

Sustainable diet change in the ACT
through adapting supermarket willingness and capacity to change

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Executive Summary

Integrating sustainability across policy areas and transitioning to a carbon neutral economy are key policy priorities in the Australian Capital Territory (ACT). Food is the second largest contributor to the overall environmental impact of ACT residents, therefore enhancing diet choice along sustainable principles represents a key opportunity to achieve further emission reductions. Non-core food and drink are those products not in the core food groups of cereals, vegetables, fruit, dairy and lean meat. Reducing non-core food and drink consumption from the average to the recommended level is a diet change which would reduce ACT food related emissions by approximately a quarter. Non-core food and drink are also high in calories yet have little nutritional value, making weight gain from overconsumption easy to achieve. Reducing non-core food and drink consumption can therefore create concurrent benefits to individuals through reducing the risks of weight gain and obesity, and also to society through reduced pressure on health budgets. This change would be a progression towards diet choice which is more sustainable in the long term.

A stronger focus on restructuring the food environment in which diet is chosen, rather than the traditional policy focus on individual food choices, has been identified as critical in reversing the trends of weight gain and obesity in the ACT. Supermarkets supply the majority of food consumed in the ACT making them key stakeholders in ACT diets. Their control of significant marketing budgets and the physical environment in which the majority of food decisions occur makes them a powerful influence in the food environment and influential for changing non-core food and drink consumption. However, forces in the operating environment of supermarkets make it natural to pursue the sale of non-core food and drinks. There are strong economic incentives for selling non-core food and drink and comparatively weak norms and regulation of corporate behaviour which would dissuade their sale. Together these forces undermine the willingness of supermarkets to promote sustainable diet choice.

As non-core food and drink tend to be high in sugar and have excessive 'empty' calories, a sugar tax and a cap and trade calorie trading scheme are two policy instruments the ACT could implement to reduce the sale of non-core food and drink down to socially and environmentally desirable levels. A sugar tax is a levy placed on products with a sugar content above a certain level. It is directed at producers but will be paid in part by consumers through higher prices. A calorie trading scheme would operate in a way similar to existing international emission trading schemes by placing a limit on the total amount of calories supermarkets can sell in the ACT, with the limit reduced over time. Supermarkets would purchase certificates to sell a proportion of the total calories sold in the ACT and can trade excess certificates to other supermarkets if they exceed their required reductions.

The strengths of a sugar tax is the relative ease of policy design and implementation and the proven efficacy of this approach from existing successful international examples. However, only certain products are targeted, creating little impact on the wider food environment and change in supermarket strategy or incentives. A calorie trading scheme is a more complex policy instrument and would require careful design to avoid an ineffective low calorie price and there's no current examples of its use in the food industry. A calorie trading scheme has strengths of directly influencing the economic incentives of supermarkets and extends the norm of corporate social responsibility for the products they sell. Corporate strategy would change to facilitate the strategic reduction of non-core food and drink sales, but would also create an incentive for supermarkets to reduce the calorie content of a greater proportion of food and drink products. A calorie trading scheme therefore embodies a less targeted but fundamental change in supermarket incentives and therefore the food environment. The scale of the health and emission reduction challenges in the ACT indicate that the calorie trading scheme would be a preferable policy approach.

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Introduction

Integrating sustainability across policy areas and transitioning to a carbon neutral economy are key policy priorities in the Australian Capital Territory (ACT). A notable example of leadership in climate mitigation policy is the imminent attainment of the 100% ACT renewable energy target by 2020 (Lawson, 2016). However, the overarching goal of carbon neutrality by 2050 requires significant carbon reduction efforts across other important greenhouse gas (GHG) emitting sectors. For example, excluding stationary energy generation, ACT emissions rose 14.3% between 2000 and 2013 (Department of the Environment, 2015). As food is the second largest contributor to the overall environmental impact of ACT residents, it represents a key opportunity to further reduce ACT emissions (Integrated Sustainability Analysis, 2010).

Furthermore, the Australian Dietary Guidelines create better health and environmental outcomes than the average diet, which makes diet change a focus in supporting sustainable development in the ACT (Hendrie, Ridoutt, Wiedmann, & Noakes, 2014). Reducing consumption of non-core food and drink, which are items not in the cereals, vegetables, fruit, dairy and lean meat food groups, creates individual, economic and environmental benefits and is the diet change focus of this report (Hendrie, et al., 2014).

Diet choice is increasingly recognised as influenced by characteristics of the food environment, and not simply a matter of individual agency (Swinburn et al., 2011). Reforming characteristics which make the food environment conducive to unsustainable diet choices will better enable the long term sustainable development of the ACT. Large supermarket chains are major stakeholders in the Australian food system, accounting for approximately 61% of all food sold and therefore have a significant influence on diet choice outcomes in the ACT (Australian Institute of Health and Welfare, 2012).

As such, the goal of this report is to assess the key forces which effect the willingness and capacity of supermarkets to promote sustainable diet choice, in order to determine what ACT food policies can create a food environment conducive to sustainable development. It will do so by outlining in Section 1 how the reduced consumption of non-core food and drink can enhance human, economic and environmental outcomes, thus how it would create a more sustainable ACT diet. Section 2 will examine key forces which influence supermarkets to promote or contain their willingness and capacity to promote sustainable diet choice, how this impacts supermarket behaviour and subsequently the diet choice of individuals. Section 3 will compare the benefits and disadvantages of a sugar tax and a cap and trade calorie trading scheme for their impacts on supermarket incentives and their feasibility of implementation. Lastly, recommendations will be made for enhancing food policy design in the ACT.

