Date: 3 August 2026

New Zealand Dental Association | White Paper

Sugary Drink Industry Levy in Aotearoa New Zealand

New Zealand Dental Assoc.

For the common good since 1905.
NZDA.org.nz

roadmap.nzda.org.nz

New Zealand Dental Association | White Paper

Sugary Drink Industry Levy in Aotearoa New Zealand

Overview

Sugary drinks are one of the most significant risk factors for tooth decay, cardiovascular disease, cancer, type 2 diabetes, obesity and other non-communicable diseases. This is why we urge the government to act and to address one of the main commercial determinants of tooth decay – the sugary drink industry. New Zealand Dental Association's policy team have produced this White Paper on the rationale for adopting a Sugary Drink Industry Levy in Aotearoa New Zealand.

The Problem

Tooth decay stands as the most common non-communicable disease in Aotearoa New Zealand and globally[i]. Alongside cardiovascular disease, cancer, diabetes, respiratory disease and mental health, there is a pressing need to implement effective responses to address the contributing factors including sugar consumption. Among the available evidence-based policy options that enable healthier choices and improved diets is the implementation of taxes and levies on sugary drinks. The World Health Organisation (WHO) notes that whilst health systems face mounting pressure from preventable, diet-related diseases, sugary drinks remain highly affordable and available[ii].

NZDA supports the implementation of a fiscal tax on sugary drinks in the form of a Sugary Drink Industry Levy (SDIL) to address the country's severe, preventable epidemic of oral disease and other diet-related non-communicable disease. The SDIL is a tiered tax on manufacturers and importers of sugary drinks.

Dental caries remains the leading cause of preventable, sugar-related hospitalisations among New Zealand children. Significant inequities persist for Māori and Pasifika children. Children living in households with the least socioeconomic advantage also experience substantially higher rates of dental disease. The current commercial environment represents a profound market failure. The retail price of sugary drinks fails to account for their debilitating long-term costs to the public healthcare system, shifting the financial burden of dental care and metabolic illness from the sugary drink industry directly onto these populations and society at whole.

NZDA's Track Record on Sugary Drinks

NZDA has long advocated for measures to reduce sugar consumption in Aotearoa New Zealand. In 2016 NZDA lead the development of the trend setting Consensus Statement on Sugary Drinks which was supported by a wide consortium of public health organisations[iii]. The Statement has 7 clear actions, including a tax on sugary drinks in line with WHO recommendations. NZDA also has a Position Statement on Sugary Drinks which calls for a Sugary Drink Industry Levy.

New Zealand Dental Association | White Paper

Sugary Drink Industry Levy in Aotearoa New Zealand

NZDA's *Roadmap: Towards Better Oral Health for New Zealand* targets sugary drinks as a primary driver of non-communicable diseases, including tooth decay. It outlines population-level policies to reduce consumption, featuring a Sugary Drink Industry Levy, clearer teaspoon-based sugar labels, strict marketing limits for kids, and government driven water-only policies in schools and council venues.[iv]

The Case for Regulating Sugary Drinks

With no nutritional value, the consumption of sugary drinks leads to a sizeable burden on New Zealanders and therefore the health system. In terms of oral health, sugary drinks are directly linked to dental caries. In addition, these drinks contain significant amounts of phosphoric and other acids making them very acidic, leading to erosion of tooth enamel.

Yet globally and in Aotearoa New Zealand sugary drinks are extremely prevalent and are sold in almost all supermarkets, dairies, bakeries, restaurants, cafes, movie theatres, sports complexes, petrol stations, airports, and community venues. They are also sold in most high schools and are prominent in many primary schools. Disappointingly, they are heavily advertised and marketed, especially to youth and vulnerable members of the community.

Many sports teams in Aotearoa New Zealand, including the national teams, are sponsored by either a sugary drink company or a high sugar food company as there are no restrictions on advertising, marketing or sponsorship. The sugary drink industry are selling harmful products that strongly contribute to thousands of preventable general anaesthetics for young children, some as young as 18 months, to have teeth extracted. The hospitalisation rate for preventative dental services in 5-9 year old children doubled from 2000 to 2022 and for 10-14 year old children the rate tripled between 2000 and 2022[v].

As an organisation the NZDA represents dentists whose commitment is to prioritise good oral health and support the common good. Therefore, it is recommended that the sugary drinks industry need to be treated in the same way as the tobacco industry via regulation, taxes, limiting access to youth and advertising, sponsorship and marketing restrictions. The primary way the harms of the sugary drink industry will be reduced is stronger regulation that leads to reformulation and pricing that reduces consumption. This requires government leadership. The World Health Organisation recommends that member states adopt measures to reduce sugary drink consumption, including via taxes and levies.

