

Using the Tax System to Encourage Healthy Choices:

Implementing a Sugar-Sweetened Beverages Tax in the Northwest Territories

What We Heard Report

Le présent document contient un résumé en français

May | Mai 2019



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English

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French

Kīspin ki nitawihtīn ē nīhīyawihk ōma ācimōwin, tipwāsinān.

Cree

Tłıchq yatı k'èè. Dı wegodı newq dè, gots'ogonede.

Tłıchq

ʔerihł'ıs Dēne Sųlıné yatı t'a huts'elkēr xa beyáyatı theą ʔat'e, nuwe ts'ēn yó łtı.

Chipewyan

Edı gondı dehgáh got'je zhatıé k'èé edat'éh enahddhę nıde naxets'é edahlı.

South Slavey

K'áhshó got'jne xədə k'é hederı ʔedjhtl'é yerınwę nıde dú le.

North Slavey

Jii gwandak izhii ginjik vat'atr'ijáhch'uu zhit yınohthan jı', diits'at ginohkhı.

Gwich'in

Uvanittuaq ilitchurisukupku Inuvialuktun, ququaqluta.

Inuvialuktun

Ć'bd◁ ∩∩^{sb}Δ^c Λ^cΛJΔ^{rc} Δ^{ob}∩^c◁^{sb}γ^cΛ^c∩^b, ▷^{ec}∩^o◁^c ▷^{sb}◁^o◁^{sb}∩^c.

Inuktitut

Hapkua titiqqat pijumagupkit Inuinnaqtun, uvaptinnut hivajarlutit.

Inuinnaqtun

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Executive Summary

In Budget 2017-18, the Government of the Northwest Territories committed to investigate the introduction of a sugar-sweetened drinks tax as a price incentive to discourage the consumption of sugary drinks that are linked to health issues such as obesity and diabetes, and oral health problems. As part of this investigation, the Department of Finance engaged with the public and other stakeholders, including releasing a discussion paper on a sugar-sweetened tax proposal, conducting an online survey and holding public meetings in Yellowknife, Inuvik and Tuktoyaktuk to gather comments on the approach, rates, and products to be included in the tax and the overall benefits and implications of the tax.

A total of 686 people responded to the online survey; 35 people participated in the three meetings in Tuktoyaktuk (3), Inuvik (9) and Yellowknife (23); and 14 written submissions were received from one individual, 3 public policy organisations, 4 healthcare and related associations and 6 beverage industry or commercial interests.

The survey results indicate that the majority of individuals (60 per cent) oppose a sugar-sweetened beverage tax, with a majority (70 per cent) also doubting its effectiveness to reduce the consumption of sugar-sweetened drinks. Most respondents did not think consumption for others or themselves would decrease and that there would be little substitution away from sugar-sweetened drinks. Public policy and healthcare organizations generally supported the implementation of a tax provided it was used in conjunction with education and other healthy lifestyle promotion tools, while business groups were opposed to the proposed tax for economic reasons.

The comments from participants, whether online, at the public meetings or in submissions tended to fall into the following categories:

- Education and Awareness – the majority of participants, whether opposed or in favour of the tax, agreed on the importance of education or awareness campaigns to reduce the consumption of sugar-sweetened beverages.
- Cost of Living - a tax on sugar-sweetened beverages would further raise the costs of living and add a layer to the administrative burden for businesses, while failing to address the complex health issues effectively. Businesses noted that doing business in the north is already difficult and the imposition of the sugar-sweetened beverage tax would increase business costs, including the high costs for stores to change cash registers and additional administration in restaurants.
- Disproportionate Impact on Low Income Users – participants who felt individuals would not change their consumption asserted that the tax would put financial pressure on families because there would be less money available for other purchases.

- Food Security / Availability of Healthy Alternatives - the availability of healthy food and drink alternatives would be necessary for anyone wanting to reduce their consumption of sugar-sweetened beverages.
- Effectiveness of Proposed Tax – the vast majority did not believe that a tax on sugar-sweetened beverages would reduce their consumption and therefore would not achieve the health objective of imposing the tax.

Résumé

Dans son budget de 2017-2018, le gouvernement des Territoires du Nord-Ouest s'est engagé à étudier la possibilité d'instaurer une taxe sur les boissons sucrées afin de dissuader les gens de consommer de telles boissons, celles-ci étant associées à des problèmes de santé tels que l'obésité et le diabète ainsi qu'à des problèmes de santé bucco-dentaire. Dans le cadre de l'étude réalisée, le ministère des Finances a consulté le public et d'autres intervenants, notamment en publiant un document de travail sur une proposition de taxe sur les boissons sucrées, en menant un sondage en ligne et en organisant des réunions publiques à Yellowknife, à Inuvik et à Tuktoyaktuk afin de recueillir des avis sur l'approche, les taux de taxation et les produits à viser par la taxe ainsi que sur les avantages et les répercussions qu'une telle taxe pourrait avoir en général.

