
THE AUSTRALIAN

Smokers set to be taxed out of habit

SEAN PARNELL, HEALTH EDITOR THE AUSTRALIAN JANUARY 04, 2013 12:00AM



Images mandated for the packages of cigarettes under plain packaging legislation. Picture: Kym Smith Source: News Limited

TOBACCO taxes are set to be repeatedly increased over the next five years, potentially raising billions of dollars in extra revenue for the commonwealth and pushing the price of a packet of cigarettes above \$20.

The proposal is contained in the latest National Tobacco Strategy, which for the first time lists as its top priority the battle to "protect public health policy, including tobacco control policies, from tobacco industry interference".

The issue barely rated a mention when the draft strategy was released for public comment in June but lingering bitterness over the plain-packaging legal stoushes has led to it being given top billing for the next five years.

"Big tobacco" is already fighting Australia's world-leading plain packaging laws in the courts, and the federal and state governments expect a protracted struggle with cigarette companies keen to wind back recent anti-smoking measures.

While governments are keen to protect their positions, and keep pushing the quit smoking message in the media and on the internet, a new battleground is opening up in the form of tobacco taxes.

The joint federal-state National Tobacco Strategy - approved by health ministers in November but published on a government website only this week - lists the affordability of cigarettes as its No 3 priority, behind the battle with big tobacco and stronger mass media campaigns.

The strategy refers to research showing the 2010 excise hikes made smokers more likely to quit because of cost, or otherwise cut down, buy in bulk or use loose tobacco.

It lists as a key action "regular staged increases in tobacco excise as appropriate" - to be complemented by additional support for low-income earners to quit, possibly including subsidised nicotine replacement therapy - along with a continued crackdown on illegal tobacco products.

"There is strong evidence of the influence of price in the prevalence of tobacco smoking," the strategy states.

"Price increases encourage existing smokers to quit and raise the barrier for people considering taking up smoking, especially young people."

The last significant increase in tobacco excise was in 2010 when the Gillard government approved a 25 per cent hike it predicted would raise \$5 billion over four years.

There was speculation Wayne Swan would repeat the move in his recent mid-year budget update - using affordability of cigarettes to help lower the smoking rate to the target of 10 per cent by 2018 - but it failed to eventuate.

The update forecast a shift to cheaper imports would see excise collections fall \$1bn over two years, justifying previous changes to duty free rules and ensuring tax hikes would remain on the agenda.

The Treasurer broke from his holidays only briefly yesterday, leaving Acting Treasurer David Bradbury's office to respond to the strategy's reference to excise increases.

"The government's changes to tobacco excise have been made very clear and according to long-standing practice, we won't be commenting on further speculation," a spokesman said.

Health Minister Tanya Plibersek said yesterday there was anecdotal evidence plain packaging was having an impact on reducing smoking and the government would take whatever steps were necessary to protect the new regime.

"If we have large companies that deliberately look for ways to circumvent plain packaging, then I'll have no hesitation in taking legal action against them," Ms Plibersek said.

She foreshadowed a new anti-smoking advertising campaign and, in her only reference to the National Tobacco Strategy, said: "We're always open to further ideas and further measures."