and Population, South Asia
MODELLING THE IMPACT OF SSB TAX IN PAKISTAN AND SRI LANKA	Dr. Lennert Veerman Professor of Public Health, Griffith University, Australia Dr. Linda Cobiac Senior Research Fellow, School of Medicine, Griffith University, Australia Ms Sarah Mounsey PhD Candidate and Researcher, Menzies Centre for Health Policy and Economics, University of Sydney, Australia.
SHAPING SSB TAX POLICY IN SOUTH AFRICA	Dr. Michele Cecchini Project Leader, Public Health, Organisation for Economic Co-operation and Development
INTERVIEWS WITH COUNTRY REPRESENTATIVES	NIGERIA- Dr Zainab Shinkafi-Bagudu Chief Executive Officer, Medicaid Radio-Diagnostics and Medicaid Cancer Foundation SRI LANKA- Dr. Renuka Jayatissa Head, Department of Nutrition, Medical Research Institute, Ministry of Health. PAKISTAN- Dr Samra Mazhar Deputy Director, Ministry of Health
QUESTIONS AND DISCUSSIONS	Moderated by: Dr. Hideki Higashi , Senior Health Economist, World Bank Dr. Jahanzaib Sohail , Health Economist, World Bank
CLOSING REMARKS	Dr. Kate Mandeville Senior Health Economist, World Bank

Opening remarks



Ms. Trina Haque

Practice Manager for
Health, Nutrition and
Population, South Asia

Polling the experts

Do you support or oppose the idea of taxing sugar-sweetened beverages because of their negative health effects in order to reduce the actual consumption?

- *Strongly support*
- *Somewhat support*
- *Somewhat oppose*
- *Strongly oppose*
- *Don't know*

Modelling the impact of SSB tax in Pakistan and Sri Lanka

Industry arguments against Mexico's SSB tax



Dr. Lennert Veerman

Professor of Public Health, Griffith University, Australia



Dr. Linda Cobiac

Senior Research Fellow, School of Medicine, Griffith University, Australia



Ms Sarah Mounsey

PhD Candidate and Researcher, Menzies Centre for Health Policy and Economics, University of Sydney, Australia

Impact assessment of fiscal policies on obesity and related health outcomes in South Asia

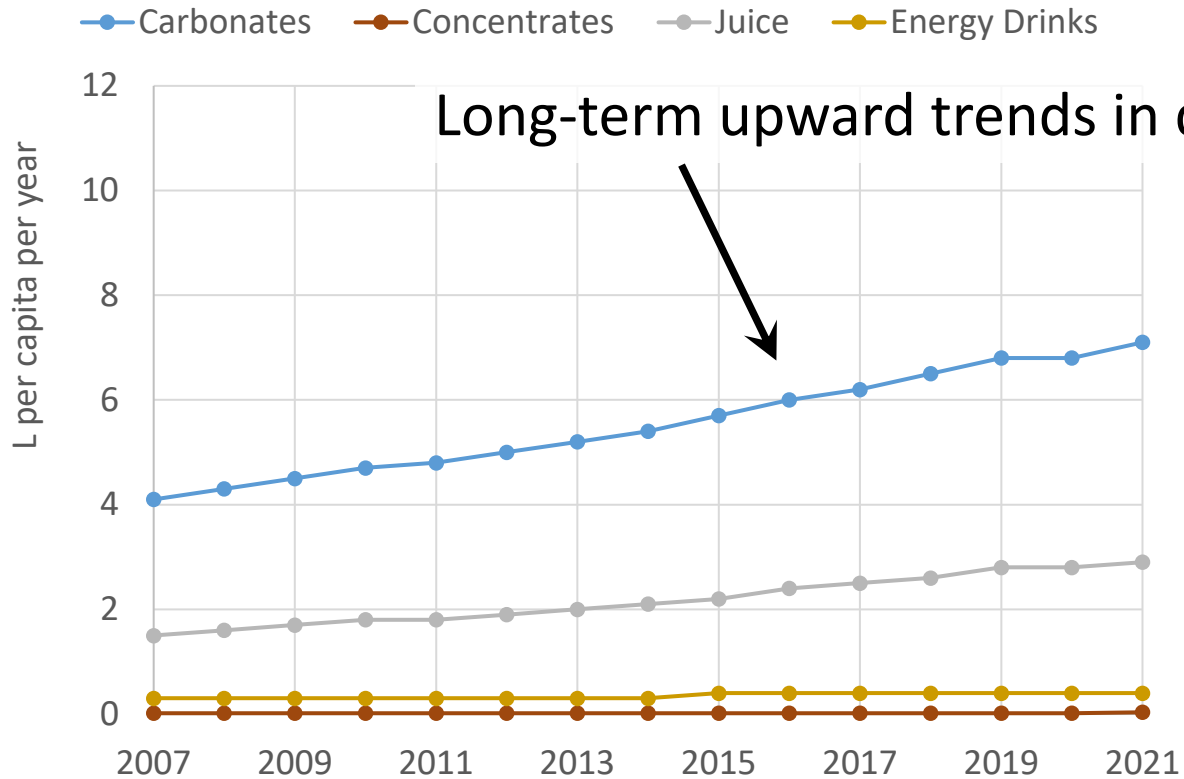
Sarah Mounsey, Linda Cobiac, Lennert Veerman