En tout, 686 personnes ont répondu au sondage en ligne; 35 personnes ont participé aux trois réunions tenues à Tuktoyaktuk (3), à Inuvik (9) et à Yellowknife (23); 14 mémoires ont été déposés par une personne, 3 organismes du secteur des politiques publiques, 4 associations du secteur de la santé et des secteurs connexes et 6 entreprises du secteur des boissons ou du commerce.

Les résultats du sondage indiquent que la majorité des gens (60 %) s'opposent à une taxe sur les boissons sucrées et qu'une majorité (70 %) doutent également de l'efficacité d'une telle mesure pour réduire la consommation de ces boissons. La plupart des répondants ne pensent pas que la consommation diminuerait de leur part et de la part des autres et estiment que la baisse de la consommation des boissons sucrées serait faible. Les organismes des secteurs des politiques publiques et de la santé sont en général favorables à l'imposition d'une taxe, à condition qu'elle soit utilisée conjointement avec des campagnes d'éducation et d'autres outils de promotion de modes de vie sains, tandis que les groupes des secteurs commerciaux s'opposent à la taxe proposée pour des raisons économiques.

Les commentaires des participants, qu'ils aient été formulés en ligne, lors des réunions publiques ou dans le cadre de présentations, se classent généralement dans les catégories suivantes :

- Éducation et sensibilisation : La majorité des participants, qu'ils soient opposés à la taxe ou en faveur de celle-ci, reconnaissent l'importance des campagnes d'éducation ou de sensibilisation visant à réduire la consommation des boissons sucrées.
- Coût de la vie : Une taxe sur les boissons sucrées augmenterait encore le coût de la vie et alourdirait le fardeau administratif des entreprises, tout en ne permettant pas de résoudre efficacement les problèmes de santé complexes. Les entreprises ont indiqué qu'il était déjà difficile de faire des affaires dans le Nord et que l'imposition d'une taxe sur les boissons sucrées augmenterait les coûts pour les entreprises, y

compris les coûts élevés pour les commerces liés aux modifications des caisses enregistreuses et les coûts d'administration supplémentaires pour les restaurants.

- Répercussions disproportionnées sur les consommateurs à faible revenu : Les participants qui estimaient que les gens ne changeraient pas leurs habitudes de consommation ont affirmé que la taxe exercerait une pression financière sur les familles, car celles-ci auraient moins d'argent disponible pour d'autres achats.
- Sécurité alimentaire et disponibilité de solutions de rechange saines : Quiconque souhaite réduire sa consommation de boissons sucrées doit disposer de solutions de rechange saines du côté des aliments et des boissons.
- Efficacité de la taxe proposée : La grande majorité des répondants ne considèrent pas qu'une taxe sur les boissons sucrées réduirait leur consommation et n'atteindrait donc pas l'objectif en matière de santé visé par l'imposition d'une telle taxe.

Background

In Budget 2017-18, the Government of the Northwest Territories (GNWT) committed to investigate introducing a sugary drinks¹ tax as a way to reduce sugar consumption and improve public health. The objective of the investigation was to consider the effectiveness of using the tax system to discourage the consumption of sugary drinks that are linked to health issues such as obesity, Type 2 diabetes, and tooth decay.

This investigation led to the release in January 2019 of a paper, *Using the Tax System to Encourage Healthy Choices: Implementing a Sugar-Sweetened Beverages Tax in the Northwest Territories*, to generate discussion on whether a sugar-sweetened beverages tax would be effective in reducing the consumption of sugar-sweetened drinks within the Northwest Territories.

The GNWT proposed to tax sugar-sweetened beverages by applying a direct specific tax on all sugar-sweetened beverages (non-diet carbonated drinks, ready to drink tea and coffee drinks, energy drinks, sports drinks and fruit beverages that are not 100 per cent fruit juice) at a tax rate based on container size. Beverages that are 100 per cent fruit juice and milk and yogurt beverages would be exempt from the tax because the other nutrients that they provide may offset the harm created by the added sugar. Diet carbonated drinks were not included in the tax because the effect of diet drinks on health initiatives to reduce obesity is inconclusive. The tax would include sugar-sweetened fountain beverages except fountain beverages mixed with alcohol. The tax rates will be determined following public engagement. The proposed tax rates are 5 cents per 100 millilitres (ml) for pre-packaged drinks and are the following rates for fountain drinks:

- Less than 250 ml 10 cents
- 250 ml to 500 ml 20 cents
- 500 ml to 750 ml 30 cents
- Over 750 ml 45 cents

Public comments on how much a sugar-sweetened beverages tax would reduce consumption of sugar-sweetened drinks and the potential influence that the tax would have on reducing obesity and improving dental health were received through an online survey, public meetings and written submissions.

