

## **QUESTION TAKEN ON NOTICE**

**BUDGET ESTIMATES HEARING : 23 May 2017**

IMMIGRATION AND BORDER PROTECTION PORTFOLIO

**(BE17/141) - Government's position on tax adjustment on tobacco products - Internal Product (DIBP)**

Senator Pratt, Louise (L&CA 101 and 102) asked:

Senator PRATT: I note in the budget papers that the government will adjust taxation of roll-your-own tobacco and other products, such as cigars, so that manufactured cigarettes and roll-your-owns receive a comparable tax treatment. This measure is set to gain \$360 million over the forward estimates. Is that, in the government's view, a significant revenue measure?

Ms Noble: I might just wait on the CFO to join us.

Mr Groves: Sorry, Senator, what was your question—whether it was a significant measure?

Senator PRATT: Yes. \$360 million to give roll-your-owns comparable tax treatment with more processed cigarettes et cetera. You have now given comparable tax treatment to roll-your-own tobacco. Is this, in the government's view, a significant revenue measure?

Mr Groves: I am not exactly sure what you mean by significant.

Senator PRATT: Is \$360 million a lot of money?

Senator Cash: Senator Pratt, I think you probably need to put it into context for the relevant officer, in terms of what are you comparing it to?

Senator PRATT: Comparing it to the revenue that is raised in tobacco taxes overall. It is not as significant but it is not insubstantial.

Mr Groves: It is not. We are obviously collecting upwards of \$12 billion or \$13 billion a year in duty; not all of that is tobacco related, of course. So, yes, it was a big measure but it really was one that—we just supported the Department of the Treasury on this. They are responsible for all of the revenue measures.

Senator PRATT: Is there any rationale as to why the government has not introduced this measure sooner, given the smoking habits of Australians are—

Senator Cash: In terms of the government's position, I would need to take that on notice for the relevant minister. I do not know if the officers can elucidate in terms of the development of policy at all. But obviously it has gone through our budget process, and the budget has been handed down when it was handed down and that was one of the measures announced.

*Answer:*

Questions regarding this measure should be directed to the Treasury.