Thursday 3 March, 2022



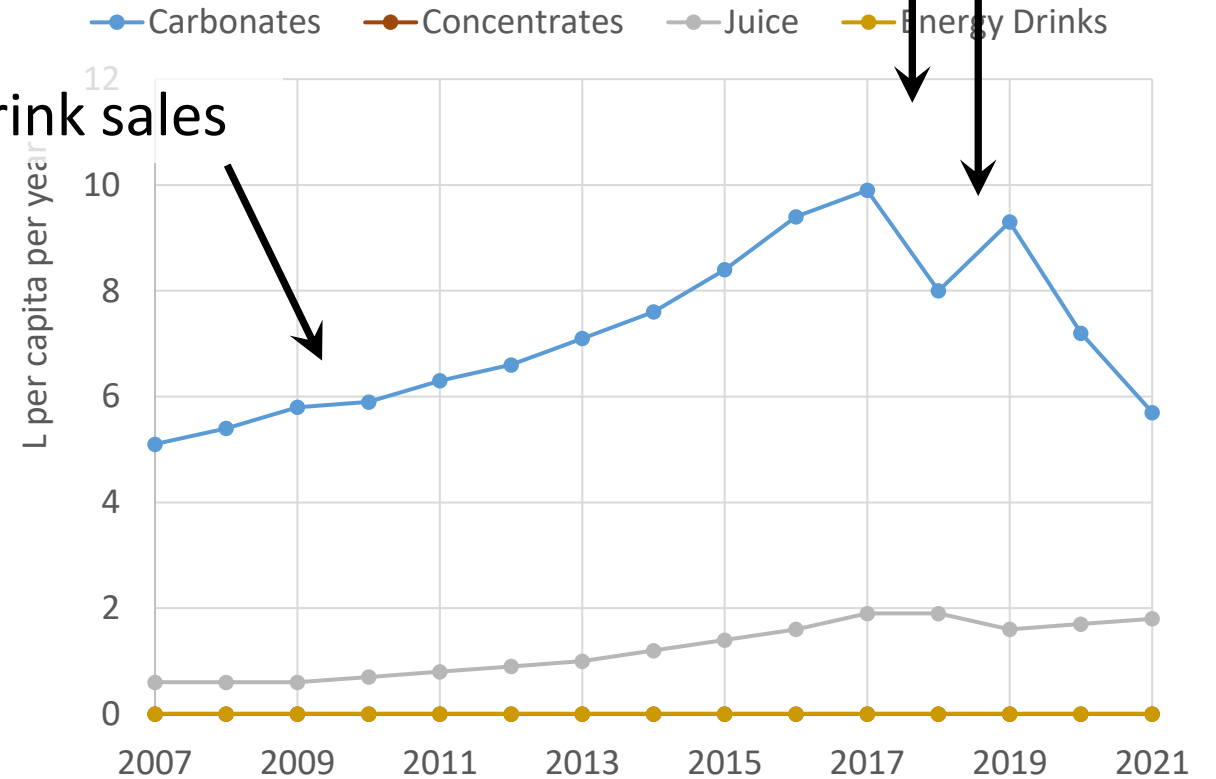
Formal beverage market

Pakistan



Sugar tax introduced

Sri Lanka



Source: www.euromonitor.com



Beverage taxes

PAKISTAN

SRI LANKA

CURRENT TAXES

- Sales tax **17%**
- Federal excise duty
 - Soft drinks **13%**
 - Juice **5%**
 - Concentrates **50%**
 - Milk **0%**

- Sales tax **15%**
- National Building Tax **2%**
- Excise tax on sugar
 - **Rs 0.30** per gram sugar (US\$0.002)

MODELLED SCENARIOS

1. Remove all drink taxes
2. Soft drinks **20%**
3. Soft drinks **30%**
4. All drinks **50%**

1. Remove all drink taxes
2. **Rs 0.50** per gram sugar
3. **Rs 1.00** per gram sugar



Tax impact on drink purchasing

$$\text{Price elasticity of demand} = \frac{\% \text{ change in quantity}}{\% \text{ change in price}}$$

- Soft drinks
- Concentrates
- Juice
- Milk

\$ per litre

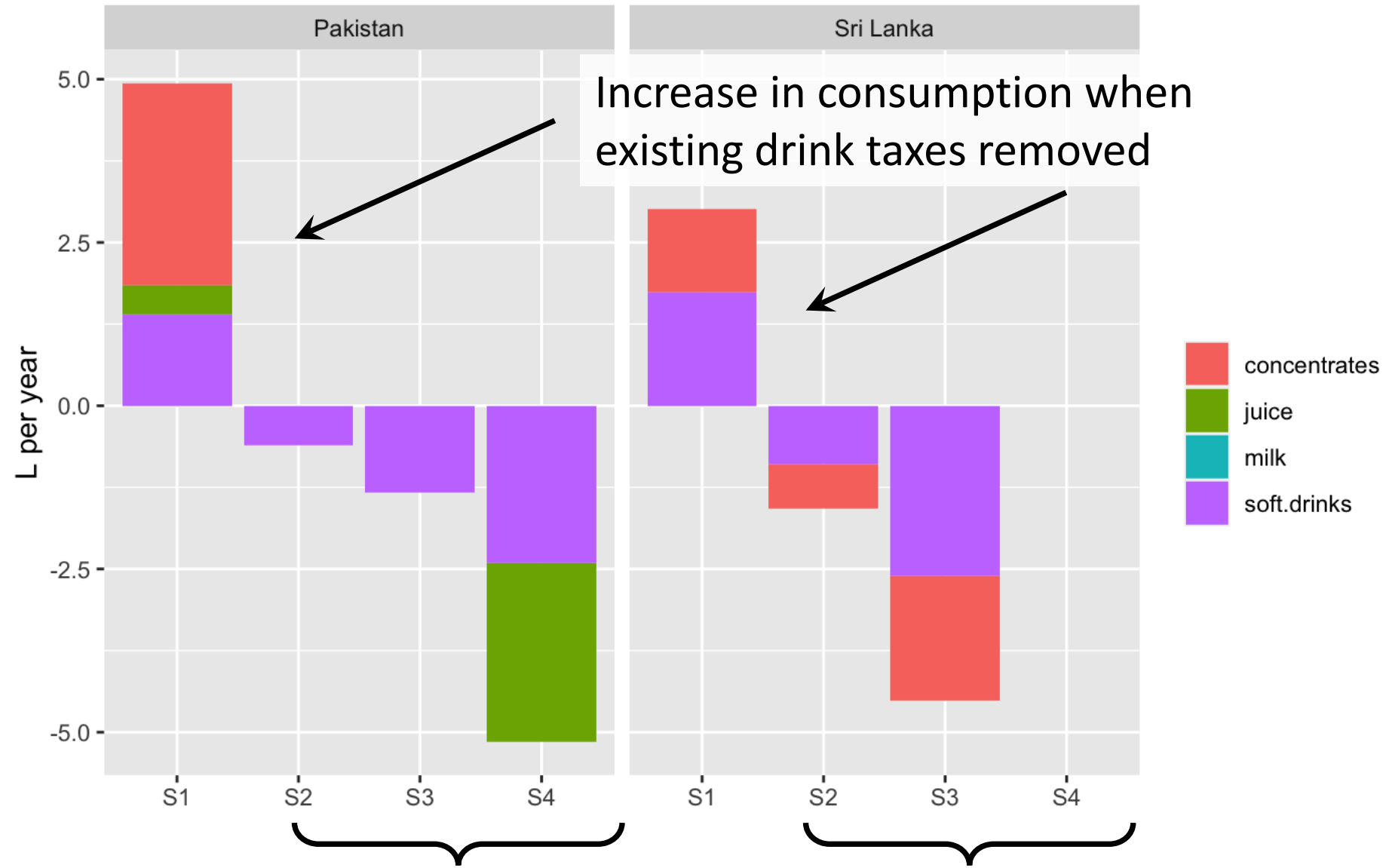
Litres per day

Euromonitor (formal market sales)
Global Dietary Database (consumption by age and sex)

