The Bermuda experience with the Sugar Tax..

Presenters: Sara Bosch de Noya, SRD, Diabetes Educator, Bermuda Diabetes Association, Heather Hollis, Senior Customs Officer, Customs Department Bermuda.
Our mission is to lead the Bermuda Community to reduce the prevalence of diabetes and improve the lives of those affected.

Formed 40 years ago in 1979, primarily for support and education for those with Type 1 diabetes

Established BDA Resource Centre and pharmacy in 2008. Full service pharmacy, Full time Diabetes Educator, Personal Diabetes Management, Community Education, School Programs, Monthly radio programs

Member of Well Bermuda, Healthy Schools Bermuda, Premier’s Youth Fitness Program (PYFP)
The Bermuda situation..

- Incidence of Type 2 diabetes, heart disease, hypertension and cancer has risen in tandem with weight of the population.

- 2014 STEPS to a Well Bermuda survey found 75% of adults overweight or obese (40.2% and 34.4% respectively)

- 13% of the population affected by diabetes

- 50% of our population drink at least one sugary drink a day. 34% have one or two, 16% report having three or more
Bermuda’s Healthcare costs continue to soar forcing initiatives to control costs.

We are spending an average of $11,000 per person per year on healthcare... with poor outcomes.

Life Expectancy in Bermuda is lower than in many OECD countries such as Canada, UK, Luxembourg and Portugal despite them spending less per capita on health.
Bermuda Diabetes Association hosted Dr. Robert Lustig for Government and Public forum; "Sugar: the Bitter Truth". June 2013
Aims of Implementing the Sugar Tax

- Fulfill Throne Speech initiative. Change in Government, PLP re-elected July 2017. Sugar Tax appears as a Throne Speech initiative—September 2017
- Raise awareness and start conversation around healthy eating
- Act as deterrent to purchasing sugary items
- Catalyst to create a healthier food environment
- Financial support towards enhancing health promotion and education for the community
The Bermuda Sugar Tax

- The Customs Department has implemented Phases 1 and 2 and administers the tax.

- The tax applies to both commercial and personal importers of the specific items identified.

- The tax has been applied as an increase of the rate of duty charged to the item. So, the uprated duty will be applied to the customs value of the imported item as normal.

- The tax affects specific tariff codes that are already in the Bermuda Customs Tariff.
8 week consultation phase with 13 specific questions shared to get public feedback and suggestions pre-implementation. Consultation report published 2018.

Summary:
- More support for a sugar tax as proposed than opposition; 42% in favour, 10% somewhat in favour, and 44% against the items proposed.

- 25% believe that low income persons would be adversely affected by the sugar tax (32% oppose).

- 43% in favour of a 75% duty rate or more, 14% favour lesser rate of tax, 35% opposed.
The Sugar Tax – Phase 1

- Effective October 1\textsuperscript{st} 2018
- Cane or beet sugar and chemically pure sucrose, in solid form; \textbf{0\% to 50\%}
- Sugar confectionary, including white chocolate not containing cocoa; \textbf{25\% to 50\%}
- Preparations for making beverages in any form containing sugar or other sweetening matter; \textbf{15\% to 50\%}
- Syrups containing sugar or other sweetening material; \textbf{15\% to 50\%}
- Waters containing sugar; \textbf{15\% to 50\%}
The Sugar Tax– Phase 1

- DUTY RATE LOWERED ON SELECTED HEALTHY FOODS;
  - Chicken eggs
  - Potatoes
  - Cauliflower
  - Broccoli
  - Carrots
  - Turnips
  - Oranges
  - Apples
  - From 5% to 0%
The Sugar Tax–Phase 2

- Effective April 1st 2019

- Increased duty rate from 50% to 75% on those previously affected items

- Additional items– cocoa, chocolate and chocolate food preparations containing added sugar; 25% to 75%

- Amended heading 21.06 to exclude beverage preparations containing sweetener other than sugar (artificial sweetener) –back to 15%
DUTY CONCESSION FOR LOCAL COMMERCIAL MANUFACTURING

- Lower duty rate of 5% for bakeries and restaurants
- Must be approved business
- Based on license granted by the Environmental Health Officer
- Goods must be incorporated into locally manufactured goods
- Other businesses may apply in writing to the Ministry of Finance to become an approved business.

* Proposed lower duty rate on water – not accepted.
* Water purification systems duty free
Customs Department successes/concerns

- Increase in revenue of about 3 million
- Increase in detentions and penalties for misclassification
- High duty rate increases the risk of smuggling/misclassification
- Added work for Customs to ensure correct classification of goods, lack of resources
- No legislative backing for Government to set price limits in stores
Overall rise in cost of grocery basket items post Sugar tax implementation of about 25%.

Omnibus telephone questionnaire shows some decrease in sweet beverage consumption. (400 households surveyed.)

Conflicting reports from retail sector. Some unexpected trends seen. Hostility experienced at price increases following in store sales.

No design or shared plan for proceeds from Sugar tax to be put back into health education leading to levels of cynicism in the community.

A diabetes expert called on the Government to ensure water and diet drinks are cheaper than sugary sodas and argued that the controversial sugar tax “completely missed the point”.

The Sugar Tax – Where are we now?
Thank you!

Watch this space..!