New Zealand Dental Association | White Paper

Sugary Drink Industry Levy in Aotearoa New Zealand

Why Target Drinks Specifically

NZDA deliberately focuses this policy White Paper on sugar in drinks rather than a broad tax on sugar in solid foods. This targeted approach is driven by three main factors:

- **Alignment with WHO recommendations**: the *WHO Manual on Sugar-Sweetened Beverage Taxation* specifically prioritises sugary drinks as the most effective starting point for fiscal policies[vi]. Liquid sugar is consumed rapidly, does not trigger satiety signals in the brain, and causes repeated, prolonged acid attacks on tooth enamel.
- **Evidence based**: represents the most logistically straightforward measure for a high-impact tax that can drive rapid industry reformulation and consumer behaviour shifts.
- **The primary source of sugar intake**: national dietary data confirms that sugary drinks, including fizzy drinks, energy drinks, sports drinks and juices are the number one source of free sugars in the diets of New Zealanders aged 0-30 years.

International Evidence and Precedent

This White Paper positions a well-designed Sugary Drink Industry Levy not as an isolated intervention, but as a proven public health policies backed by rigorous international frameworks:

- **Global momentum**: the *WHO Global Report on the Use of Sugar-Sweetened Beverage Taxes* confirms that at least 116 countries now use fiscal policies to curb sugar consumption[vii]. NewZealand is falling behind global norms by relying on ineffective voluntary industry agreements, which have failed to reduce total sugar availability.
- **The 3 by 35 Initiative**: the WHO targets a 50% increase in the real price of health-harming products by 2035[viii]. Implementing an effective domestic levy directly aligns Aotearoa New Zealand with international preventative health obligations.
- **Overcoming structural loopholes**: in line with recent WHO findings, this proposal leapfrogs the policy errors of early adopters by establishing a broad-spectrum tax base. The levy covers carbonated drinks, energy drinks, sports drinks, juices and flavoured milks to prevent consumers switching to alternative high-sugar products.

A landmark systematic review and meta-analysis analysed 86 global studies on sugary drink taxes. It found that these taxes are highly effective, actively reducing demand for sugary drinks, with an overall price elasticity of demand of -1.59, resulting in an average 82% price pass-through to consumers, a 15% reduction in sugary drinks sales, and no negative impacts on local employment[ix].

New Zealand Dental Association | White Paper

Sugary Drink Industry Levy in Aotearoa New Zealand

Policy Design: Tiered Excise Tax

Utilising the *WHO Manual on Sugar-Sweetened Beverage Taxation Policies to Promote Healthy Diets*, NZDA proposes a Sugary Drink Industry Levy (in the form of a specific tiered excise tax) based on sugar density (grams of sugar per 100ml). Administered seamlessly at the point of manufacture or import via New Zealand Customs, this structure ensures the increased price is passed onto consumers while providing clear, commercial incentives for industry product reformulation. This was successfully adopted in the UK in 2018 with marked reductions in sugar consumption in the UK diet, and reduced dental decay particularly in children[x].

To achieve a meaningful public health outcome, the levy must be scaled to generate a minimum 20% retail price increase on high-sugar options, driving consumer demand toward healthier beverage choices. Ideally, the tax increase would be 50% in line with best practice WHO recommendations. See Technical Appendix for the full tiered structure.

Hypothecated Revenue

To build cross-party consensus and address cost-of-living concerns, this White Paper advocates for the legislative hypothecation of all collected revenue. It is recommended that 100% of the levy proceeds should be legally ring-fenced to fund:

1. Expansion of funded dental care for youth up to 25 years.
2. Designing, developing and implementing adult oral health care programmes that meet the needs of local communities and high-need population groups.
3. The installation of filtered water fountains across all public schools and community spaces.

New Zealand Dental Association | White Paper

Sugary Drink Industry Levy in Aotearoa New Zealand

Projected Health Outcomes and Cost Savings

New Zealand-specific macroeconomic epidemiological models demonstrate that the proposed tiered Sugary Drink Industry Levy delivers an immediate, compounded reduction in long-term healthcare costs.

Long-Term Healthcare Cost Savings
Peer-reviewed modelling conducted by researchers at the University of Otago show substantial direct cost offsets for the public system[xi]:

- A standard 20% levy targeted at sugary drinks is modelled to yield up to $2.2 billion in direct cost savings over the lifetime of the current New Zealand population.
- The reduction in the incidence of type 2 diabetes, stroke, and diet-related cancers is projected to reclaim between 137,000 and 2.6 million Quality-Adjusted Life Years (QALYs) across the population, significantly easing frontline diagnostic and treatment backlogs.

