

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates – 25–26 February 2009

Question: aet 31

Topic: Tobacco Tax

Hansard Page: Written

Senator XENOPHON asked:

1. When was the last increase on tobacco tax (other than CPI)?
2. Given that increased prices leads to reduced consumption and take up by minors, is the government planning any increases in tobacco tax and, if so, what is the timeframe for those increases?
3. Given that smoking is the leading preventable risk factor in terms of health related issues, would the government consider spending a proportion of any additional revenue raised through any increased tobacco tax on a national preventative health strategy aimed at reducing the incidence of smoking, particularly among minors, and chronic diseases caused by tobacco?

Answer:

1. The last (non-CPI adjustment) general increase in the tax rate for tobacco occurred in the 1995-96 Budget (released in May). This increased the tax rate by 10 per cent, consisting of a 5 per cent increase brought forward from 1 August 1995 and a one-off increase of 5 per cent.

I also note that on 1 November 1999 the previous Government introduced 'per stick' taxation of cigarettes with tobacco content up to and including 0.8 grams per cigarette.

Furthermore, on 1 July 2006 the snuff tobacco rate was aligned with the ordinary tobacco rate. A large disparity in rates between snuff and other tobacco products had arisen for historical reasons and this was seen as no longer being appropriate.

2. No.

3. See answer to question 2. The Government is currently undertaking a range of preventative health measures in relation to tobacco. This includes developing a National Preventative Health Strategy that will focus on obesity, tobacco and alcohol and specific funding to address smoking rates for young people and in Indigenous Communities.