Section 1 - Australian Dietary Guidelines: a more sustainable diet

Improving diet choice, from the current average diet to that recommended by the Australian Dietary Guidelines, has been identified as an area where benefits to human and environmental health overlap (Friel, Barosh, & Lawrence, 2014; Hendrie, et al., 2014). Food production has many environmental impacts, such as water use, soil degradation, deforestation and biodiversity loss. However the centrality of GHG emissions to the current climate change crisis and the exposure of the ACT to warming temperatures and shifting rainfall patterns induced by rising GHG concentrations makes emissions especially relevant to the ACT (DAFF, 2013). As such this report will focus specifically on the impacts of the dietary change on emissions reductions.

In terms of health outcomes, this report focuses on issues of weight gain and nutritional completeness as they are impacted by diet. Weight gain is used as an indicator of human health outcomes and is a significant problem in the ACT. For example, the proportion of overweight or obese ACT citizens has risen from just 23% in 1995 to approximately 64% (ACT Government, 2013). Stopping obesity rate growth has subsequently become a priority of the ACT government (ACT Government, 2013). The level of physical activity and genetic factors are also significant influences on health outcomes (Swinburn, et al., 2011), however they are beyond the scope of this report. The main health and environmental benefits from reducing non-core food and drink consumption are outlined below.

Section 1.1 – Co-benefits from reducing non-core food and drink consumption

Health outcomes

Reducing consumption of non-core food and drink is a desirable strategy for improving health outcomes as little nutrition is lost when consumption is reduced, while creating reductions in calorie intake (Friel, et al., 2014). Non-core food and drinks high in sugar are especially dangerous for weight gain as their energy density can easily allow the overshoot of energy intake over bodily requirements (National Health and Medical Research Council, 2013). A 2008 study of Australian children found that consumption of non-core food and drink was two to four times the recommended level (Rangan, Randall, Hector, Gill, & Webb, 2008). Overall, approximately one third of the daily energy needs of ACT residents is now obtained from non-core food and drink (ABS, 2013). Some of the individual health risks associated with weight gain above healthy levels include cardio-vascular problems, type 2 diabetes, some cancers, osteo-arthritis and sleep apnoea (National Health and Medical Research Council, 2013). However, even a 5-10% reduction of body weight for obese people can reduce the impact of these problems on the individual and improve the quality of individual health outcomes (Obesity Australia, 2014).

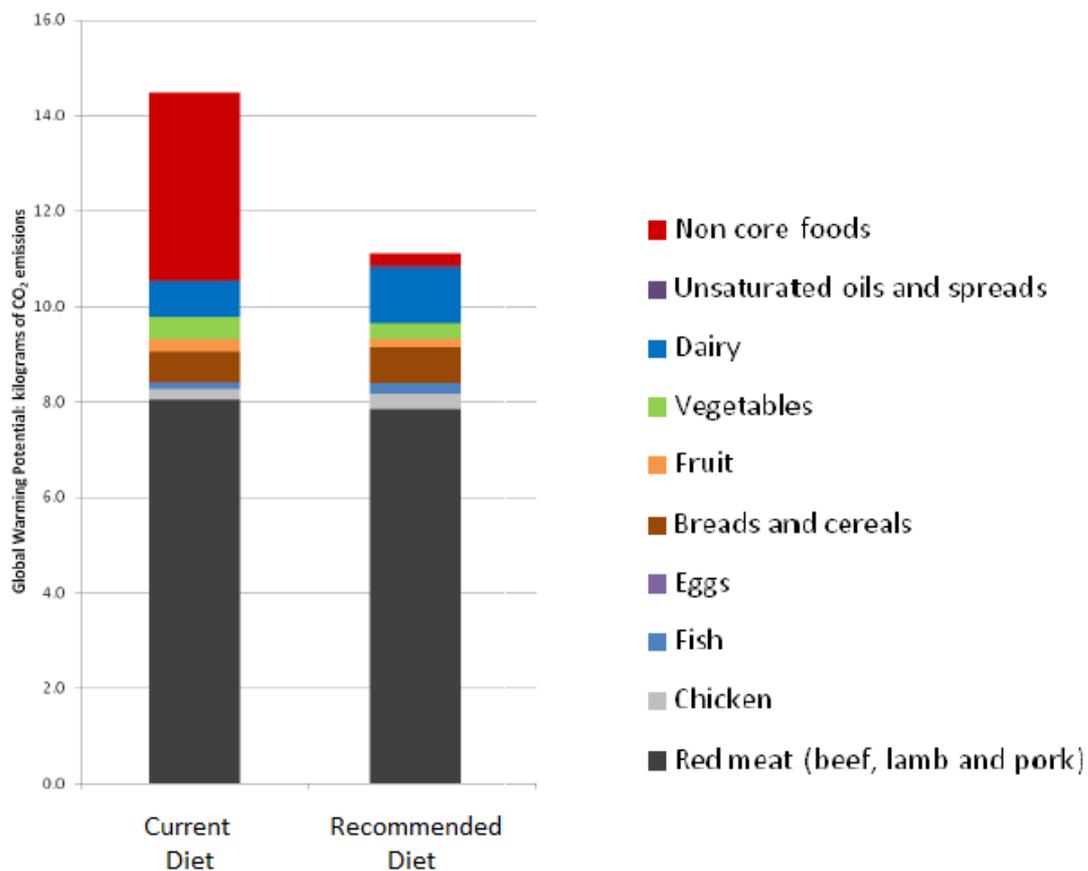
Social and economic outcomes

Reducing weight gain from overconsumption of non-core food and drink can also create wider benefits to society in terms of direct and indirect costs to the healthcare system and the wider economy. For example, in 2005 the total annual cost of obesity in Australia was estimated at \$3.8billion and a more recent estimate has put this cost at \$58.2billion (Colagiuri et al., 2010; Obesity Australia, 2014). Reducing the over consumption of non-core food and drink can therefore unlock benefits to the wider community as well as individuals.