Dental Treatment Offsets
Oral disease remains the leading cause of preventable, sugar-related hospital admissions for children, therefore dental-specific cost savings are immediate:

- General anaesthesia to undertake dental extractions for severe early childhood caries represents an expensive, entirely preventable hospital bottleneck. The highly successful UK Sugary Drink Industry Levy has driven widespread product reformulations, reduced sugar consumption and reduced childhood caries significantly in the UK. The levy was associated with a significant reduction in hospital admission for caries tooth extractions among children 2 years after the levy was implemented[xii]. This preserves valuable hospital capacity and cuts immediate clinical surgical costs.
- Lowering the baseline incidence of oral disease allows the Community Oral Health Services to transition from reactive, emergency treatment to proactive, preventive care.

Resolving Health Inequities
A core mandate of the Ministry of Health is the reduction of persistent health disparities. The economic modelling indicates that a sugary drink tax is structurally progressive regarding health equity:

- Because Māori and Pasifika populations disproportionately suffer from higher rates of severe caries and metabolic disease, these groups experience the highest per-capita health gains and avoided disease burdens under an active tax framework.
- The age-standardised ratio of QALY gains consistently favours Māori over non-Māori across all tested modelling scenarios, making the levy a powerful mechanism for achieving equitable health outcomes.

New Zealand Dental Association | White Paper

Sugary Drink Industry Levy in Aotearoa New Zealand

Conclusion

New Zealand Dental Association has long recommended evidence-based mechanisms for reducing the health toll of sugary drinks. Sugary drinks are the number one source of sugar in the New Zealand diet for those aged 0–30 years, and one of the most significant risk factors for tooth decay, obesity, cardiovascular disease, cancer and type 2 diabetes. It is for this reason we need the government to act and tackle the commercial determinants of tooth decay – the sugary drink industry.

Some will raise the concern that a sugary drink tax is regressive, falling hardest on low-income households. The modelling in this paper points the other way: because Māori and Pasifika communities carry the highest burden of caries and metabolic disease, they stand to gain the most from reduced disease incidence and from the ring-fenced reinvestment into dental and oral health services this tax makes possible. Structured and hypothecated properly, this is a policy that narrows health inequities rather than widening them.

A Sugary Drink Industry Levy in the form of a tiered tax approach, as set out in the Technical Appendix, offers government a mechanism that is administratively simple, revenue-positive, and grounded in a decade of international precedent. A Sugary Drink Industry Levy is a win-win-win strategy: a win for public health and averted health-care costs, a win for government revenue, and a win for health equity.

New Zealand Dental Association | White Paper

Sugary Drink Industry Levy in Aotearoa New Zealand

Technical Appendix: Sugar-Density Tax Tiers for Treasury

To ensure administrative simplicity, revenue stability, and strong health outcomes, NZDA recommends a specific excise tax structure modelled on the highly successful United Kingdom Soft Drinks Industry Levy. By taxing the total volume the beverage based on its sugar concentration, the policy forces manufacturers to either lower their sugar content or face a heavy price penalty at the checkout.

Table 1: Proposed New Zealand Sugary Drink Excise Tax Tiers

Tier	Sugar Density Threshold	Excise Tax Rate (per Litre)	Projected Retail Price Shift	Strategic Intent / Market Response
Tier 1 (Exempt)	**< 5.0gm** of total sugar per 100ml	**$0.00**	No increase (0%)	**Incentive Bracket:** Encourages manufacturers to reformulate products below 5g to entirely avoid the tax. Provides consumers with affordable, low-sugar choices.
Tier 2 (Moderate)	**5.0gm to 8.0gm** of total sugar per 100ml	**$0.40**	10% to 15% increase	**Transition Bracket:** Captures mid-tier sugary drinks and heavily penalises brand recipes that refuse to partially reformulate.
Tier 3 (High)	**> 8.0gm** of total sugar per 100ml	**$0.65**	20% increase	**Penalty Bracket:** Targets high-sugar sodas, energy drinks, and juices. Drives the steep retail price increases necessary to shift consumer behaviour.

Product Classification and Scope

To prevent consumers shifting to untaxed sugar sources, the tax base must be tightly defined using the following definitions:

- **Inclusions:** Any beverage with added sugar, or concentrated sugar syrup, that meets the density thresholds in Table 1. This explicitly includes carbonated soft drinks, energy drinks, sports drinks, ready-to-drink (RTD) sweetened teas/coffees, and flavoured milks. 100% juices are also included due to their high sugar content.
- **Exclusions:** Unsweetened milk and plant-based milk alternatives (e.g., almond, soy, oat, rice) are exempt provided they contain no added sugars.