¹ The technical definition of 'sugary drinks' is all beverages with 'free sugars', which includes all natural sugars in fruit juices and fruit juice concentrates, honey and syrups; and, monosaccharides and disaccharides that are added to foods and beverages. Although the 2017-18 Budget announced an investigation of a 'sugary drinks' tax, the need to balance sugar content and nutritional value of certain products, the proposal is for a tax on 'sugar-sweetened beverages,' which are defined as beverages with 'added sugars' and typically includes non-diet carbonated soft drinks, ready-to-drink sweetened tea and coffee, energy drinks, sports drinks, and 'fruit drinks' with less than 100 per cent juice.

Public Engagement Process

The public engagement process began January 23, 2019 and concluded February 25, 2019. The process used community engagement meetings in Inuvik, Tuktoyaktuk and Yellowknife, an online survey and an invitation for written submissions to gather the views to Northwest Territories residents and other stakeholders on the proposed sugar-sweetened beverages tax.

Newspaper advertisements were released in northern news publications to promote the public engagement meetings and the online survey. Social media was used to promote the online survey, with English and French reminders posted on the GNWT's corporate Facebook account several times between February 6 and 22, 2019.

Survey

In an effort to hear from as many Northwest Territories residents and stakeholders as possible on how best to implement a tax on sugar-sweetened beverages to reduce consumption, an online survey was offered to ask the following questions:

- Do you support taxing sugar-sweetened beverages to reduce their consumption in an effort to reduce health problems such as obesity, diabetes and tooth decay?
- Do you think that a sugar-sweetened beverage tax will reduce your consumption of sugar-sweetened drinks?
- Do you think that a sugar-sweetened beverage tax may cause you to substitute sugar-sweetened drinks for diet drinks?
- In general, do you think that a sugar-sweetened beverage tax will reduce the consumption of sugar-sweetened drinks?
- What types of beverages should be taxed under the proposed Northwest Territories sugar-sweetened beverage tax to reduce sugar consumption:
 - Current proposal to tax sugar-sweetened drinks.
 - All carbonated drinks (sugar-sweetened or artificially-sweetened) only.
 - Sugar--sweetened carbonated drinks only.
 - All sugary drinks (current proposal plus fruit juices and sweetened dairy and non-dairy milks).
 - None of the above – disagree with taxing beverages.
- What tax rate would encourage you to reduce your consumption of sugar-sweetened drinks?
 - Approximately 10 per cent of the price,

- 10 to 25 per cent of the price,
- 25 to 50 per cent of the price,
- No tax rate will keep me from drinking sugar-sweetened drinks.

The survey included two demographic questions to determine the age range of survey respondents and their location within the Northwest Territories and provided the ability for respondents to provide comments.

Public Meetings

Three community engagement meetings were held to obtain direct public feedback. The meetings in Tuktoyaktuk and Inuvik were held on January 28, 2019 and these Beaufort-Delta communities were chosen to be representative of smaller, more isolated communities and a regional centre, respectively. The Yellowknife meeting was held on January 29, 2019.

Each meeting was conducted by facilitator and included a presentation on the proposed sugar-sweetened beverage tax and brief perspectives of the Canadian Beverage Association and the NWT/NU Public Health Association on using the tax system to achieve public health objectives. The facilitator then used the questions from the discussion paper and online survey to guide the discussion with participants.

What We Heard

A total of 686 online responses were received of which 682 respondents identified their age range and 677 identified their community type. Respondents represented the age distribution of the Northwest Territories, with the age range of 25-54 comprising the majority of responses at 60 per cent, 18-24 year olds making up 7 per cent, and those over 55 years old representing 23 per cent.

Respondents from Yellowknife represented 68 per cent of identified survey respondents, followed by 24 per cent of respondents from regional centers (Fort Simpson, Fort Smith, Hay River, Inuvik and Norman Wells), and 8 per cent from other small communities.

Approximately 35 people participated in the three meetings as follows:

- Tuktoyaktuk 3
- Inuvik 9
- Yellowknife 23

The 14 written submissions can be broken down into four different categories:

1. Concerned individuals – 1 submission;
2. Public policy organisations – 3 submissions;
3. Healthcare and related professions organizations – 4 submissions; and
4. Beverage industry or commercial interests – 6 submissions.

