

Australia bumps up tobacco tax

August 1 2013

Australia will hike tobacco taxes by 12.5 percent per year over the next four years to boost its coffers and build on its plain packaging campaign against smoking, the government said Thursday.

The excise increase will reap some Aus\$5.3 billion (US\$4.75 billion) over the next four years as Canberra tries to plug an Aus\$18 billion deficit forecast for this financial year and return the budget to surplus in 2016-17.

Treasurer Chris Bowen, who is also seeking to burnish ruling Labor's economic credentials ahead of [national elections](#) due in coming months, said the hike would serve "several purposes".

"It will provide funds for cancer and stroke-related health services, it will deter young people from taking up smoking, and it will help return the budget to surplus," he said.

"We know that increasing excise is the single most effective way for government to reduce [premature death](#) and disease due to smoking."

The move builds on Australia's world-first introduction of plain packaging for [tobacco products](#) in December, following its landmark victory in a High Court legal battle with major cigarette firms.

Several other countries are mulling similar initiatives, including New Zealand and Ireland, despite a [tobacco industry](#)-backed challenge to the policy at the World Trade Organisation by cigar-producers Cuba,

Honduras and the Dominican Republic, plus Ukraine.

Britain postponed its own plain-packaging plans last month, saying it was waiting to see the results of Australia's rollout.

Health Minister Tanya Plibersek said half of those people quitting smoking who were surveyed about why they were doing so said it was due to cost.

"By increasing the cost of tobacco we send a strong message to young people not to take up smoking, and we encourage existing smokers to give up or at least cut back," she said.

Since the 1980s, Plibersek said, the percentage of high-school students who said they had smoked in the past week when surveyed had dropped from 20 percent to just four percent.

She estimated that smoking costs the Australian economy Aus\$31.5 billion dollars a year in health and lost productivity terms.

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Citation: Australia bumps up tobacco tax (2013, August 1) retrieved 27 April 2024 from <https://medicalxpress.com/news/2013-08-australia-tobacco-tax.html>

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