



8th June, 2015

Tax White Paper Task Force
The Treasury
Langton Crescent
PARKES ACT 2600

Re:think Tax Discussion Paper

The Australian Council on Smoking and Health (ACOSH) welcomes the opportunity to provide feedback on the Tax Discussion Paper. ACOSH represents a further 42 member organisations from health and related areas.

We have seen the submission provided by the Cancer Council Australia. This is an excellent and comprehensive submission that addresses the main issues relevant to the consultation. We believe that there is little purpose to be served in replicating this submission, so we wish to support and endorse its conclusions based on the evidence below:

1. Smoking remains the largest single preventable cause of death and disease in Australia. Authoritative Australian research shows that cigarettes are likely to kill two thirds of their regular consumers when used precisely as intended – or 1.8 million Australians now alive.
2. Tobacco use creates a significant economic burden on society at large. Higher direct health costs associated with tobacco-related disease, and higher indirect costs associated with premature loss of life, disability due to tobacco-related disease and productivity losses create significant negative externalities of tobacco use. Effective tobacco taxes not only reduce these externalities through reduced consumption and prevalence but also contribute to the reduction of governments' expenditures for the health care costs associated with tobacco consumption.
3. Tobacco taxation is consistently one of the most effective public policy interventions for reducing tobacco consumption by encouraging smokers to quit and deterring non-smokers from starting to smoke. Higher taxes and prices reduce the demand for tobacco most sharply in lower-income population groups, thereby being an effective measure to fight against health inequalities.
4. After four subsequent annual 12.5% increases, commencing in 2013 and locked into budget forward estimates until 2016, more needs to be done. Tax reform is a great opportunity for Australia to implement best practice in tobacco taxation and become a world leader as it is in other tobacco policy measures such as plain packaging.
5. Indexation is an essential part of price control policy; it follows that annual indexation, rather than the current biannual increase, has the potential to further reduce smoking prevalence.



Our support for the CCA submission should be seen in the context of the following recommendations:

- Continue to increase tobacco taxation levels after 2016;
- Ensure that increases are substantial enough to maximise public health benefit;
- Allocate revenues to complementary tobacco control strategies, such as mass media campaigns and support for Quit lines;
- Consider shifting to annual indexation of tobacco product pricing, to maximise the health benefits of price increases;
- Consider introducing the first two annual indexation increases at the same time as the next two 12.5% excise increases, to maximise quitting and deterrence benefit; and
- Abolish duty-free tobacco sales at airports, which deprive the federal budget of an appropriate revenue source in tobacco duty and enable smokers to bulk-purchase products that cause death.

Article 26.2 of the WHO FCTC recommends that Parties could consider dedicating revenue to tobacco-control programmes, such as those covering awareness raising, health promotion and disease prevention, cessation services, economically viable alternative activities, and financing of appropriate structures for tobacco control.

In this context, we would like to highlight the need to accompany tobacco taxation increases with other measures such as strong, sustained and adequately funded campaigns to discourage smoking; special focus on reducing smoking in disadvantaged groups; and funding for further programs to support smokers to quit, including and ensuring that all smokers for whom Nicotine Replacement Therapy (NRT) is clinically appropriate are able to afford it.

We hope that this information will be of some assistance.

Yours sincerely,

A handwritten signature in grey ink that reads 'Mike Daube'.

Professor Mike Daube AO
President, Australian Council on Smoking and Health