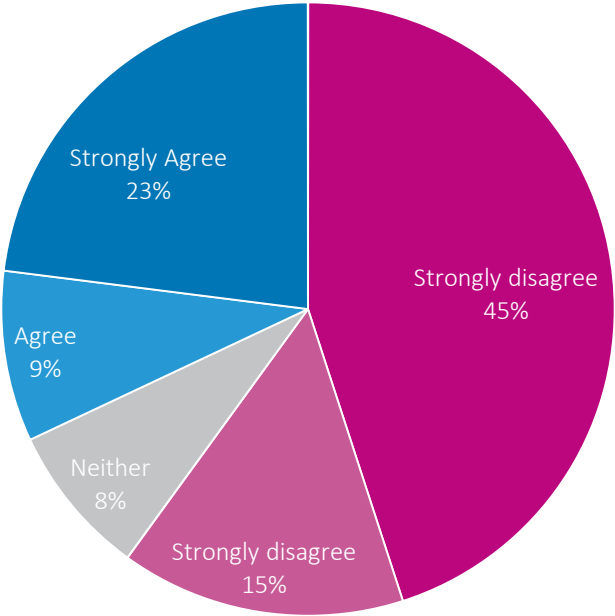
The following sections summarize what we heard in the sessions, submissions and online survey.

Support for a Tax on Sugar-Sweetened Beverages to Improve Public Health

The first question asked in the online survey and public meetings was for participants' perspectives on whether taxing sugar-sweetened beverages would be effective in reducing their consumption with the ultimate goal of reducing health problems such as obesity, diabetes and oral decay.

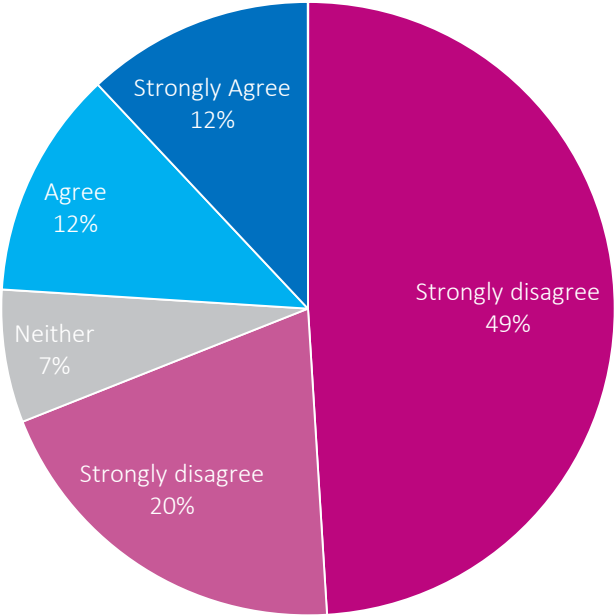
As shown in the following four charts, most survey respondents are opposed to a sugar-sweetened beverage tax and doubt that it would work if implemented: 60 per cent are opposed to a tax; and about 70 per cent think it would neither reduce consumption nor lead to substitution to healthier drink options. Notably, responses of “strongly disagree” ranged from 45-56 per cent of all responses for the following questions.

Chart 1: Do you support a tax on sugar-sweetened beverages to reduce consumption?



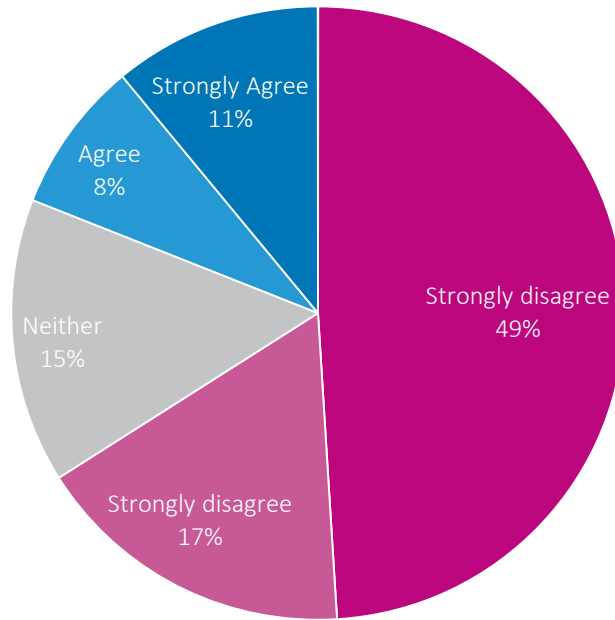
Agree: 32%
Disagree: 60%

Chart 2: Would a tax reduce overall consumption of sugar-sweetened beverages?