Environmental outcomes

Reducing non-core food and drink consumption to recommended levels would simultaneously enhance environmental outcomes through reducing food related GHG emissions by approximately 27% (Hendrie, et al., 2014). This is highlighted in Figure 1 which shows that reducing non-core food and drink accounts for the largest share of emission reductions when average diets transition to the diet recommended by the Australian Dietary Guidelines.

Figure 1: emissions intensity of diet options. (Source: Hendrie, et al. (2014))



Reducing all food intake by a certain percentage is a possible but undesirable strategy for reducing diet related environmental impacts as it would impact on the nutritional completeness of the resultant diet (Berners-Lee, Hoolohan, Cammack, & Hewitt, 2012). Diet change strategies which do not require wider changes to rebalance nutritional intake will be easier to implement, which is a strength of reducing non-core food and drink consumption as it has little nutritional value.

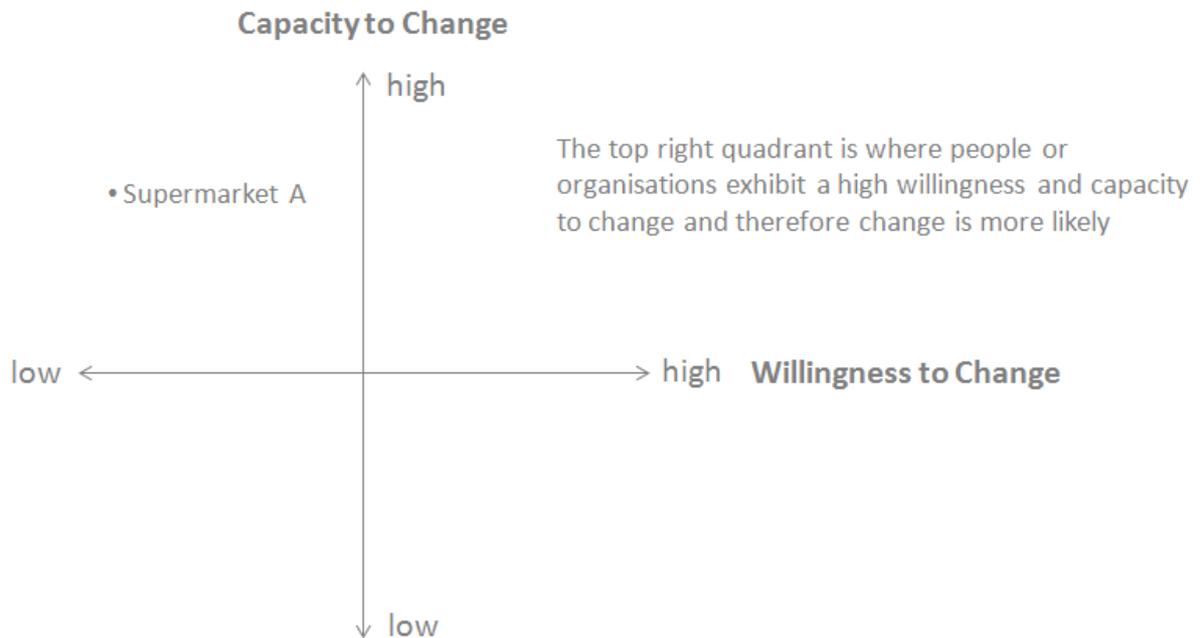
A transition from the average non-core food and drink consumption to that recommended by the Australian Dietary Guidelines is a more sustainable diet in terms of human, economic and environmental health outcomes. Reducing non-core food and drink consumption could therefore be an important strategy for improving the sustainability of ACT diets and ACT development in the long term. Section 2 below will assess how operating environment forces influence supermarkets to promote or restrain non-core food and drink consumption and therefore influence this transition to more sustainable diets.

Section 2 – How operating environment forces influence supermarket behaviour and sustainable diet choice

