

PRIME MINISTER TREASURER MINISTER FOR HEALTH

ANTI-SMOKING ACTION

The Rudd Government today announced a comprehensive package targeting smoking and its harmful effects, including an increase in the tobacco excise of 25 per cent.

This increase in tobacco excise will provide an extra \$5 billion over four years, which along with existing revenues from tobacco, will be directly invested in better health and hospitals through the National Health and Hospitals Network Fund.

The Government's anti-smoking action includes:

- The first increase in tobacco excise (above inflation) in more than a decade, an increase of 25 per cent.
- Cracking down on one of the last frontiers for tobacco advertising - in a world first, cigarettes will have to be sold in plain packaging.
- Restricting Australian internet advertising of tobacco products.
- Injecting an extra \$27.8 million into hard-hitting anti-smoking campaigns.

All four measures deliver on major recommendations of the National Preventative Health Taskforce.

Cutting smoking will save lives, take pressure off our hospitals, and deliver significant economic benefits.

It is one of the best investments in prevention, and keeping people healthy and out of hospital, that we can make.

Smoking kills over 15,000 Australians every year, and is the largest preventable cause of disease and premature death in Australia. The social costs of smoking (including health costs) are estimated at \$31.5 billion each year. Annually, over 750,000 hospital bed days are attributable to tobacco related diseases.

Through tough action over the past two decades, including tax increases and bans on advertising, the number of daily smokers in Australia has been reduced from 30.5 per cent of the population aged 14 and over in 1988 to 16.6 per cent in 2007.

This is important progress, but we can and must do better.

EXCISE INCREASE

The Government will increase the excise and excise-equivalent customs duty rate applying to tobacco products by 25 per cent from midnight tonight. The excise on cigarettes will increase from \$0.2622 to \$0.32775 per stick and loose leaf tobacco from \$327.77 to \$409.71 per kilogram of tobacco.

This will increase the price of a pack of 30 cigarettes by around \$2.16.

This measure alone is expected to cut total tobacco consumption by around six per cent and the number of smokers by two to three per cent - around 87,000 Australians.

This measure will provide an extra \$5 billion over four years that, together with existing revenues collected from tobacco, will be directly invested in better health and hospitals through the National Health and Hospitals Network Fund.

In this way, all customs and excise duty on tobacco will fund a reformed Australian health and hospital system into the future.

Cigarette price increases have been shown to be effective in cutting smoking, especially among young people, who are particularly sensitive to price.

Taxes on tobacco as a percentage of the retail price of tobacco are currently just 62% in Australia, compared to 80% in France and 77.5% in the United Kingdom.

Today's increase will bring Australia's tax treatment of tobacco closer to comparable countries.

CRACKING DOWN ON CIGARETTE ADVERTISING

In a world first, all cigarettes will be sold in plain packaging by 1 July 2012.

This will remove one of the last remaining frontiers for cigarette advertising, and was a key recommendation of the National Preventative Health Taskforce.

The legislation will restrict or prohibit:

- tobacco industry logos
- brand imagery
- colours
- promotional text other than brand and product names in a standard colour, position, font style and size.

The Government will develop and test package design that will make cigarettes less appealing, particularly to young people.

Graphic health warnings will be updated and expanded. Research shows that industry branding and packaging design reduce the effectiveness of graphic health warnings on tobacco products.

The National Preventative Health Taskforce concluded that *“there can be no justification for allowing any form of promotion for this uniquely dangerous and addictive product which it is illegal to sell to children”*, including packaging.

The Government will also legislate to restrict Australian internet advertising of tobacco products, bringing the internet into line with restrictions already in place in other media.

ANTI-SMOKING ADVERTISING

At the same time, the Government will boost investments in hard hitting advertising campaigns by \$27.8 million over four years, to a total of more than \$85 million in the next four years, to encourage even more Australians to quit smoking.

This additional investment will be used for campaigns targeting people in high-need and highly disadvantaged groups such as low socio-economic communities and pregnant women and their partners.

This will extend and broaden the focus of the previous National Youth Tobacco Campaign.

The first elements of the new campaigns will be rolled out by the end of this year.

Through the Australian Taxation Office and Customs and Border Security the Government will continue its successful strong enforcement against the production and importation of illicit tobacco.

This comprehensive anti-smoking package follows this week’s landmark COAG agreement delivering fundamental reform to Australia’s health and hospital system, and builds upon other actions the Government has taken to improve preventative health:

- A record \$872 million investment in preventative health including programs in schools, workplaces and community settings
- \$103.5 million under the National Binge Drinking Strategy
- The decision to establish the Australian National Preventative Health Agency which is currently being blocked by the Opposition in the Senate.

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