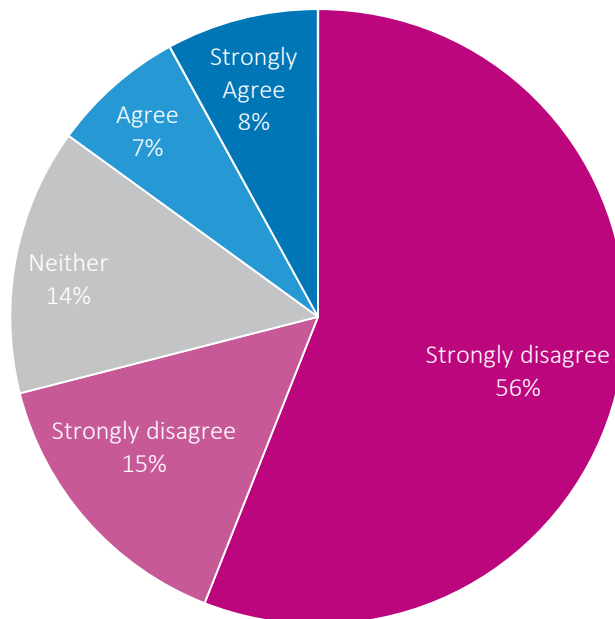
Agree: 24%
Disagree: 69%

Chart 3: Would a tax reduce my own consumption of sugar-sweetened beverages?



Agree: 19%
Disagree: 66%

Chart 4: Would a tax cause substitution to other drinks?



Agree: 15%
Disagree: 71%

Participants who supported the sugar-sweetened beverage tax did so mainly because they linked drinking excessive sugar-sweetened beverages to obesity and believe that consumption will fall if these drinks are taxed.

The over-arching theme for those who did not support the tax was that there are more effective avenues to address public health problems of obesity and oral decay than a tax on sugar-sweetened beverages. Even those in support of the tax as a means of reducing the consumption of sugar-sweetened beverages tended to do so if the revenue from the tax was used to support more education on healthy food choices and to increase the availability and affordability of healthier food/beverage options across the Northwest Territories or to promote other healthy initiatives.

Written submissions from the six organizations representing the national beverage industry and retail councils, the Yellowknife and Northwest Territories chambers of commerce, two local beverage companies and the Town of Inuvik were opposed to any sugary drinks tax, mainly for economic reasons and the belief that the tax would be ineffective to improve public health given the complexity of the issues. The written submissions from health care associations and public advocacy organizations were supportive of the tax to assist in the reduction of obesity and its preventable related ailments such as type-2 diabetes, ischemic heart disease, stroke and cancer in the Northwest Territories population and cavities in children; however most called for the tax revenues to be used for additional measures to address obesity and oral health problems such as education and health awareness campaigns.

The following summarizes the main themes that emerged from the public engagement. Selected excerpts have been included to support the themes that were identified (some excerpts have been edited for length or clarity.)

Education and Awareness

A major theme in the public engagement was the importance of education or awareness campaigns to reduce the consumption of sugar-sweetened beverages. Those not in favour of a tax cited education as a more appropriate means of reducing unhealthy food choices than imposing a tax. Some respondents referenced that the high tax on cigarettes and alcohol has not necessarily been a deterrent on people consuming those substances, and that education and awareness campaigns are traditionally more effective in changing behavior. Some respondents, who were in favour of the tax, also agreed that the tax would not be effective without additional public education efforts against sugar and many were only in favour of the tax if the revenue was used for the promotion of healthy lifestyles and educational initiatives to promote exercise and healthy foods.

- “Penalizing food choices is not the same as educating about food choices. Rather than accomplishing the goal of consumption reduction, I feel that it would just cause resentment but not behaviour change.”

- “Education at the elementary and secondary school levels would be a better approach to changing social norms. Taxes are not the answer.”
- “A distinct warning sticker on the container, front and centre, about how much sugar is in each drink would/could/should give people pause before choosing to purchase. But, you must have an alternate drink nearby.”
- “I was pre-diabetic two years ago from drinking energy drinks and pop, both high in sugar. I was addicted to the caffeine and sugar. I quit and my health has done a 180. I believe if the drinks are higher in price due to taxes it will help. But more information on the causes and risks needs to be what the taxed monies go to!”

Cost of Living

The high cost of living in the Northwest Territories was raised as an issue by many participants and many were concerned that a new tax would only add to food costs to the detrimental of household budgets.

A number of retail business owners at the public meetings noted from their experience that price increases “haven’t made a difference to pop purchases” and believe that people would still purchase sugar-sweetened drinks regardless of a tax-induced price increase. A senior mechanising manager pointed out that there have been break-ins in some stores just for pop, and some individuals will even buy pop in large quantities to bring back when out on medical travel. As a consequence, these participants expressed concern that people would still buy sugar-sweetened beverages, decreasing the amount left for other spending, similar to what they have seen happen with tobacco. Some business owners noted that Nutrition North subsidizes healthy food and wanted that program to work as a means to influence healthy food choices and asked that if the objective was to improve health outcomes then a tax should apply to other unhealthy foods.

Other individuals in the public meetings and through survey comments agreed with this view that a tax would be both regressive and might only temporarily reduce consumption and consequently the tax would put financial pressure on families because there would be less money available for other purchases. A number of participants in the various meetings observed that low income families are likely to still buy sugar-sweetened beverages and therefore have fewer dollars available to pay for other more nutritious foods. Several speakers noted that alcohol is still consumed excessively despite the high taxes on it.