Euromonitor (soft drinks, concentrates, juice)
Government (milk)

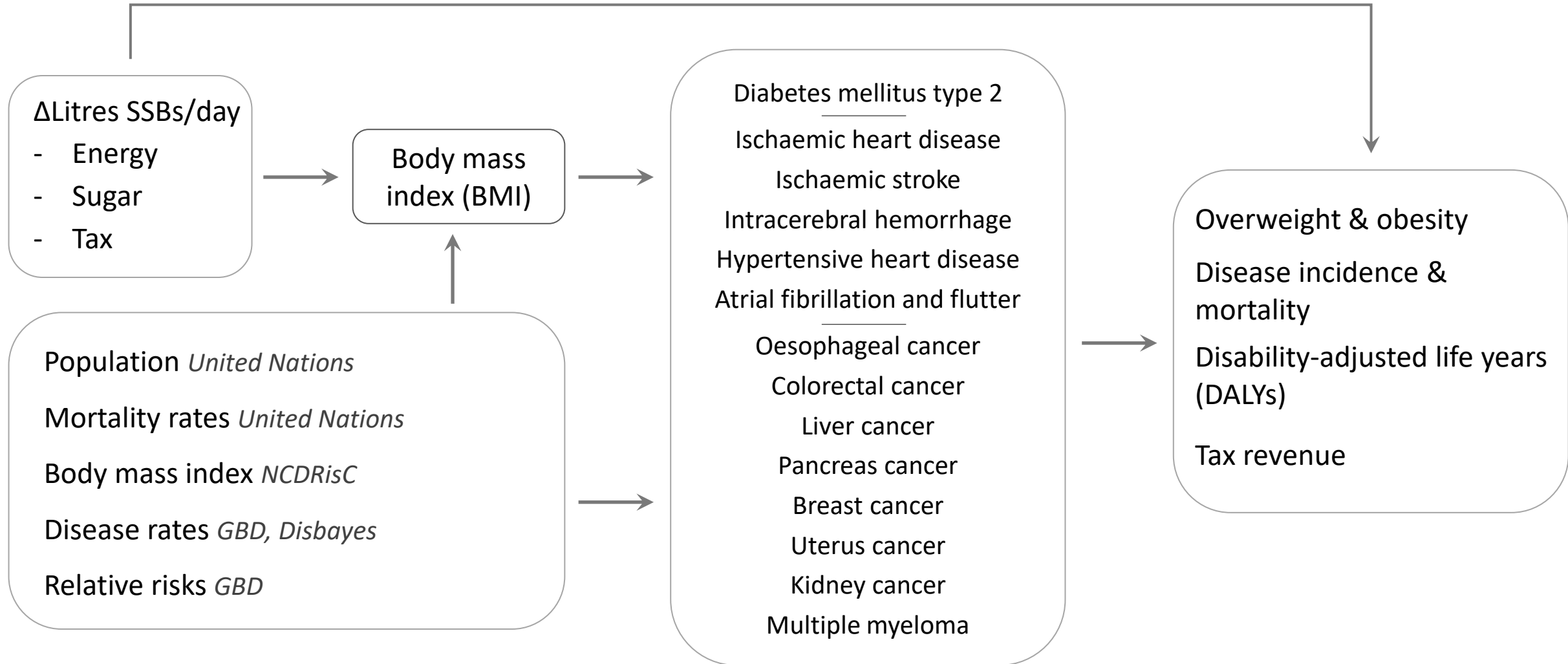


Tax impact on drink consumption

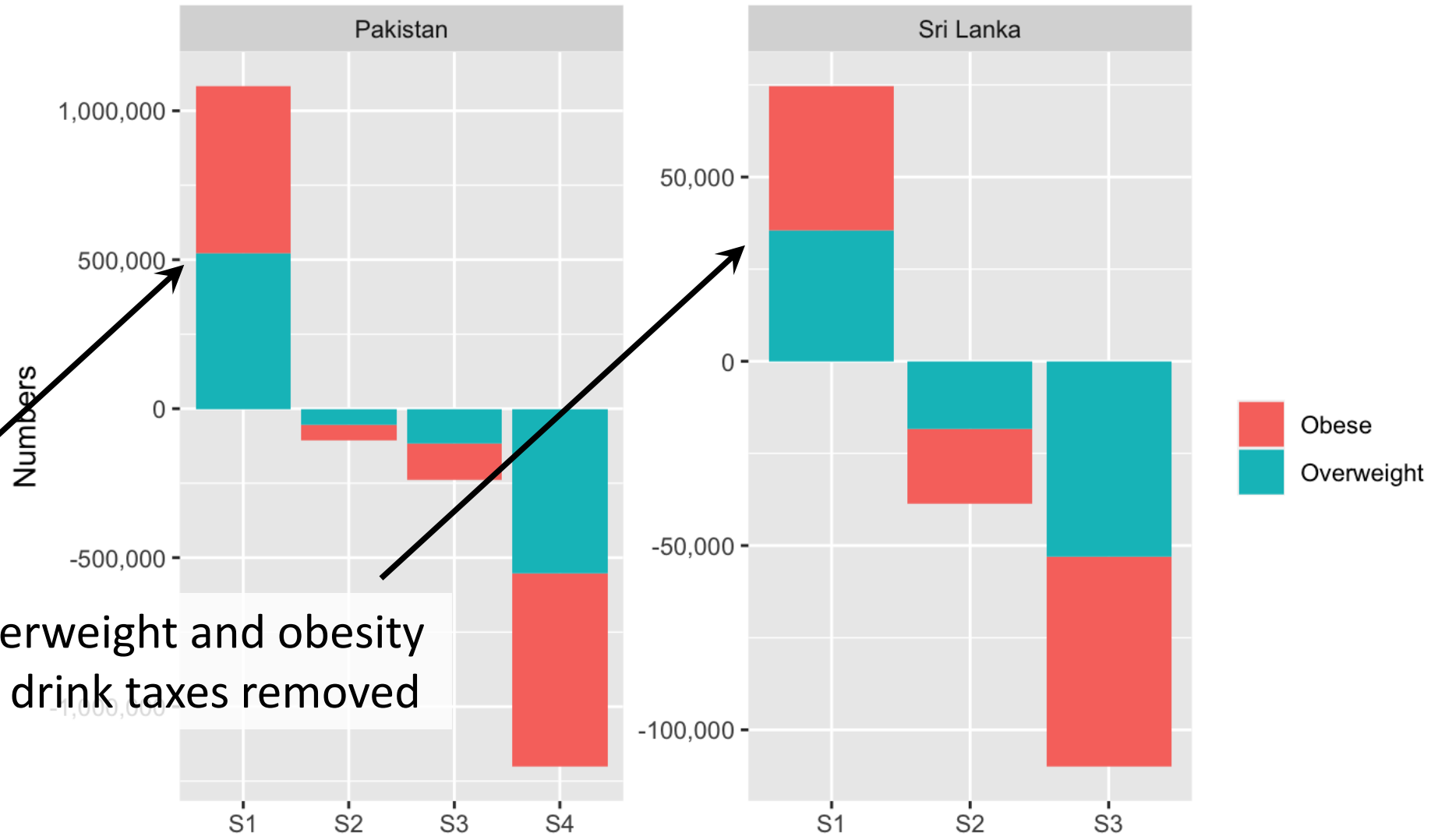


Consumption decreases when drinks taxes are progressively raised

Population model



Impact on overweight and obesity – in year 10

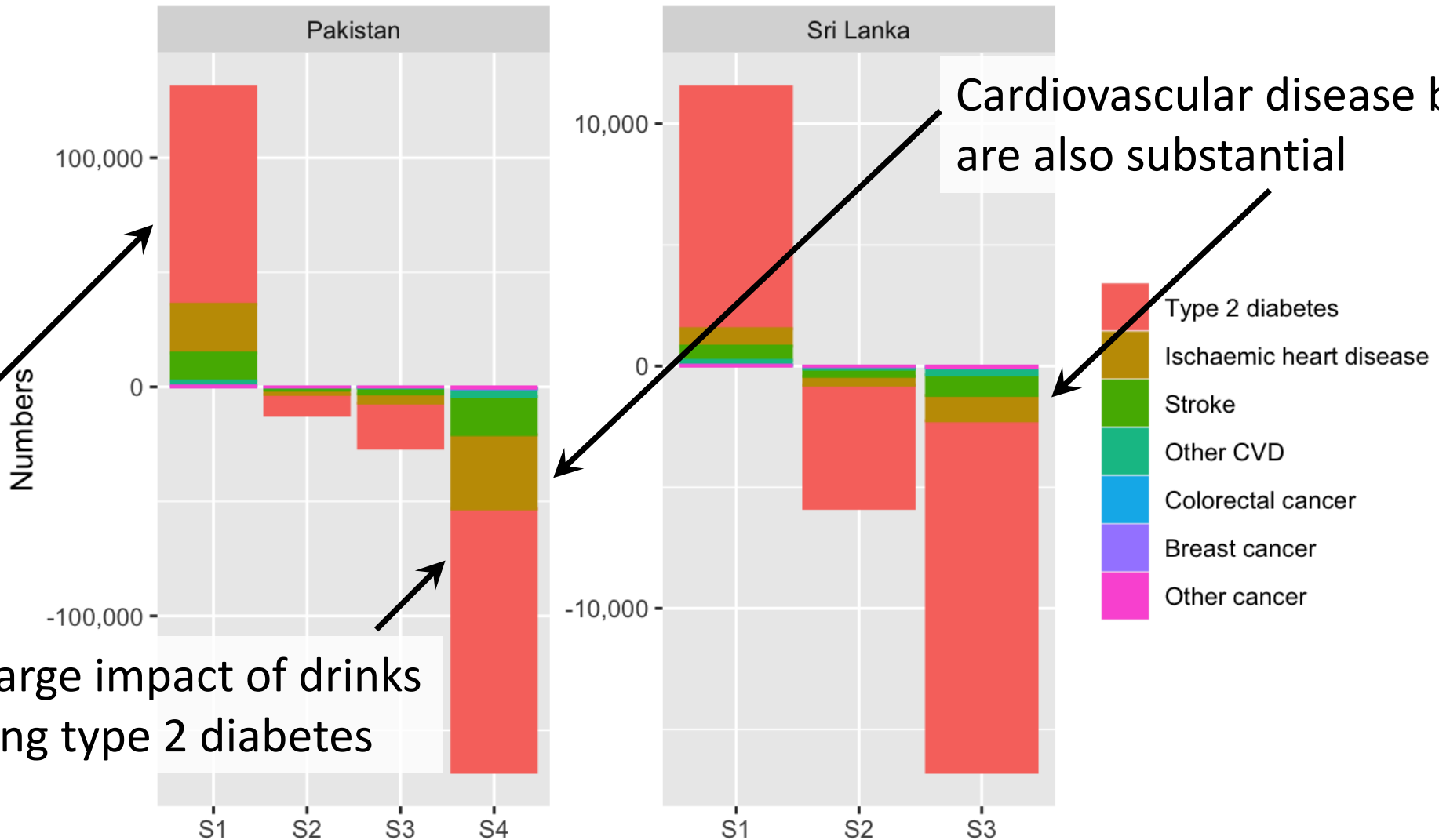


Increase in overweight and obesity when existing drink taxes removed

Overweight and obesity decrease when drink taxes are raised



Prevention of disease incidence – first 10 years



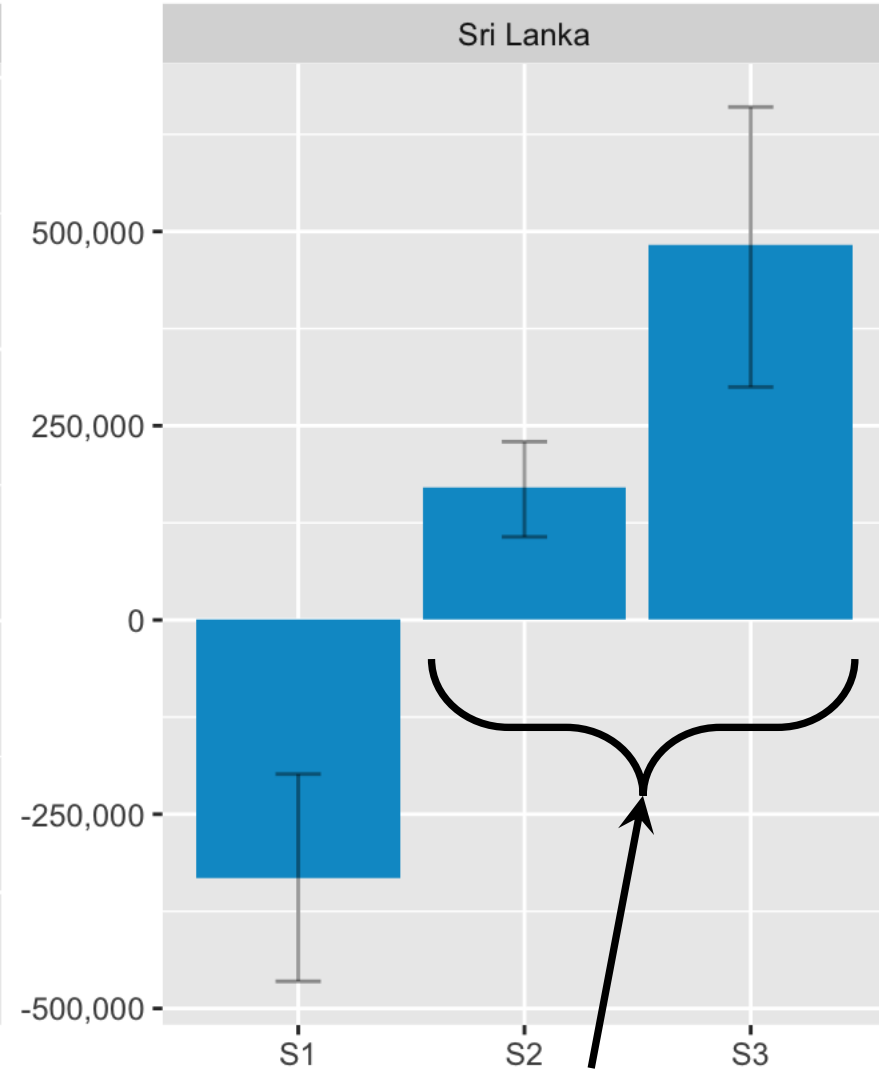
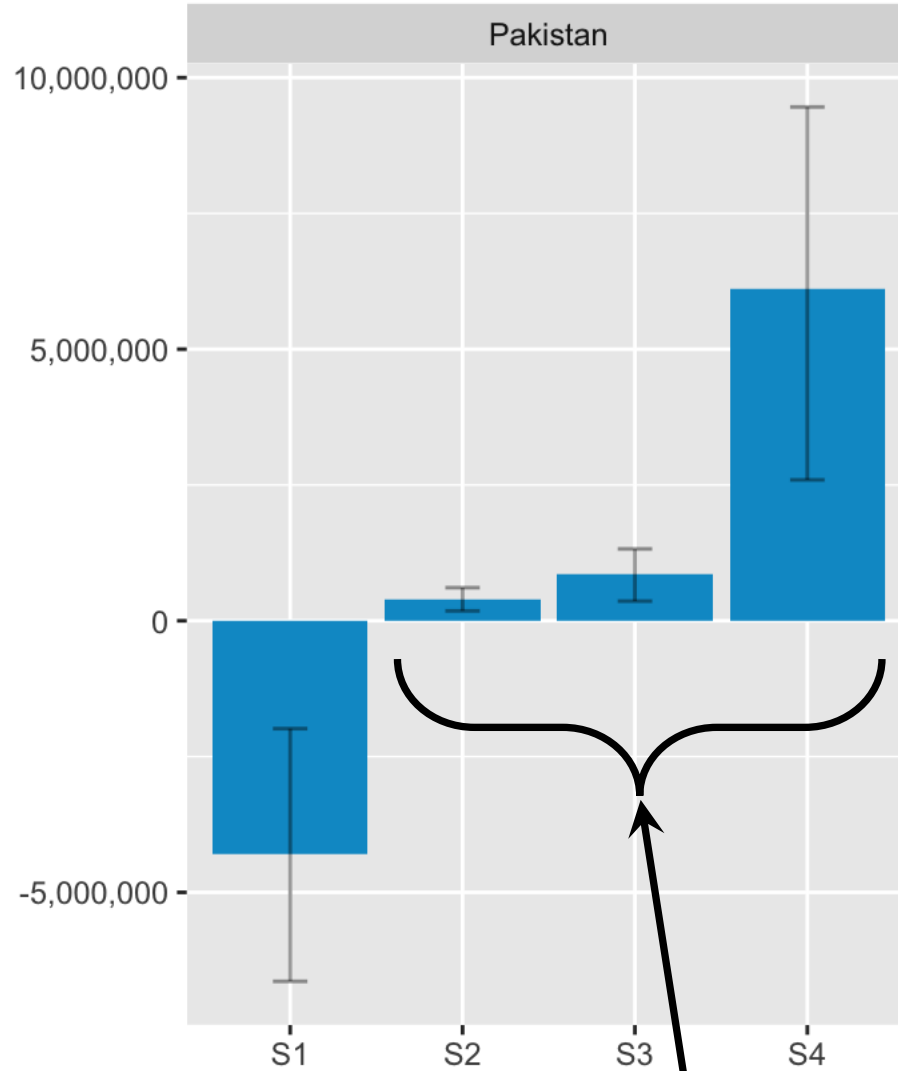