Section 2.1 – Models used for analysis

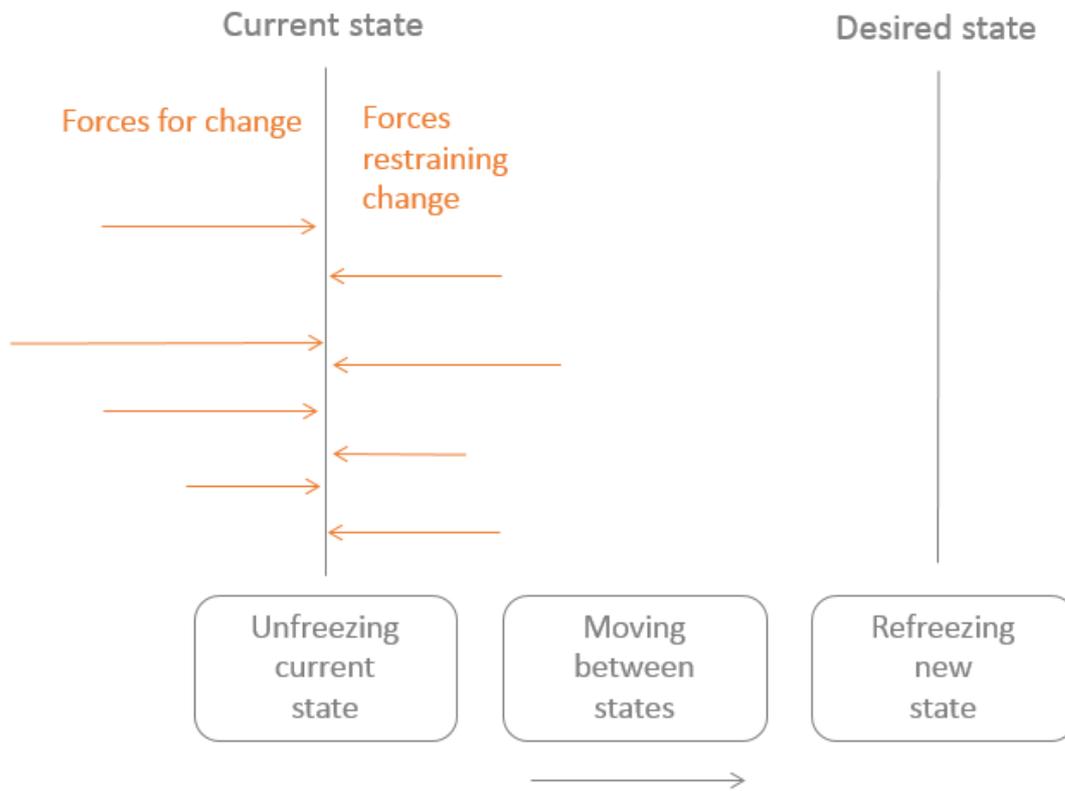
Organisations, such as supermarkets, will have varying degrees of willingness and capacity to change their products and behaviour towards promoting sustainable options. Some will have a strong desire to embed sustainability into their culture, processes and products, while for others sustainability is not on the agenda. Organisations may also have a low capacity to influence the food environment, while others can influence it easily and substantially. This report uses a willingness to change and capacity to change matrix as shown in Figure 2 below to illustrate this wide spectrum of possibilities. Similarly, there will be a wide spectrum of people who vary in both their willingness and capacity to make sustainable diet choices. This spectrum of people can also be represented by the same matrix. For both supermarkets and individuals, the ideal is to move towards the top right quadrant where the ability to change is high. Supermarket A is an illustrative example of this process. It has a high capacity to promote sustainable diet change, however it has little incentive to do so. Policies which, for example, make sustainable diets more profitable to sell than unhealthy ones would move Supermarket B to the right along the matrix.

Figure 2: The willingness to change/capacity to change matrix (based on DEFRA (2008))



Additionally, since the goal of diet change policies would be to move supermarkets and individuals towards the top right quadrant, this report also makes use of Lewin's Change Model (Lewin, 1951) which is shown in Figure 3 below. This model shows that to move from a current state to a desired state, the current state must be 'unfrozen' which requires strengthening the forces for change and/or weakening the forces restraining change. The 'refreezing' stage which seeks to ensure a relapse to the old state does not occur is beyond the scope of this report.

Figure 3: Lewin's Change Model



Lewin's model will be overlaid onto the willingness to change and capacity to change matrix in order to better illustrate how food environment forces enhance or restrain movement to more sustainable diets.

Section 2.2 – Forces influencing supermarket willingness to change, capacity to change and the food environment

Characteristics of the environment which supermarkets operate in create incentives or disincentives to promote the consumption of non-core food and drink. An analysis of some of these key forces is provided below and then illustrated on the willingness to change and capacity to change matrix. The willingness to change forces are discussed and illustrated on the matrix first and then the capacity to change forces are assessed second.

Key willingness to change forces which encourage supermarkets to promote sustainable diets

The increasing norm of organisations accounting for the social and environmental impacts of their actions is a force which can strengthen supermarket promotion of sustainable diets. The norm that sustainability reporting is a central part of corporate responsibility is a trend which encourages other organisations to adopt sustainability reporting but also to broaden the scope of their responsibility (Valor, 2005). The owners of Australian supermarkets now produce yearly sustainability reports, however these fail to measure and report the full social and environmental costs of their activities. For example, while the indicators they report on are increasing in number and thoroughness, the focus is largely placed on the facilities they operate and not on the products they sell (Woolworths A, 2015). Other corporate responsibility trends include the increasing recognition of ‘win-win’ scenarios where product or process change can deliver both environmental and economic returns (Heck, Rogers, & Carroll, 2014; Suchman, 1995). The result of these trends is that sustainability is becoming a natural part of corporate identity, language and behaviour.

