

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2014 - 2015

Department/Agency: Treasury

Question: SBT4293-4294

Topic: Tobacco

Reference: Hansard page no. 105 - 22 October 2014

Senator: Leyonhjelm, David

Question:

Senator LEYONHJELM: You may need to consult somebody, and I acknowledge that. If there is no-one here who can answer it, we will put it on notice. The question is: did the process where branded packs were destroyed and replaced by newly imported plain packs boost tobacco clearances in 2012?

Mr Heferen: I am not aware. We will have to take that one on notice.

Senator LEYONHJELM: There is a follow-up to that. Were tax refunds for the destroyed products issued in 2013 and, if so, did this depress clearances in 2013?

Mr Heferen: Again, we would have to take that on notice, noting that the excise payment is paid on the clearance. So, once it is cleared out of customs or the excise store that is when the tax is paid.

Senator LEYONHJELM: We understand. It is just that the impact would suggest that tobacco clearances fell, as I said, by 3.4 per cent in 2013 relative to 2012. I am trying to understand whether that was real or whether it was as a result of refunds.

Mr Heferen: Also when clearances fall, there is always the case that, if there are increased taxes, that has some effect on demand but it also has an effect on timing. So, when excise changes are scheduled to occur that may have some effect. It may be the case here, but that is something we will take on notice.

Answer:

It is not possible to infer the effect of plain packaging refunds on annual tobacco clearances.

With the data available it is not possible to determine whether the tobacco clearances in 2012 were boosted by the destruction of branded tobacco products. While total clearance data is available for 2012 and 2013, it is not possible to disaggregate this data to ascertain the specific impact of destroyed products.

While there were tax refunds in 2012 and 2013, it is not possible to determine from the data when the tax related to these refunds was received. Further, while it is likely that the majority of refunds in 2012 and 2013 related to the destruction of tobacco products, it is not possible to precisely ascertain the value relating to branded tobacco products, as refunds can also be due to returned or unsold tobacco products.