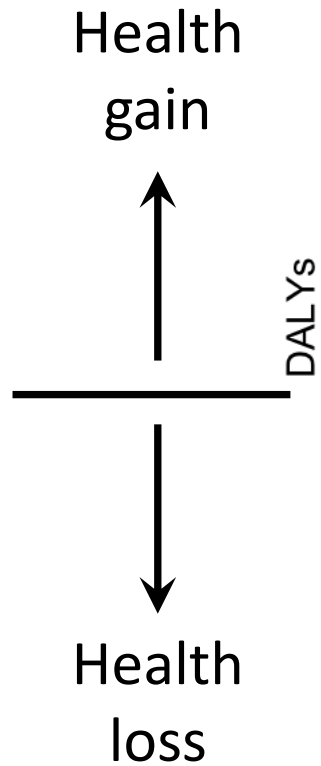
Cardiovascular disease benefits are also substantial

Models show a large impact of drinks taxes in preventing type 2 diabetes

Lifetime health gain

Both are effective → Ad valorem tax (\$ per Litre)

Volumetric tax (\$ per gram of sugar)



The larger the tax, the larger the potential health gain

Fiscal implications – first 10 years

Average annual impact in the first 10 years after tax changes

		Scenario 1	Scenario 2	Scenario 3	Scenario 4
Pakistan	Health gain or loss (DALYs)	-6,400	590	1,300	8,500
	Economic value of health impact (USD)	-\$6.7M	\$0.62M	\$1.4M	\$8.9M
	*Tax revenue (USD)	\$530M	\$840M	\$960M	\$810M
Sri Lanka	Health gain or loss (DALYs)	-1,100	550	1,500	
	Economic value of health impact (USD)	-\$3.3M	\$1.7M	\$4.8M	
	*Tax revenue (USD)	\$73M	\$110M	\$120M	

* Tax revenue includes drink taxes, sales tax and National Building Tax (in Sri Lanka)

Sensitivity

- We examined sensitivity of results to a range of modelling assumptions:
 - Pass-through of taxes: 50% - 150%
 - Variations in age/sex distribution of drink consumption
 - Assumptions around background market trends
- Variation in magnitude of results
- No difference in direction or significance of tax effects