Forms of regulation also exist which promote supermarket behaviour towards socially desirable goals. For example, as the undesirable effects of advertising to children became more apparent the Australian Food and Grocery Council implemented a voluntary code, the Responsible Children’s Marketing Initiative in 2009, which sought to improve industry practices (AFGC, 2016). However, the evidence that self-regulation has been effective in producing the desired results is minimal (ACMA,

2016). Alternatively, government regulation can require behaviour change. For example, the ACT Government requires at least one check-out aisle free from confectionary (ACT Government A, 2015; ACT Government B, 2016)

Key willingness to change forces which contain supermarket promotion of sustainable diets

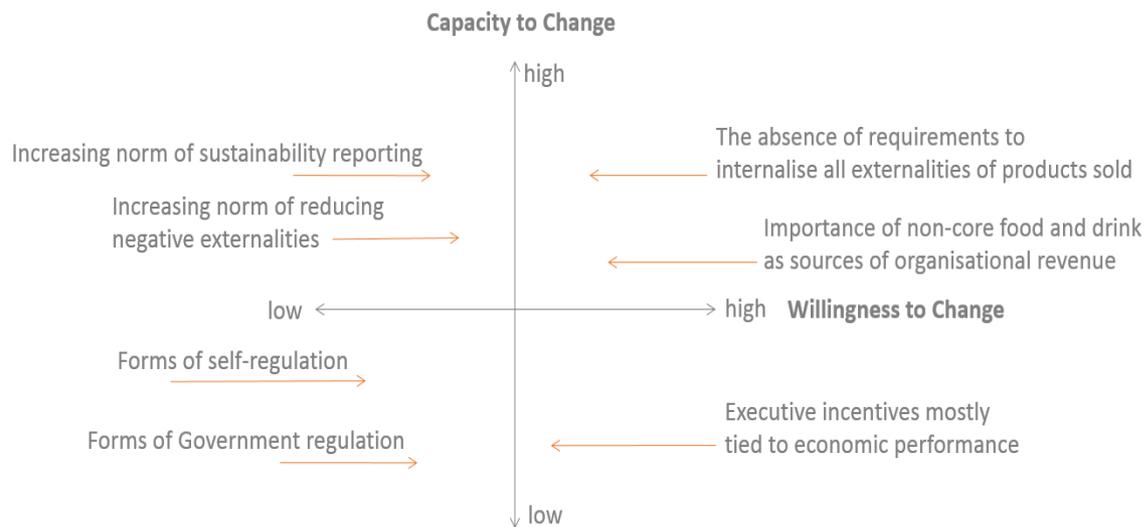
Some existing norms of corporate behaviour act to restrain supermarket promotion of sustainable diets. Although social and environmental performance is increasing in corporate governance, the primacy of economic returns to shareholders remains the driving force of corporate behaviour (Porter & Kramer, 2007). This produces a strong disincentive for organisations to stop selling highly profitable yet unhealthy and environmentally undesirable products. For supermarkets, some of their most profitable sectors are non-core food and drinks. For example, in 2009-11, cold drinks were the third most important department for Australian supermarkets and provided \$4.1 billion in total value (Australian Institute of Health and Welfare, 2012). This includes the sale of soft drinks, sports drinks and energy drinks, which are energy rich yet nutrient poor. Additionally, the confectionary department came in sixth in importance providing \$2.3 billion in total value and this department grew by over 10% between 2009 and 2011 (Australian Institute of Health and Welfare, 2012).

Executive remuneration is also tied predominately to economic performance creating an additional disincentive to reduce sales of non-core food and drinks (Cebon & Hermalin, 2015). This is significant as the executive sets organisational strategy as to how to deliver returns to shareholders.

Furthermore, there is little economic disincentive to reshape supermarket product mix as there is no requirement to pay for the negative externalities, such as the health impacts, of the products sold (Lewis & Rosenthal, 2011).

Overall, Figure 4 suggests that the economic links between the sale of non-core food and drinks and supermarket financial performance is a strong restraining force on supermarket promotion of sustainable diet choice and act against relatively weak norms and regulation.

Figure 4: Forces acting on supermarket willingness to change



Key capacity to change forces which encourage supermarkets to promote sustainable diets

The concentration of the Australian food retailing industry makes the behaviour of a few supermarket chains highly influential in the food environment and powerful actors in any transition towards sustainable diets. For example, the physical presence of Coles and Woolworths is a force in the food environment, with Woolworths alone controlling over 950 supermarkets, 800 liquor outlets and 330 hotels in 2015 (Woolworths B, 2015). The widespread food distribution network gives supermarkets a high capacity to change the food environment and control of the physical environment that shoppers are in when most food decisions are made. For example, the placement of products and display of specials are key influences on food purchases and therefore of diet outcomes (Public Health England, 2015).

Supermarket power is also exerted in the food environment through the extensive marketing budgets of supermarkets. For example, Coles' marketing spend was \$53.6 million and Woolworths was \$87.9 million in 2015 (Mitchell, 2016). Advertising channels have also increased in number and sophistication in recent years, increasing the reach of advertising into consumer lives. Common channels now used include social media, internet advertising, competitions and product placements

in television shows (Public Health England, 2015). Specifically in relation to children, sports celebrity endorsements and 'advergames' which blur the distinction between games and advertising have been identified as of particular concern for their effectiveness on children (Public Health England, 2015).

The use of own-brand products is another avenue from which supermarkets have gained capacity to influence the food environment. By retailing their own products supermarkets have more control over how they are made, and therefore control over the sugar, salt and fat content of more food products. Although brand loyalty remains strong amongst Australian food buyers, 38% report buying more store branded products than well-known brands (Roy Morgan, 2016). Own-brand products therefore give supermarkets a broad influence on the food environment through control over the nutritional characteristics of their products.