New Zealand Dental Association | White Paper

Sugary Drink Industry Levy in Aotearoa New Zealand

Administrative Mechanism

Following the guidelines in the *WHO Manual on Sugar-Sweetened Beverage Taxation*, Treasury should reject an *ad valorem* (percentage-based) structure, which allows manufacturers to absorb taxes via wholesale price bundling or discounting. Instead, the tax should be executed as a Specific Excise Duty under the Customs and Excise Act 2018:

1. **Point of collection:** Levied upstream at the point of domestic manufacture or at the border for imported products. This limits the compliance pool to fewer than 50 major distributors, keeping administrative enforcement costs low.
2. **Inflation indexation:** The excise rates ($0.40 and $0.65 per litre) must be legally indexed annually to the Consumer Price Index (CPI) to prevent the public health impact of the levy from eroding over time.
3. **Reformulation time:** Provide the industry with a clear 12-month implementation runway between the passage of the legislation and the commencement of levy collection. This timeline leverages market forces, prompting companies to aggressively reformulate their products to fit into Tier 1 before the financial penalties take effect.

New Zealand Dental Association | White Paper

Sugary Drink Industry Levy in Aotearoa New Zealand

REFERENCES

All accessed July 2026

i WHO (2025). Fact Sheet: Sugars and dental caries. WHO. Geneva. https://www.who.int/news-room/fact-sheets/detail/sugars-and-dental-caries

ii WHO (2026). WHO urges governments to unlock health taxes on sugary drinks and alcohol to save lives and raise revenue. New release. WHO. Geneva https://www.who.int/news/item/13-01-2026-cheaper-drinks-will-see-a-rise-in-noncommunicable-diseases-and-injuries

iii NZDA (2016). Consensus Statement on Sugary Drinks. NZDA. Auckland. https://assets.nzda.org.nz/files/Standards__Guidelines/Position_Statements/Consensus_Statement_on_Sugar y_Drinks.pdf

iv NZDA (2025). Roadmap: Towards Better Oral Health for New Zealand. NZDA. Auckland. https://assets.nzda.org.nz/files/Roadmap/NZDA_Roadmap_Full.pdf

v Tustin K, Adams J, McAnally H, et al. 2024. Oral health of children and young people in Aotearoa 2023. Dunedin: New Zealand Child and Youth Epidemiology Service, University of Otago. https://ourarchive.otago.ac.nz/esploro/outputs/report/Oral-health-of-children-and-young/9926618379601891/filesAndLinks?institution=64OTAGO_INST&index=0

vi WHO (2022). WHO Manual on Sugar-Sweetened Beverage Taxation Policies to Promote Healthy Diets. WHO. Geneva. https://www.who.int/publications/i/item/9789240056299

vii WHO (2025). WHO Global Report on the Use of Sugar-Sweetened Beverage Taxes. WHO. Geneva. https://www.who.int/publications/i/item/9789240118942

viii WHO (2025): The 3 by 35 Initiative. WHO. Geneva. https://www.who.int/initiatives/3-by-35

ix Andreyeva T, Marple K, Marinello S, et al (2022). Outcomes Following Taxation of Sugar-Sweetened Beverages: A Systematic Review and Meta-analysis. JAMA Network Open. 5(6):e2215276. https://www.sochob.cl/web1/wp-content/uploads/2022/06/Outcomes-Following-Taxation-of-Sugar-Sweetened-Beverages.pdf

x Rogers NT, Conway DI, Mytton O, et al. (2023). Estimated impact of the UK soft drinks industry levy on childhood hospital admissions for carious tooth extractions: interrupted time series analysis. BMJ Nutrition, Prevention & Health. 6(2). https://nutrition.bmj.com/content/6/2/243

xi Blakely T, Mizdrak A, Waterlander W, et al. (2022). Health benefits and cost savings of sugar and sugary drinks taxes in NZ. Burden of Disease Epidemiology and Cost-Effectiveness Programme. Otago. Otago University. https://www.otago.ac.nz/__data/assets/pdf_file/0028/329356/health-benefits-and-cost-savings-of-sugar-and-sugary-drinks-taxes-in-nz-742288.pdf

xii Moran A, Krieger J, Roberto C. (2024). Sweetened Beverage Taxes Reduce Sugary Drink Purchases and Improve Health. Policy Brief. University of Pennsylvania. https://assets.nationbuilder.com/heatlhyfoodamerica/pages/465/attachments/original/1732205886/Policy_B rief_Bev_Tax_Health_Outcomes_FINAL.pdf?1732205886

New Zealand Dental Assoc.

For queries and comments please contact:

James Paul
PR & Media Liaison
james@nzda.org.nz

or visit:
roadmap.nzda.org.nz

New Zealand Dental Assoc.
For the common good since 1905.
NZDA.org.nz

roadmap.nzda.org.nz