Conclusions from modelling

- Raising taxes on sugar-sweetened drinks in Pakistan and Sri Lanka is very likely to improve population health
 - particularly in prevention of overweight/obesity, diabetes and cardiovascular diseases
- There are substantial financial benefits
 - Both tax revenue and added value of keeping people alive and healthy
- Both ad valorem and volumetric taxes are effective
- The bigger the tax, the bigger the benefits



Model as a “live tool” in shaping SSB tax policy in South Africa



Dr. Michele Cecchini

Project Leader, Public Health,
Organisation for Economic Co-
operation and Development



MODELLING AS A “LIVE TOOL” IN SHAPING SSB TAX POLICY IN SOUTH AFRICA

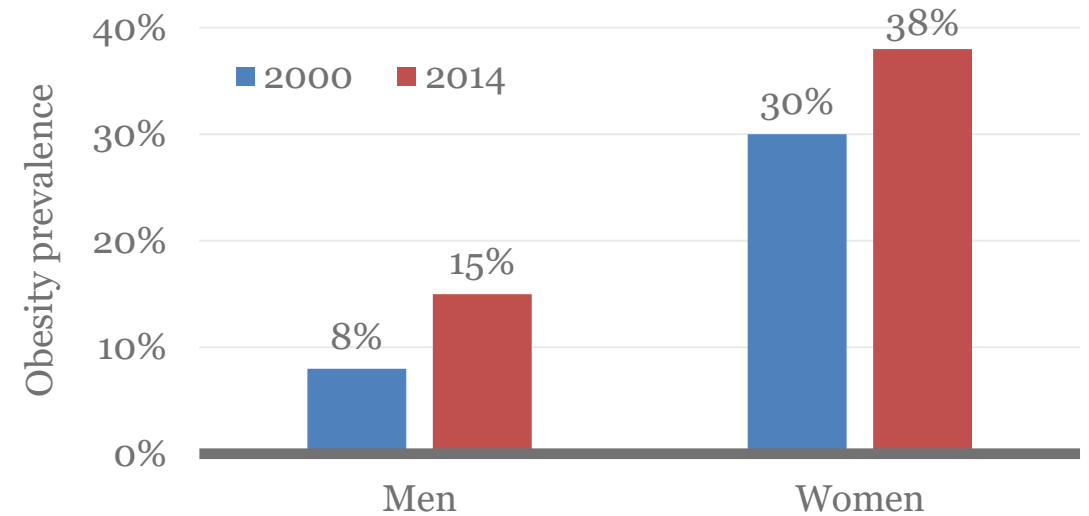
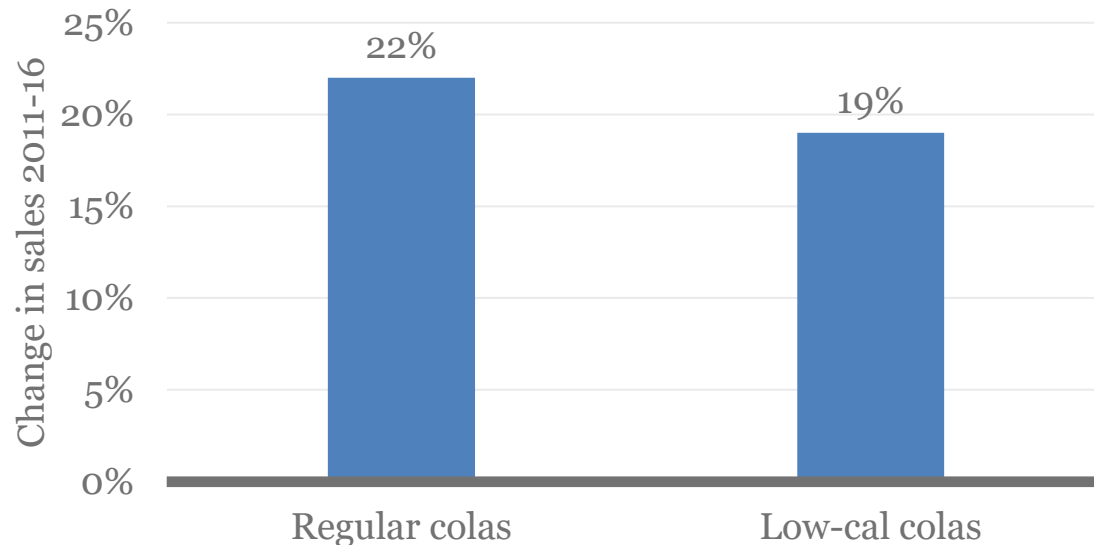
Michele Cecchini
Head of Public Health
OECD



In 2016, Obesity Was Booming in South Africa, Also Fuelled by Growing Consumption of SSBs

Between 2000 and 2014, the prevalence of obesity in South Africa almost doubled for men and grew by almost one third for women

Ref: WHO, 2017



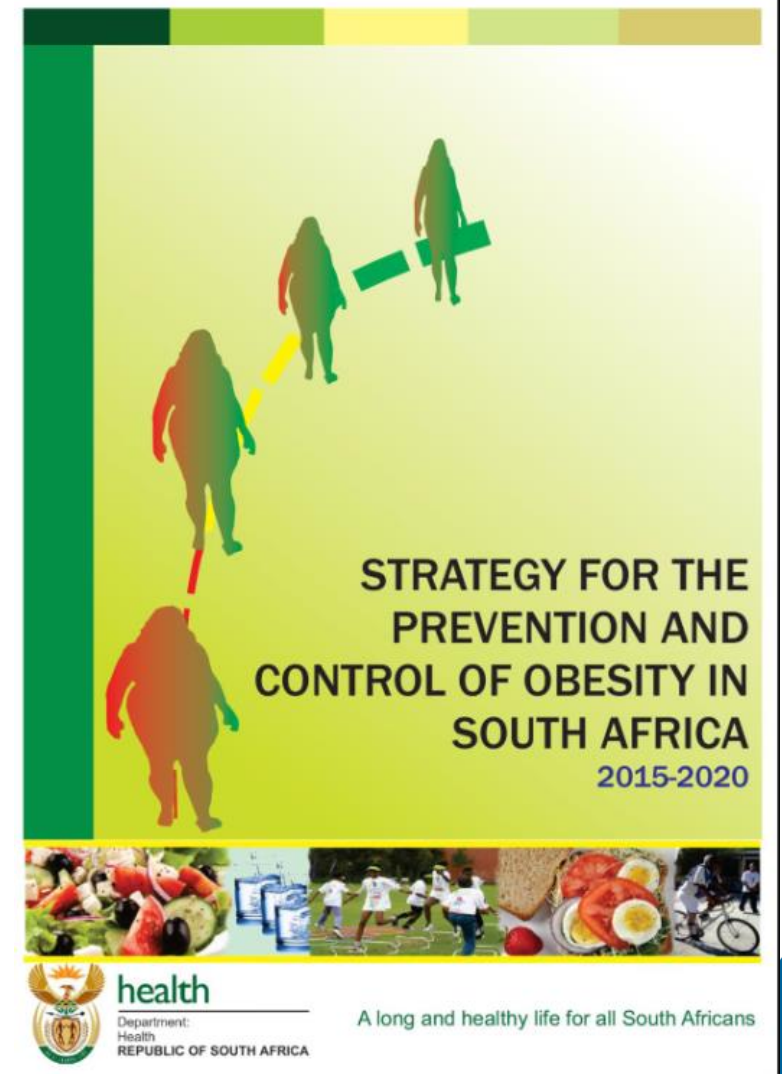
In 2016, sales volume of regular cola reached 25.5 liters/capita, while low calorie colas were at 2.9 liters/capita. In both cases, there was a significant increase since 2011