Businesses noted that doing business in the north is already difficult and the imposition of the sugar-sweetened beverage tax would increase business costs, including the high costs for stores to change cash registers and additional administration in restaurants.

- “Stop taxing people of the North just to realize that the cost of living is too high and giving it back through subsidies. It makes it look extremely unappealing to live in the north due to the high cost of living.”

- “The high cost of living in the north is already very extreme. To be taxed on something as innocent as a beverage is unnecessary and ridiculous. Are we not allowed to make our own food choices?”
- “I believe the tax should be collected and used to balance the cost of vegetables and fruit in the communities. The cost of these items is prohibitively high and when travelling to these communities I can see how much these items are - and while Nutrition North helps - the prices are still crazy.”
- “Taxing sugar sweetened beverages alone will not be effective. People in the North are somewhat desensitized to the cost of food and beverages because they have been so high for so long that they just pay the price regardless. Make sure that fresh milk and water are cheaper than pop if you really want to make a difference in helping people to make better choices.”

Food Security / Availability of Healthy Alternatives

The availability of healthy food across the Northwest Territories was referenced as a concern amongst survey respondents. It was noted that having healthy food and drink alternatives available and accessible would be necessary for anyone wanting to reduce their consumption of sugar-sweetened beverages. A number of respondents contended that should the tax be implemented, the revenues should go towards making healthy food more accessible and affordable including support for community-based food gathering or gardening projects.

- “I don't believe that a "tax" on something changes behaviour. The Government needs to focus on making healthier choices more available and more affordable in the NWT rather than taxing. If healthier choices are cheaper than sugary drinks, it is likely that people will choose them instead.”
- “I support the GNWT, Health Canada and the Government of Canada providing more funding for the provision of healthy alternatives and wholesome good food to the North so that sugar sweets aren't just the cheapest option and make healthy food affordable.”
- “Rather than penalizing pop drinkers, how about offering incentives to make healthier options less expensive!”
- “If the government truly wants to encourage healthy choices they should subsidize those healthy choices. I know that for many of the folks in the northern communities, if given the choice between a 3\$ bottle of water, or a 3\$ can of Pepsi, they would choose the Pepsi 10 times out of 10.”

- “We all know that too much sugar makes people obese and if this tax helps reduce sugar intake then I support it and if it affects business, well that is life. There is no real reason to drink pop.”

Effectiveness of Proposed Tax

Much of the discussions whether through the online survey, public meetings or written submissions came through as a question about the effectiveness of the tax to reduce the consumption of sugar-sweetened beverages. A number of respondents noted that people still buy cigarettes and alcohol despite the high tax associated with purchasing those items. Others did not believe that the proposed tax would be as effective as taxes on tobacco and alcohol because while there are few products available to substitute for highly-taxed tobacco and alcohol, there are many other sources of sugar, which would not be included in the proposed tax. The cost of carbonated soda was also referenced as having a high cost, especially in smaller communities; however, people still purchase these items. There was some discussion about children being the main consumers of sugary drinks and that their behavior would not be affected by a tax.

Many respondents provided support for the tax on condition that it reduced consumption.

A written submission in support of the tax called for the tracking of sales and consumption data and the removal of the tax after three years if it is found not to be effective.

- “I think tooth decay would be the only thing this tax "might" reduce. People will just replace their sugar intake with other foods, so obesity and diabetes would be unaffected.”
- “I do not drink many beverages that have added sugar. However I do think we need to find ways to reduce the amount of sugary drinks that people drink, because of the health consequences. If this tax might be able to help lead us to a goal of less sugary drinks being consumed, I fully support it.”
- “As much as I would like to see a reduction in the consumption of "pop" and sugary drinks, I believe that taxes will have only a limited impact - just like with cigarettes, I am afraid people will compromise on "healthy" choices to secure their choice of sugary drinks.”
- “The cost is already high and people buy it. I don't think adding a dollar or two is going to make much difference. I have personally bought a 12 pack of cans for \$36 in Cambridge Bay. I don't know that adding a couple dollars would have made much difference.”
- “It would cause me to think twice about buying sugary beverages, knowing the adverse effects and having to pay extra. But it should also be noted that artificial

sweeteners in diet drinks have numerous negative health impacts as well, and are not a healthier alternative.”

Other Considerations/Proposals

Other themes included:

- **Government Interference:** “As a capable adult I have the ability to make decisions regarding my health without an overreach by government. This is nothing more than a tax grab in the guise of ‘good for you’.”

“Ultimately the power to make positive lifestyle changes lies within the individual. In my experience applying pressure on people to change, which is what I feel a tax is, often backfires and causes resistance.”