Finally, technological advancements such as the advent of loyalty cards have created the ability to tailor marketing to individuals in a nuanced way. The ability to gather detailed purchasing data at the individual level allows marketing strategies to be targeted to individuals and their characteristics, as opposed to the traditional mass market channels such as television (Choice, 2016).

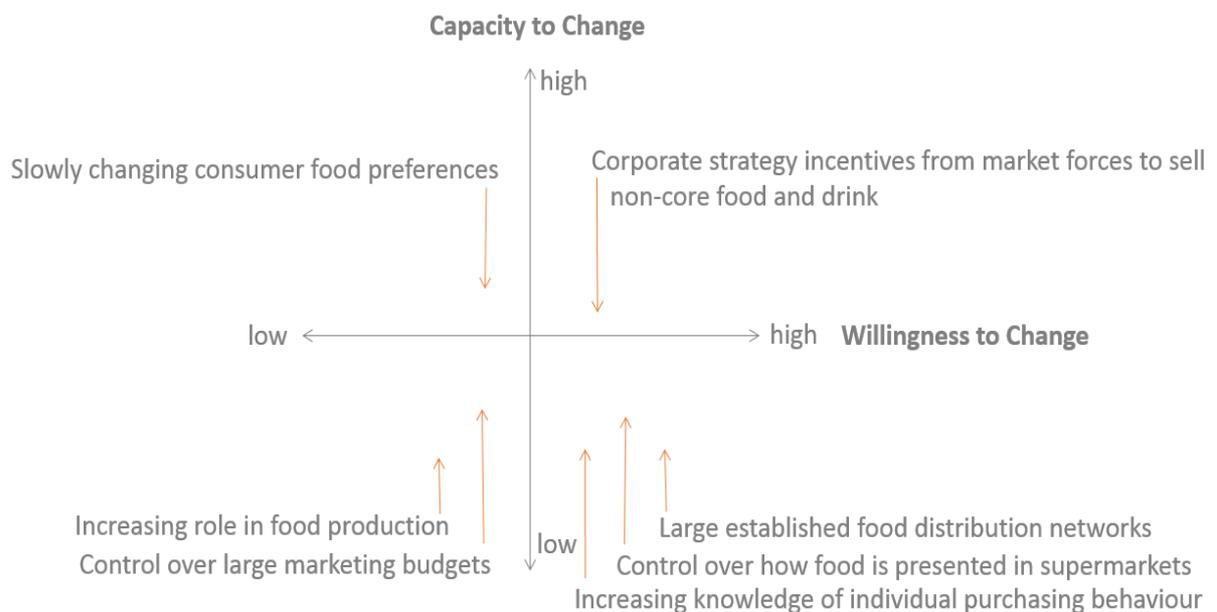
Key capacity to change forces which contain supermarket promotion of sustainable diets

Consumer diet choice is relatively stable with many people buying the same foods regularly, which promotes the status quo in the products which supermarkets supply (Story, Kaphingst, Robinson-O'Brien, & Glanz, 2008). For example, many households have a reasonably set menu for dinner options which are approved of by household members (Evans, 2012). The food purchaser knows they will be accepted and can prepare them with minimal time and effort. This is a significant factor as Australians have a poor work-life balance as evidenced by Australia ranking in the bottom 20% of OECD countries for work-life balance (OECD, 2014). However, evidence points to this force reducing in effect as the Australian consumer is slowly responding to diet change appeals and improving their

diet choices (Han, 2016). The need for supermarkets to supply what consumers demand is a force which constrains the speed with which they can change their product mix to the speed of how the market is changing.

The fierce competition between Australian supermarkets is another constraining force against sustainable diet choice as it promotes affordability of non-core food and drinks. Price has been a key battle ground, making price and quantity promotions widely used (Mitchell, 2015). The norm in Australian consumers where price is a prime consideration for purchasing behaviour reinforces this incentive to offer promotions (Australian Institute of Health and Welfare, 2012). This combination of forces increases incentives for supermarkets to provide price and quantity discounts, leading to overconsumption of non-core food and drink (Public Health England, 2015). For example, in the UK, supermarket price promotions have been shown to increase non-core food and drink consumption by around 20% and the amount of sugar purchased through food and drink by around 6% (Public Health England, 2015).

Figure 5: capacity to change forces acting on supermarkets



Discussion of supermarket operating environment forces

Although further analysis would be required to accurately place each supermarket on the willingness to change and capacity to change matrix, this analysis of the key forces acting on supermarket behaviour indicates that supermarkets most likely sit in the top left hand quadrant. Lewin's Change Model suggests that in order to move them into the top right quadrant, the forces promoting willingness to change should be strengthened and the forces restraining willingness to change weakened or their influence reduced.

The benefits of changing the supermarket operating environment also become apparent when some of the outcomes of the current willingness to change and capacity to change state of supermarkets are placed onto the willingness to change and capacity to change matrix for individuals as shown in Figure 6 below.

