

## **With so many opinions on tobacco tax, let's look at the facts**

*Professor Ian Olver, Maurice Swanson*

Tobacco tax is suddenly big news, with speculation about the Government's response to a recommended increase in excise giving rise to a number of myths and misconceptions. So it's timely to look at how the myths stack up against the evidence.

Firstly, there's the view that increased tobacco excise punishes those on low incomes. But the reality is that tobacco tax increases are particularly effective in prompting people in lower socio-economic groups to quit smoking.

This is very important, because disadvantaged groups bear a disproportionately heavy tobacco death and disease burden. And a modest tobacco tax increase would generate more than enough funding to provide tailored assistance programs for people on lower incomes struggling to quit.

Then there's the claim that increasing tobacco excise would be a "tax grab". But what does the community think? It's hard to imagine any blatant tax grab being popular, yet our Newspoll research shows 73% of Australians support an increase in tobacco tax, rising to 88% if the revenue is used for disease prevention.

And that's not just the non-smokers talking. Recent Quit Victoria research shows 60% of smokers support a tobacco tax increase. Why wouldn't they, when it could literally save their lives?

The tax grab theory has another major flaw. Increasing tobacco excise is the most effective measure available to governments for reducing the social and economic costs of tobacco use. The World Bank and World Health Organisation say so, as do analyses of Australian trends in tobacco consumption in the 1990s. So the health benefits of the tax are what matters; the revenue should be seen as a fortuitous by-product, generating funds to reinvest in public health.

Some critics point to tax increases boosting the tobacco black market. Illegal tobacco is a serious issue, but the additional excise revenue could fund tighter policing. And ultimately, as policy measures such as increased tobacco excise continue to 'de-normalise' smoking, the market itself will become far less lucrative.

We also hear that Australia is a world leader in tobacco control. Not, however, when it comes to tobacco excise. Sadly, Australia ranks 30th out of 38 high and upper-middle income nations for which data on tobacco tax is available.

Taxes in Australia make up about 63% of the retail price of a typical packet of cigarettes. This may sound significant, but it is well behind many other OECD countries. For example, in France, Ireland, the UK and Portugal, tax comprises around 80% of the final price.

There is a twice yearly CPI increase on tobacco products but, while these help to maintain government revenue, they are too small to significantly affect smoker behaviour.

The reality is that Australia has not increased tobacco excise in real terms since 1999.

With the myth that we're leaders in tobacco excise also comes the perception that we've done enough. Yet smoking remains the leading preventable cause of death and disability in Australia, killing 15,500 Australians each year, most from cancer or cardiovascular disease.

Any other preventable cause of so many deaths – infectious disease, terrorism, road trauma, you name it – and governments would take extreme action to save lives.

Yet what we are seeking is hardly extreme.

An increase of 7.5 cents per cigarette would take Australia several rungs up the ladder towards international best practice, while raising a handy \$1 billion per year in additional tax revenue.

More importantly, we estimate such an increase would prompt around 120,000 adults to quit smoking and prevent 32,000 children from starting. That translates to an enormous number of people who can be saved from a premature cancer or cardiovascular disease death.

In 2007, the then Opposition Leader Kevin Rudd discussed tobacco excise with us; we appreciated his interest and the policy shift towards disease prevention that his government has since led.

Also pleasing is current Opposition Leader, Malcolm Turnbull, calling for an increase in tobacco excise in his budget reply speech.

Meanwhile, bipartisan support has apparently been achieved for the tax increase on 'alcopops', which the Government justifiably promoted as a public health measure.

So, with health minister Nicola Roxon reportedly deliberating over her preventative health taskforce's recommendations, this is the ideal time to increase tobacco excise as well.

With long-standing support from the Greens and Senator Xenophon, a commitment from Opposition and a Prime Minister who campaigned on disease prevention, it's time to tick the tobacco excise box and pass this health policy no-brainer.

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