- **All Sugar Products Should be Taxed** - “Tax all sugars including bagged sugar to reduce health risks. Increase taxes on candies and other heavily sweetened junk foods. Consider what other unhealthy alternatives those addicted to sugar would turn to and address that as well.”
- **Tax Administration / Implementation** - The new tax would impose an additional administrative burden and would affect the cost of doing business through increased compliance costs on businesses. “The feasibility of implementation should be considered. The beverage container tax was far simpler to implement. There will be many challenges associated with how sugar is classified and labelled on each individual product to determine whether a tax should or should not be applied.”
- **Reasons for Consumption** - “I believe that a sugar-sweetened drink tax is not addressing the root issue. This is a downstream option for trying to reduce the consumption of sugar-sweetened drinks without addressing the reasons why people of choosing to drink these beverages.”

“You might wonder why some don't consume sugary beverages. What are the demographics of consumers who do? Such information might permit a targeted approach.”

“I am in favour of the tax but only as a last resort. Sugar is addictive and people are desperate to get off pop and a big tax would be an incentive. Diet pop should also be taxed as Aspartame is a problem too.”

- **Other initiatives** - A majority of participants, whether for or against the tax, call for initiatives to support education and health awareness. Others suggested the tax as a component of a multi-pronged strategy and proposed other initiatives such as community development, research, coordinated public policy, redirecting consumption and communication. Several called for sugar-sweetened beverage

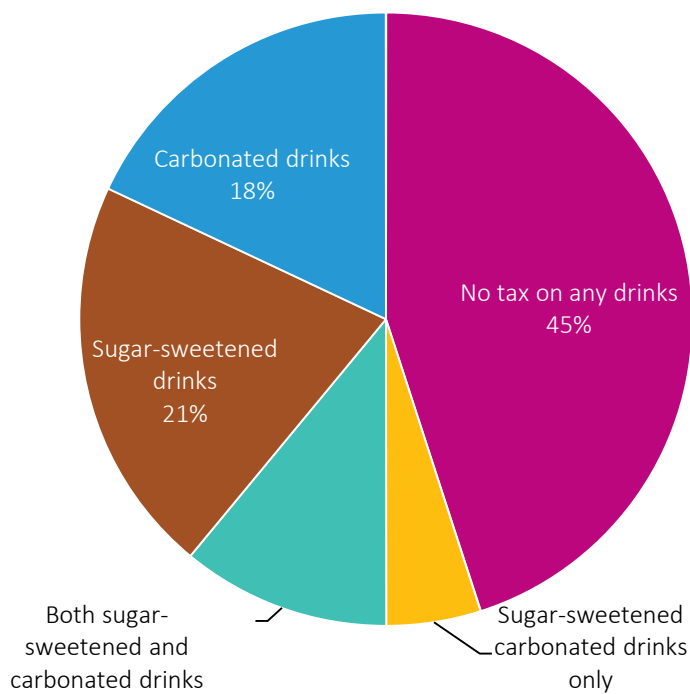
sales to be prohibited from government office buildings and employees should be banned from drinking such beverages at work. A number of survey comments called for restricting quantities of sugary drinks available for sale would be more effective than a tax.

- **Disproportionate Impact on Low Income Users** - “The only thing a tax for sweetened beverages will do is disproportionately penalize people of low incomes who chose to drink these and it is a valid choice they are entitled to make. As someone who has a good income, I would simply pay the tax to drink whatever drink I would like; it wouldn't deter me from drinking the drink, and I can assume the additional cost.”

“Where will the money come from for families who cannot buy anything other than sweet drinks? In my community we have only pop and power beverages on the shelf. We almost never have water and juice. We are being held hostage and not given a chance to make a choice at the store level. Why not take the products off the shelf instead of make them more expensive?”

Types of Drinks

Chart 5: What kinds of drinks should be taxed?



The public engagement asked participants whether the proposed tax appropriately taxed just sugar-sweetened beverages or if other drinks such as 100 per cent fruit juices, sweetened dairy and non-dairy milks, and carbonated diet drinks should be included.

The survey question was worded so that a number of different combinations could be selected and as a consequence the 686 survey participants made 870 selections regarding the types of drinks that the tax should consider. As shown in Chart 5, 45 per cent favoured not having a tax on any kind of drink while the remainder supported taxing various combinations of carbonated and sugary drinks.

A number of participants expressed concern about possible alternatives or product substitutions to sugar-sweetened beverages, particularly regarding diet beverages that use artificial sweeteners. In public meetings, some in favour of the tax supported including all sugary drinks because they felt the excess sugar outweighed any nutritional benefits and many also felt diet drinks should also be included as they have no nutritional benefits and the artificial sweeteners may also have negative health effects.