Ref: Euromonitor International, 2017



South Africa Was Committed To Tackling The Obesity Epidemic

- The 2013-17 South African National Plan for NCDs set an objective of decreasing obesity prevalence by 10% over five years;
- The 2015-20 Strategy for the Prevention and Control of Obesity in South Africa used OECD-WHO economic analyses to make the economic case for strengthening obesity policies;
- South Africa already experimented an excise duty on soft drinks, primarily for revenue reasons, but the policy was ended in 2002. The duty was of USD 0.035 per liter and was considered as effective. For example it raised USD 71 million in revenues in 1997-98.





Different Design Options Were On The Table: Modelling Outputs Were Used To Promote Agreement

Treasury

- Effective tax rate 12%
- 0.0046 USD per gram of sugar on a liter
- Only sugar content above 4g/100ml to be taxed

WHO & civil society

- Effective tax rate 20%
- 0.0046 USD per gram of sugar on a liter
- All sugar content to be taxed

Industry

- Single-digit effective tax rate (8%)
- 0.0046 USD per gram of sugar on a liter
- All sugar content to be taxed

Elasticity uncertainty

- stakeholders had different positions on assumptions, e.g. on whether to include milk, and on the data sources

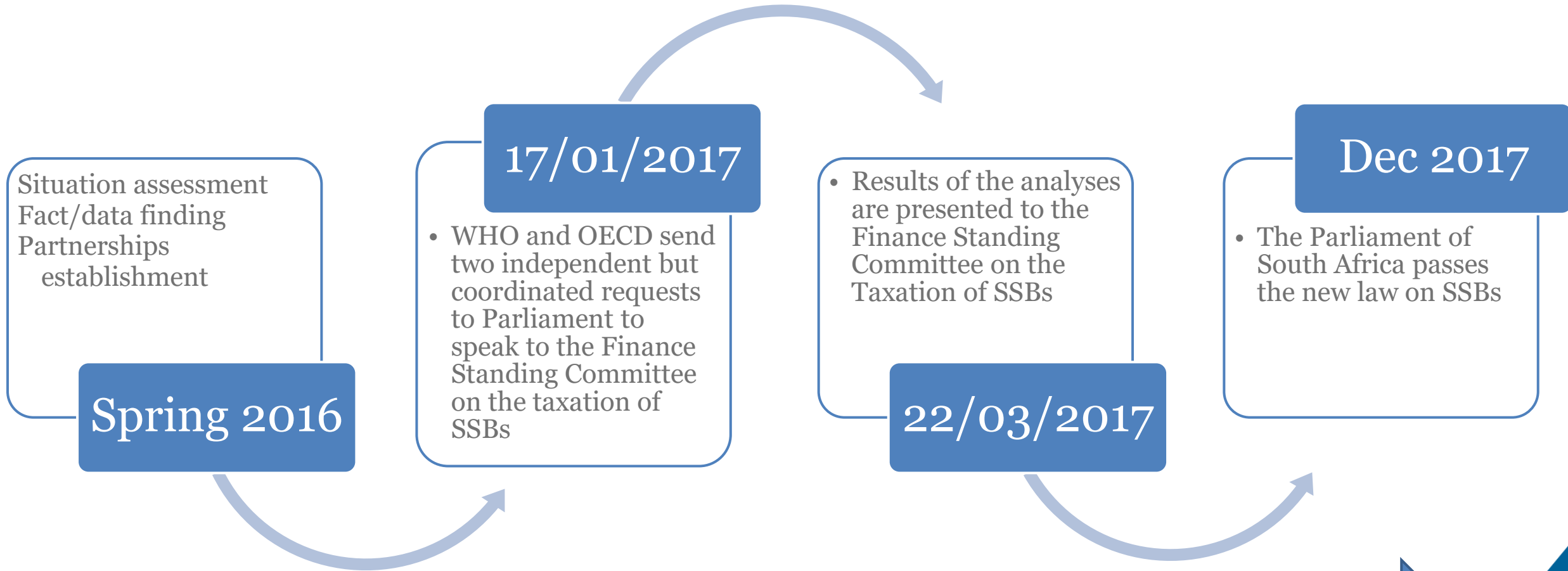
Regulation of sugar content

VS

No regulation of sugar content



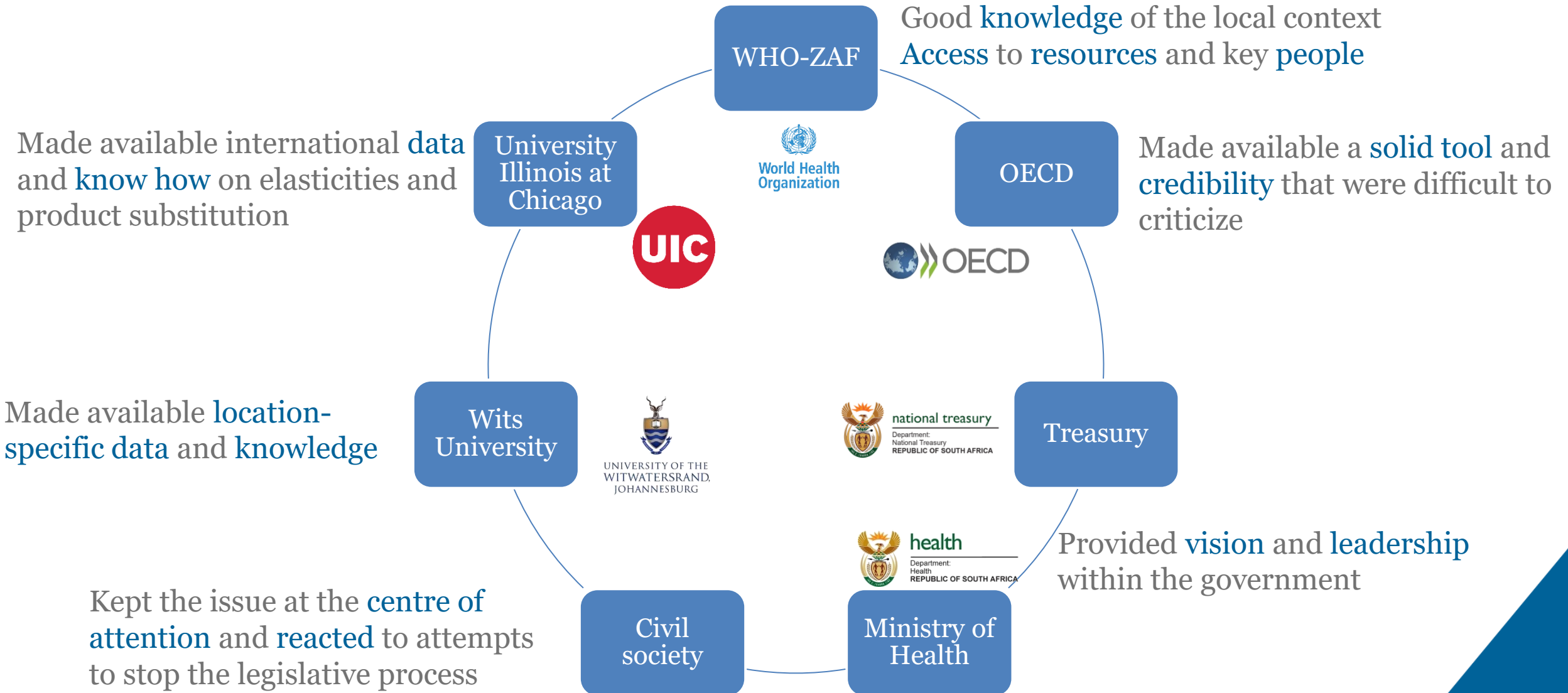
This Was Not A 'One-off' Analysis But Rather A 1-Year-Long Continuous Partnership



Modelling assumptions and scenarios were adapted throughout as debate developed in South Africa, with intermediary outputs presented in meetings and events with civil society and institutions



Establishing A Strong Partnerships Was Key To Success





There Were A Number Of Attempts At Stopping Or Watering Down The Proposed Legislation



Sugar tax is about revenue not health: IRR

BY TMG DIGITAL -14 September 2016 - 12:58

Abdool Karim et al. *Globalization and Health* (2020) 16:116
https://doi.org/10.1186/s12992-020-00647-3

Globalization and Health

RESEARCH Open Access

Check for updates

Industry strategies in the parliamentary process of adopting a sugar-sweetened beverage tax in South Africa: a systematic mapping

Safura Abdool Karim, Petronell Kruger and Karen Hofman

Abstract

Background: In 2016, the South African government became the first in the African region to announce the introduction of an SSB tax based on sugar content as a public health measure to reduce obesity. This tax was introduced against the backdrop of South Africa having a large sugar production and SSB manufacturing industry, as well as very high unemployment rates. The introduction of fiscal measures, such as a SSB tax, has been met with well-coordinated and funded opposition in other countries.

