



## Reducing sugary drink consumption

### What needs to be done?

Heart & Stroke recommends federal, provincial, and/or territorial governments take multi-pronged action to reduce the consumption of sugary drinks by people living in Canada and in turn help reduce the prevalence of diet-related chronic diseases. As a key means of achieving this, Heart & Stroke **recommends that governments implement a levy on sugary drinks that discourages consumption. The revenues generated from the levy should be used to directly support food security measures among low-income households**, such as subsidies for fruit and vegetables, voucher programs for healthy food, universal school nutrition programs, or a universal basic income.

### Why do we need to do this?

Sugary drinks, including soda/soft drinks, fruit drinks (punch, cocktails), juices (including 100% fruit juice), sport drinks, energy drinks and other sweetened drinks (like coffees and teas, waters and energy drinks), are one of the largest contributors of sugar in the diets of people in Canada,<sup>1</sup> and contain “empty calories,” with little to no nutritional benefit. Research shows that sugary drink consumption in Canada is high, particularly among those aged nine to 30 years.<sup>2</sup>

Sugary drinks and excess sugar consumption are associated with chronic diseases, including obesity, hypertension, heart disease, and diabetes, as well as dental caries.<sup>3-7</sup> Sugary drinks are particularly problematic because they contribute to metabolic issues such as high blood sugar and lipid levels, and do not offer the same feeling of fullness that someone would get when consuming calories in food form<sup>8</sup>. As such, it's easy to overconsume these drinks. Notably, increasing sugary drink intake by one cup (250 mL) per day has been associated with a greater risk of obesity (+12%), diabetes (+19%), and hypertension (+10%).<sup>5</sup> It has been projected that between 2016 and 2041,

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sugary drink consumption in Canada will be responsible for more than 63,000 deaths, 300,000 cases of ischemic heart disease, and almost 40,000 strokes, and directly cost the Canadian healthcare system more than \$50 billion.<sup>9</sup>

Canada's Food Guide recommends limiting the consumption of sugary drinks including fruit juices, as they are not part of a healthy pattern of eating.<sup>10</sup> Heart & Stroke and the World Health Organization (WHO) recommend that an individual's intake of free sugar (i.e. added sugars or those not bound naturally to food) not exceed 10% of total daily calorie (energy) intake.<sup>11</sup> This translates to about 12 teaspoons a day for the average 2,000 calorie per day diet.<sup>11</sup> The sugar content commonly found in sugary drinks exceeds or approaches this level (e.g., a standard soft drink bottle (500 mL) contains about 13 teaspoons of sugar).<sup>12</sup> Notably, two thirds of people in Canada (66%) have eating habits that do not align with Heart & Stroke and WHO's recommendation as they get more than 10% of their calories from free sugars<sup>1</sup>.

A multi-pronged approach is required to curb sugary drink intake and create a food environment that makes it easier for people in Canada to make healthier choices. Such an approach could include increasing public awareness, restricting unhealthy food and beverage marketing to kids, mandating product reformulation, limiting drink size and availability, requiring healthier drinks to be offered as the default beverage in combo meals, requiring restaurant menu labelling, and limiting the density of retailers of junk food and sugary drinks. However, given that fiscal measures are known to be particularly effective at influencing consumer behaviors, price incentives/disincentives constitute a key lever of this multi-pronged approach.

## Why now?

Policy changes seeking to curb sugary drink consumption are becoming more common to improve population health. In particular, the World Health Organization has urged countries around the world to reduce sugary drink consumption through a sugary drink levy.<sup>13</sup> As of August 2023, there were approximately 117 countries and territories that had already introduced levies on sugary drinks.<sup>14</sup> These levies cover 57% of the global population and include jurisdictions such as Mexico, France, the United Kingdom, South Africa, Chile and Finland, and several cities in the United States among many others.<sup>14</sup> In Canada, Newfoundland and Labrador led the way in 2022 as the first province to implement a sugary drink levy<sup>15</sup>. The levy applies a \$0.20 per liter duty on ready-to-drink beverages containing added sugars as well as on sugar-sweetened fountain drinks and concentrated drink mixes (based on manufacturers' recommended preparation).<sup>15</sup> As of April 2021,

British Columbia started to impose the 7% provincial sales taxes (PST) on sweetened carbonated beverages<sup>16</sup>. Up until then, these beverages had been exempted from the PST, like other grocery items and prepared foods.<sup>16-18</sup> A global evaluation of sugary beverage levies concluded that a 10% levy was associated with a 10% decrease in sugary drink purchases and consumption, with studies in Mexico finding greater decreases in purchases among lower income households.<sup>19</sup>

It is true that sugary drink levies, like levies on tobacco products and all other consumption taxes, can be regressive. If Canada adopted a 20% levy on sugary beverages, people in Canada living on lower incomes would pay \$4.80 more per person per year on average compared to those living with the highest incomes.<sup>20</sup> This is the case because people living on lower incomes tend to consume more sugary drinks than others with higher incomes.<sup>20</sup> However, this additional expense pales in comparison to the disproportionate harm – both financial and health-related – that sugary drinks cause to people living with low incomes. As this segment of the population tends to consume more sugary beverages and be the most sensitive to price increases, people with low incomes would likely experience the greatest improvements in their diet and health from a sugary beverage levy.<sup>20</sup> Such a measure would therefore be progressive from a health perspective and would help decrease health inequities in Canada. Nevertheless, adequate access to healthy food remains a challenge for many households in Canada and needs to be addressed in tandem. The revenue generated from a sugary drink levy should be used to offset the financial impact on people living on low incomes by making healthier foods more affordable and supporting food security initiatives, such as fruit and vegetables subsidies, voucher programs for healthy food, universal nutrition programs or a universal basic income.

Regarding Indigenous peoples, Heart & Stroke supports their rights to tax sovereignty, and we would not support the imposition of a sugary drink levy on their communities by a Canadian government. While it is technically possible for governments to impose levies on products sold on First Nations' reserves, doing so would depart from current practices and norms. As such a sugary beverage levy would likely not apply to purchases made on-reserve unless First Nations communities elect to do so themselves. Mechanisms also exist to exempt First Nations peoples from paying levies when making purchases off-reserve. For example, off-reserve purchases by First Nations members in Ontario, and to a limited extent in Quebec, are exempt from provincial sales tax (the provincial portion of the HST). Similar exemption or tax rebate schemes could be instituted for sugary beverages.

A variety of Canadian health experts, organizations and a 2016 Senate Committee report on obesity have called for a levy on sugary drinks.<sup>21-25</sup> Additionally, a 2017 poll commissioned by

Heart & Stroke found that approximately 70% of people living in Canada support a levy on companies that make sugary drinks, provided some of the resulting revenues are dedicated to supporting healthy living initiatives.<sup>26</sup> Fiscal measures such as levies are known to be particularly effective at influencing consumer behaviors and are considered a powerful tool for steering consumption toward healthier food and beverage options<sup>27</sup>. As such, it is recommended that levies be used as part of a multi-pronged approach to address sugar intake among Canadians. It is time for other governments in Canada to act on sugary drinks and protect the health of all people living in Canada.

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