Others in support of the tax called for a broadening of the tax base to include all junk food while many who were not in support questioned the reasonableness of the tax proposal to just targeting sugar-sweetened beverages when other junk food also create negative public health issues.

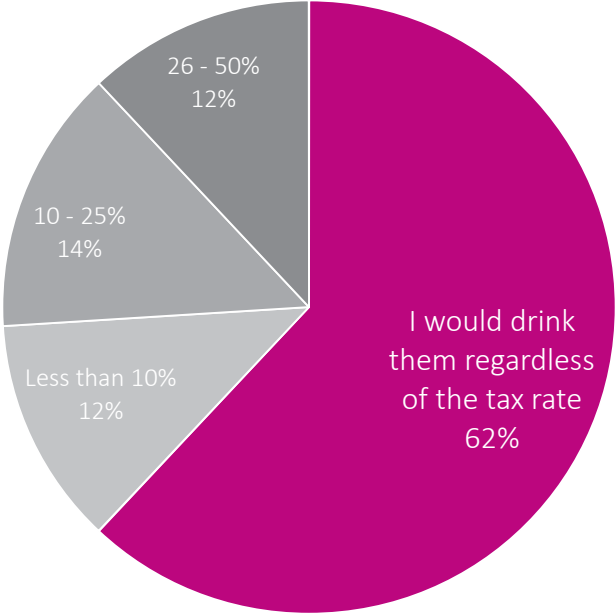
- “The fact that diet soda products wouldn’t be included in this tax sends the message that they are safer or healthier choices. More research should be done on the link between diet soda and obesity.”
- “The biggest problem I see with such a tax is people switching to diet drinks or drinks sweetened by other products - which have health implications and in some cases are more detrimental to overall health than the consumption of sugar.”
- “Fruit juices still rot teeth. The government already has programs in place, such as “Drop the Pop” and if the government is going to tax anything, then tax junk food.”
- “The tax should be on all sugar type drinks. Otherwise the administration time and cost is ridiculous. The retailer should not be burdened by the administrative costs.”

Tax Rate

Survey participants were asked to select which tax rate would encourage them to reduce their consumption of sugar-sweetened drinks. A majority of respondents, 62 per cent, felt that a tax rate at any level would be ineffective in affecting consumption (Chart 6).

A number of respondents in favour of the tax wanted the tax rate to be visible and high to make the tax “inconvenient”. Participants were fairly evenly divided across the tax rate options provided. Others noted that the current price gap between sugar-sweetened beverages and water is too close and that “Pop needs to be more expensive.”

Chart 6: What should the tax rate be, as a percent of price?



Conclusion

The purpose of the public engagement on the proposed sugar-sweetened beverages tax was to ask Northwest Territories residents and stakeholders if they supported using the tax system to provide an incentive to reduce sugary drink consumption with the objective of improving public health.

Almost two-thirds of the survey respondents and a majority of the public meeting participants were opposed to a sugar-sweetened drinks tax, primarily because they did not believe that the tax would reduce sugar sweetened beverage consumption. Evidence for the potential ineffectiveness of the tax ranged from observing that consumers of tobacco and alcohol did not appear to be deterred by high taxes to grocery manager experience that carbonated drink price increases did not reduce sales.

The argument that the tax would not be effective in reducing consumption was the key factor in other concerns with the tax especially that the tax would mean less money in family budgets for other healthy food. The proposed tax was viewed by many participants as a penalty on consumers and instead the focus should be on healthier and cheaper options.

Even those in support of the tax tended to support the tax as part of a set of initiatives to improve public health and both those for and against the proposed tax called for measures to support increased education to raise awareness of the dangers of sugar. Some provided support for the tax on condition that the revenues generated are used for education and health awareness issues. Public policy advocacy groups, healthcare organizations, and dieticians in particular generally support the implementation of a tax, along with other measures to encourage healthy outcomes. Business groups were generally opposed to the proposed tax because they felt that the economic reasons for not imposing the tax outweighed any possible improved health outcomes.

Next Steps

The results of the sugar sweetened beverages tax public engagement will be used to inform decision-makers. As the 18th Legislative Assembly is months away from the end of its mandate, it is likely that any decisions will be left for the next Assembly and if a tax is proposed the legislation will be introduced in the 19th Legislative Assembly and follow the normal process of review, discussion and debate in the Legislative Assembly.

Appendix: List of Written Submissions

- Alternatives North
- Alberta Policy Coalition for Chronic Disease Prevention
- Canadian Beverage Association
- Canadian Cancer Society
- Concerned Individual
- Dietitians of Canada
- Northwest Territories Association of Communities
- Northwest Territories Chamber of Commerce
- Northwest Territories/Nunavut Public Health Association
- Retail Council of Canada
- Territorial Beverages Ltd.
- Town of Inuvik
- Yellowknife Beverages
- Yellowknife Chamber of Commerce