Figure 6: Forces restraining individual capacity to change to sustainable diets

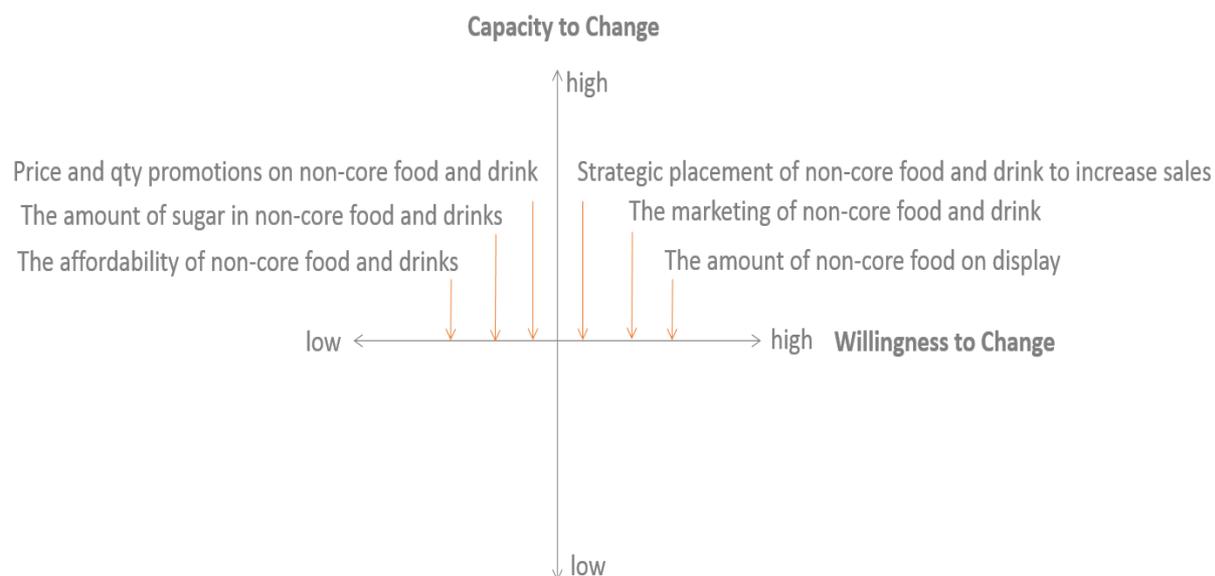


Figure 6 reveals that the incentives for supermarkets to sell non-core food and drink create substantial forces against individuals making good diet decisions. However it also indicates that the power and influence of supermarkets in the food environment could facilitate improvements in diet choice if the forces influencing their willingness to change could be altered. This would entail reforming the incentives of supermarkets such that the sustainable diet choice of individuals is closely aligned to the economic performance of the supermarket. Section 3 below will assess policy instrument options the ACT government could implement to influence the identified willingness to change forces from Section 2.

Section 3 – Comparative analysis of policy options

A sugar tax and a cap and trade calorie trading scheme are two options which the ACT government could pursue in order to reduce the consumption of non-core food and drink. However, it would be significantly easier if implementation of either scheme occurred at the national level and not just in the ACT. An outline of each and comparison of relative benefits and disadvantages is provided below.

Outline of a sugar tax and a calorie trading scheme

A sugar tax is a policy instrument designed to reduce the sale of products high in sugar, such as non-core food and drinks, in the ACT through making them more expensive to the consumer or less profitable to sell. The tax is levied on the producers of products which have sugar levels above a specified amount, however the incidence of the tax will to a degree fall on consumers as some of the tax is passed on. This is an example of ‘command and control’ legislation and tends to be introduced over time to enable producers to adapt to the change in legislation.

A calorie trading scheme has a different goal of reducing the total level of calories sold in the ACT and is targeted at supermarkets, not producers. A ‘cap’ is placed on the total amount of calories sold by supermarkets in the ACT, which is reduced over time. Supermarkets are required to purchase certificates to sell calories, which can then be traded on a market established by the ACT government. The price on the certificates is set by supply and demand market forces, which encourages supermarkets to meet calorie reduction targets in the most efficient way. Excess certificates can be sold to supermarkets less able or willing to reduce the calories embodied in their sales. A calorie trading scheme is therefore similar to emission trading schemes (ETS) which limit GHG pollution, targets power plants not fuel producers and allows flexibility on how to reduce pollution levels.

As non-core food and drink tend to be high in sugar and ‘empty calories’, both a sugar tax and a calorie trading scheme will influence non-core food and drink consumption, however in different ways. A comparison of the benefits and disadvantages of each instrument is provided below and summarised in Table 1. The criteria identified in Table 1 also provides a framework for assessing other policy options not discussed in this report.

Benefits and disadvantages of a sugar tax

A sugar tax would in part internalise the human and environmental health costs of high sugar food and drink to the producers of these products if the tax revenue raised goes towards improving the associated human and environmental health problems. The internalisation of the costs of non-core food and drink, however, would not be directed towards supermarkets and would not impact on supermarket willingness to change as the tax incidence falls on producers and consumers (Public Health England, 2015).

Sugar tax policies have been successfully implemented internationally, providing policy learning opportunities for the ACT government. For example, the 2014 sugar tax introduced in Mexico has been a notable success (Swinburn, et al., 2011). The tax reduced sales of sugary drinks by 6% within a year and consumption down 9% in low socio-economic households who are least able to afford the health costs of obesity (Bloomberg, 2016). France, Hungary and Finland have all introduced sugar taxes and the UK is moving to introduce one (Public Health England, 2015). However the narrow focus of sugar taxes, mostly towards sugary drinks, reduces the breadth of resulting changes in the food environment. The straightforward nature of a sugar tax increases the feasibility of implementation, however, the international examples are also nationwide which would be a complication to implement one at the regional level in the ACT.

The existing food labelling requirements in Australia reduces the administrative costs of introducing this instrument as producers already measure and display the nutritional content of their products.