Methods: The aim of this study is to describe and analyse the arguments and strategies utilised by industry during policymaking processes to oppose regulatory actions in LMIC. This study analyses arguments and strategies used by the beverage and related industries during the public consultation phase of the process to adopt the South African SSB tax.

Results: Industry opposition to the SSB tax was comprehensive and employed several tactics. First, industry underscored its economic importance and the potential job losses and other economic harms that may arise from the tax. This argument was well-received by policymakers, and similar to industry tactics employed in other middle income countries like Mexico. Second, industry discussed self-regulation and voluntary measures as a form of policy substitution, which mirrors industry responses in the US, the Caribbean and Latin America. Third, industry misused or disputed evidence to undermine the perceived efficacy of the tax. Finally, considerations for small business and their ability to compete with multi-national corporations were a unique feature of industry response.

Conclusions: Industry opposition followed both general trends, and also introduced nuanced and context-specific arguments. The industry response experienced in South Africa can be instructive for other countries contemplating the introduction of similar measures.

Keywords: Corporate political activity, Sugar tax, Public policy process, Sugar-sweetened beverage tax, SSBs, South Africa

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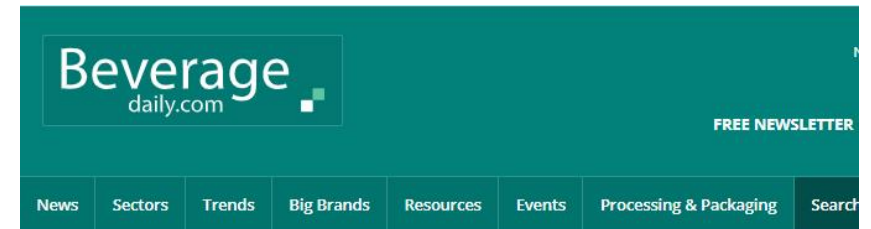


South Africa Eventually Passed the Legislation

On December 2017 the Parliament passed the new legislation on SSBs;

The health promotion levy was implemented in April 2018

- 0.0046 USD per gram of sugar on a liter
- Only sugar content above 4g/100ml to be taxed
- Small producers using <500 kg of sugar per year are exempt



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South Africa introduces sugar tax

By Rachel Arthur

03-Apr-2018 - Last updated on 03-Apr-2018 at 09:23 GMT



Polling the experts

- *What kind of evidence (including modelled analysis) can play a critical role in the policy-making process for SSB tax? (select two that are most relevant)*
 - *The overall health gains from SSB tax*
 - *The impact of SSB tax on government revenue*
 - *The impact of SSB tax on health expenditure*
 - *The impact of SSB tax on household expenditure*
 - *Evidence has little role in the policy-making process.*

Country Discussions

Country reflections - NIGERIA



Dr Zainab Shinkafi-Bagudu

Chief Executive Officer, Medicaid
Radio-Diagnostics and Medicaid
Cancer Foundation

Country reflections – SRI LANKA



Dr. Renuka Jayatissa

Head, Department of Nutrition, Medical
Research Institute, Ministry of Health.

Country reflections - PAKISTAN



Dr. Samra Mazhar

Deputy Director, Ministry of
Health



Questions
&
Discussions

Closing Remarks



Dr. Kate Mandeville

Senior Health Specialist,
World Bank



Thank you

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