An evaluation of the Bermuda Discretionary Foods Tax

Franco Sassi PhD
Director, Centre for Health Economics and Policy Innovation
Imperial College Business School

Healthy Caribbean Coalition Conference
1st July 2021
Overview

• October 2018: Bermudian government introduced phased “sugar tax” to improve nutritional quality of people’s diets
  • Sugar-sweetened beverages (SSBs), candies & raw sugar — Tax increased from 33.5% to 50%
  • Select Fruits & Vegetables (F&V) — Tax decreased from 5% to 0%
• April 2019: Tax increased to 75% and extended to products with cocoa

Methods

1. Assess awareness, acceptability, and perceptions of the sugar tax
   Qualitative
   Telephone survey of 400 Bermudian residents about the sugar tax
   Interviews with stakeholders

2. Evaluate changes in price and purchasing patterns of taxed products
   Quantitative
   Time series analysis of weekly sales and price data from one of the largest retailers in Bermuda
Key findings
Price of beverages

- Average price of SSBs increased by 26%, while the price of non-SSBs remained constant.
- Evidence of large price promotions coinciding with major sporting events and holidays.

Note: non-SSBs in this figure include waters, ASBs and other drinks.
Conclusions
Did the sugar tax work in Bermuda?

• The sugar tax has raised the prices of products containing sugar.
• Consumers have been responsive to price changes, which suggests that the tax will generate health benefits.
• F&V subsidy was ineffective
• An improved design would have led to a greater impact on dietary behaviours

The average price of sugar-sweetened beverages increased by 26% over the two-year period

$2.00  26%  $2.60
What can Bermuda and other countries learn from this evaluation?

- Taxes can be effective and fair means to reduce the consumption of products that have been fuelling an obesity epidemic in the region.

- Need for improved communication
  - Clarity regarding products that are taxed and those that are not
  - Surrounding the use of the revenues generated by the tax
  - Increase awareness via campaigns (F&V)

- Need for structural changes to the sugar tax
  - Stronger incentives than 5% reduction on F&V
  - Regulation of price promotions
  - Complementary policies aimed at creating healthy food environments
    - Potential non-sugar substitutes were too expensive
    - Increased availability/promotion of affordable and healthy options
Thank you!

Franco Sassi

f.sassi@imperial.ac.uk