

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

1 – 3 June 2010

**Question: BET 7**

**Topic: Cigarette Tax**

**Hansard Page: Written**

**Senator BOYCE asked:**

1. According to the Prime Minister's statement announcing the increase in cigarette tax, an estimated 87,000 people will give up smoking as a result of this cost increase. How was this figure calculated?

**Answer:**

It is estimated, based on an adult population of 17 million (Australian Bureau of Statistics publication 3101.0) and a smoking rate amongst adults of approximately 17 per cent (extrapolated from QUIT.org.au), that there are 2.9 million smokers in Australia. Demand for tobacco is estimated to decline by six per cent following the increase in price, of which three per cent of this decline is attributed to people quitting smoking. This gives an outcome of approximately 87,000 smokers who are estimated to quit smoking.