

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Additional Estimates 2010-2011, 23 February 2011

Question: E11-053

OUTCOME 1: Population Health

Topic: PLAIN PACKAGING

Written Question on Notice

Senator Ryan asked:

- a) What impact will this have on small businesses who sell legal tobacco products?
- b) If plain packaging of cigarettes is introduced, what will be the financial cost to small business in Australia due to an increase in illicit and counterfeit products being sold in the market?
- c) Can the Department outline the agencies it has consulted regarding this matter? Customs and Border Protection Service? Australian Crimes Commission?
- d) Can you outline what advice has been received from those department/s and agencies?

Answer:

a – d)

The Department does not consider that the introduction of plain packaging will have a significant impact on the illicit trade in tobacco products, nor on small retailer revenue, other than through any reduction in consumption of tobacco products that it may generate.

The Department of Health and Ageing (DoHA) consults government agencies on issues relating to the illicit trade in tobacco products through the Interdepartmental Committee (IDC) on the Framework Convention on Tobacco Control Illicit Trade Protocol. In addition to DoHA, membership of the IDC comprises representatives from the Department of the Prime Minister and Cabinet (PM&C), Department of the Treasury (Treasury), Department of Broadband, Communications and the Digital Economy, Department of Foreign Affairs and Trade (DFAT), Attorney-General's Department, Australian Taxation Office (ATO) and the Australian Customs and Border Protection Service (Customs).

The Department has also consulted government agencies in relation to possible anti-counterfeiting design features of the Government's plain packaging measure through the IDC on Plain Packaging of Tobacco Products. In addition to DoHA, membership of this IDC comprises representatives from PM&C, Treasury, DFAT, Department of Innovation, Industry, Science and Research, Attorney-General's Department, Customs, Australian Competition and Consumer Commission and the ATO.

In addition, the Department attends meetings of the Tobacco Industry Forum (TIF) which regularly discusses issues relating to the illicit trade in tobacco products. In addition to DoHA, membership of the TIF comprises the ATO, Customs, Philip Morris Limited, British American Tobacco Australia, Imperial Tobacco Australia and the Australian Quarantine and Inspection Service.

The ATO and Customs regularly publish information on the illicit trade in tobacco products through their annual reports.

The tobacco industry advice on the illicit trade in tobacco products is set out in reports they commission from time to time. The latest of these is the Deloitte Illicit Trade of Tobacco in Australia Report, February 2011 commissioned by Philip Morris Ltd, British American Tobacco (BAT) and Imperial Tobacco. The Department does not accept the validity of these reports as they do not include a detailed or transparent methodology.

The Australian Taxation Office and Customs advise that they do not consider that plain packaging of tobacco products will have a significant impact on the illicit trade in tobacco products. These agencies advise that branded products are quickly and readily counterfeited and that counterfeit products comprise only a small proportion of the illicit trade in Australia, which is dominated by 'chop chop' or unbranded/unpackaged cigarettes and loose leaf tobacco.