Benefits and disadvantages of a calorie trading scheme

A calorie trading scheme directly internalises the negative externalities of non-core food and drink to supermarkets due to the responsibility for calorie reductions being placed on supermarkets and not producers. The economic incentive of a calorie trading scheme is for supermarkets to achieve the required calorie reductions with the minimum of cost to profits and disruption to the consumer (Lewis & Rosenthal, 2011). The key advantage of this incentive design is that calorie reductions can be spread across the food environment through small reductions in many food and drink products, broadening calorie reductions beyond non-core food and drink (Lewis & Rosenthal, 2011).

Additionally, the discretion of how best to reduce the externality is left to businesses covered by the scheme. A change therefore arises in the strategic planning of supermarkets to align the marketing mix of product, price, placement and promotion to achieve calorie reductions efficiently. This instrument therefore would create beneficial changes in products but also in the marketing and physical environment in which the majority of food decisions are made in the ACT.

While innovative health and food policies are increasingly called for, there is no comparable existing calorie trading scheme in operation (Johnson, 2015; Lewis & Rosenthal, 2011). However, policy learning can be obtained from other ETSS. For example, the European Union ETS carbon price has fallen to levels said to be minimally effective and the complex nature of setting the level of the cap, policy instrument interactions with the wider economic environment and fraud in reporting have been identified as contributing factors (de Perthuis & Trotignon, 2014). Policy learning from these trading schemes can inform the design of a calorie trading scheme in the ACT to avoid similar problems.

Most food and drink sold in Australia already display nutritional information on the product, making the administrative cost for supermarkets of collecting calorie data straightforward (Choice, 2016).

This is especially so as the electronic sales system of supermarkets allows easy quantification of sales of each product line at the store level.

Table 1: The benefits and disadvantages of a sugar tax and calorie trading scheme

Criteria	Nature of the Criteria	Sugar Tax	Cap and Trade Calorie trading scheme
Does it internalise product externalities of supermarket products to supermarkets?	Economic	Yellow	Green
Does it encourage corporate strategy to be aligned with sustainable diet choice?	Economic	Yellow	Green
Does it strengthen the norm of supermarkets taking responsibility for their products?	Normative	Red	Green
Does the instrument influence supermarket behaviour directly?	Functional	Yellow	Green
Does it stimulate innovation in food product design and the design of the food environment?	Functional	Yellow	Green
Ease of implementation – do successful past policy examples already exist?	Illustrative	Green	Yellow
Ease of implementation – does a mechanism for measurement already exist?	Functional	Green	Green
Ease of implementation - Does it align with norms of using market forces and mechanisms?	Normative	Yellow	Green

Legend: green=yes/high, yellow=somewhat/medium, red=no/low

Discussion of policy instruments

As Table 1 shows, a key benefit of the calorie trading scheme is that it more closely and directly influences the economic, strategic and normative forces acting on supermarket willingness to change, while a sugar tax has a more indirect and weaker influence. For example, while a sugar tax creates economic disincentives for non-core food and drink consumption, the impacts mainly fall on producers and consumers, reducing the direct impact on supermarket profits and limiting the influence on supermarket strategy. Further, Table 1 shows that a sugar tax provides no incentive for supermarkets to create, measure and report indicators concerning the sustainability of the products they sell. A calorie trading scheme, however, would lead to the measurement and disclosure of new health indicators of corporate social responsibility and strengthen the norms of corporate

responsibility for their products. The resultant changes to the influences on supermarket strategy would also create broader changes in the food environment, such as the marketing and product placement activities of supermarkets, while a sugar tax would have little influence on the physical food environment in supermarkets. However in feasibility terms, a sugar tax is easier to implement due to its straightforward design and existing successful examples available for policy learning.

Ultimately both policy instruments can reduce the sale of non-core food and drink in the ACT, however, the sugar tax embodies an incremental improvement of the current food environment, while a calorie trading scheme would create broader and more fundamental restructuring of supermarket incentives toward social and environmental goals.

Section 3.1 Recommendations for ACT food policy development

Short term

- ACT government policy to work with supermarkets operating in the ACT to create and introduce indicators to measure and report on the calories sold per year.
- Further research and accurate quantification of the willingness to change and capacity to change of ACT supermarkets to promote sustainable diets

Medium term

- ACT Government to engage with ACT food system stakeholders to design and implement an ACT calorie trading scheme.

Conclusion

Reducing the consumption of non-core food and drink in the average diet will produce individual, economic and environmental benefits and will be a valuable strategy for improving the sustainability of diets in the ACT. Altering the environment that supermarkets operate in would greatly facilitate this transition. Specifically, strengthening the forces which encourage supermarkets to promote sustainable diets and weakening the forces acting against sustainable diets would create improvements in the capacity of individuals to make sustainable diet choices. A sugar tax and a calorie trading scheme are two mechanisms that the ACT government could use to progress this change in the ACT food environment. While a sugar tax would make non-core food and drink more expensive and has other policy examples to draw on, a calorie trading scheme would have a more powerful and direct effect on supermarket behaviour and strategy both through economic incentives and strengthening corporate responsibility norms. The scale of the obesity and climate change problems indicate that incrementalism will not be a sufficient policy response and therefore the more fundamental changes to supermarket incentives, strategy and behaviour make the introduction of a calorie trading scheme more likely to enhance the long term sustainability of diets in the ACT.

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