



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Excise Tariff Amendment (Tobacco) Bill 2014,
Customs Tariff Amendment (Tobacco) Bill 2014**

Second Reading

SPEECH

Tuesday, 4 March 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner
Speaker Leigh, Andrew, MP

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Dr LEIGH (Fraser) (12:32): A few years ago I received an email from a constituent about why we should support efforts to reduce smoking rates. The constituent wrote:

My great grandfather, grandfather, father and one of my uncles all died from smoking related conditions. Each of the latter three died 20 to 30 years before the life expectancy for their generation. My father's addiction contributed to two decades of poor health prior to his premature death, resulting in frequent periods where he was unable to work. My siblings and I grew up in poverty, the effects of which are still evident, and the taxpayer bore the cost of his many hospitalisations as well as the cumulative years of income support our family depended on in lieu of employment. I say this so you will understand my absence of sympathy for the 'principled' argument that tobacco companies have a right to make a profit from pushing legal drugs.

This legislation is a progressive health measure. While the national smoking rate is around 17 per cent, it remains considerably higher for disadvantaged groups. It is 26 per cent for people living in low socioeconomic areas, 34 per cent for Indigenous Australians and 38 per cent for the unemployed. Smokers in these groups also consume more cigarettes, around 15 to 20 per cent more cigarettes than the average smoker.

This bill also has particular benefits for regional Australia. Smoking rates in regional areas are twice as high as in the cities, and people in the bush have higher death rates from lung cancer, heart disease, asthma and chronic obstructive pulmonary disease. This bill will help nonsmokers. We know that smokers harm those around them, including children who inhale passive smoke and the one in six babies born to mothers who smoked while pregnant.

Smoking kills over 15,000 Australians every year. Put another way, for every hour that we spend debating this matter in the chamber, two Australians die of smoking related causes. On one estimate, smoking costs Australia \$31 billion a year. It is responsible for 84 per cent of lung cancer cases in men and 77 per cent in women. We know the score when it comes to long-term smoking: the hacking cough, the breathlessness, the fatigue, the chest infections and the bloody phlegm.

We also know what happens when you stop smoking. Immediately you smell better and your hair and clothes are no longer infused with the stench of stale smoke. In a week, most of the nicotine has left your body and your sense of taste has improved. You gain much more enjoyment from a meal or a drink. One ex-smoker told me that she could finally enjoy herbal tea after she had quit smoking. A month later, better blood flow improves your skin and people will notice that you are looking healthier. Three months down the track, your lung function will have increased by 30 per cent and you will have your breath back. You will have so much air available and will finally be able to feel it reaching right into your lungs. Suddenly, walking and running are much easier. After one year without a cigarette your risk of heart attack has halved. You will also have noticeably more cash in your pocket. Ex-smokers describe quitting as the best thing you will ever do.

If tobacco were discovered today it would be unlikely that most developed countries would legalise it. Uniquely, smoking is harmful even in small doses. That makes it unlike other legal vices, which can be consumed in moderation. The occasional double whiskey or deep fried Mars bar will not kill you but, as the ad says, 'every cigarette brings cancer closer'.

The Excise Tariff Amendment (Tobacco) Bill 2014 and the Customs Tariff Amendment (Tobacco) Bill 2014 amend the Excise Tariff Act 1921 and the Customs Tariff Act 1995 to increase the rate of excise and excise equivalent customs duty on tobacco for a series of four staged increases of 12.5 per cent, commencing on 1 December 2013. The bills also index the rate of excise and excise equivalent customs duty on tobacco to average weekly ordinary time earnings, instead of the consumer price index. The last CPI indexation occurred on 1 August 2013, and the first AWOTE indexation occurred on 1 March 2014, reflecting the unusual historical circumstances

of the government being able to adjust excise rates and then come back to the parliament for ratification of those changes.

The measures implement policy that was announced by the former Labor government in the 2013-14 budget and then the 2013 economic statement. The former Labor government announced those policies in order to reduce smoking rates in Australia, to reduce the scourge of cancer to which I referred in my opening remarks. The effects in practical terms—so those listening to proceedings are aware of their effects—will be a 12.5 per cent increase on 1 September 2014, 1 September 2015 and 1 September 2016. The increase will mean an increase in excise from 36c to 40c per stick for cigarettes, and that per-stick excise applies to cigarettes with a tobacco content up to and including 0.8 grams per cigarette. In pack terms, that is \$8.04 in excise in a pack of 20 cigarettes or \$10.05 in a pack of 25 cigarettes. In international terms, if we look at excise tax as a share of the average price for the most popular brand of 20 cigarettes, the tax share according to a 2013 WHO report in Australia was 51 per cent, but in other countries it was higher: in France, 64 per cent; in the United Kingdom, 62 per cent; in Ireland, 60 per cent; and in New Zealand, 61 per cent. So, in international terms, Australia's tax regime will remain appropriate.

I move:

That all the words after "That" be omitted with a view to substituting the following words:

"whilst not declining to give the bill a second reading, the House is of the opinion that:

- (1) tobacco continues to be the world's leading preventable cause of death;
- (2) in government, Labor implemented measures to reduce smoking, including plain packaging; and
- (3) the National Party continue to accept donations from tobacco companies."

Mr Briggs interjecting —

I find it passing strange, Deputy Speaker Kelly, that the minister at the table is unacquainted with second reading amendments. I do encourage him to put the standing orders on his bedtime reading list.

Labor ceased accepting tobacco donations in 2004. We took a principled stance. Our view was that it was not appropriate for a serious political party to continue to take tobacco money. Since 1999, the Liberal Party has accepted more than \$3 million in donations from big tobacco. I pay tribute to those Liberal MPs who spoke out against that practice. For example, Russell Broadbent, Mal Washer, Liberal candidate Bill Glasson and Liberal Premier Colin Barnett encouraged the Liberal Party to change their policy on donations. Eventually, the Liberal Party kicked the habit, as the former member for Gellibrand might have put it. There was a final whopping donation, as has been recorded by the 2012-13 AEC returns: in 2012-13 Philip Morris donated \$107,040 to the Liberal and National parties, including \$45,000 to the Liberal Party's federal branch and \$25,000 to the National Party's federal arm. Philip Morris also made a donation of \$6,100 to the Liberal Party division in the seat of Hindmarsh, where Steve Georganas, not supported by big tobacco money, was ultimately defeated; and \$10,660 for the seat of Sturt, held by the Minister for Education. At the last election, members opposite in the seats of Sturt and Hindmarsh were assisted by big tobacco money. Big tobacco assisted the Liberal Party in Hindmarsh and Sturt in particular, but also across the board by virtue of the donation to the federal Liberal Party.

This is a coalition government, so it is absolutely worth recognising that the Liberal Party's coalition partner, the Nationals, has not kicked the habit. National Party Federal Director Scott Mitchell confirmed in February that the National Party would continue to take donations from big tobacco. Mr Mitchell said: 'Our position has been that it's a legal product; they're legitimate businesses'. Returns lodged with the Electoral Commission show that over \$350,000 has been donated by big tobacco to the National Party.

It is a concern that we saw the government shutting down the Alcohol and Other Drugs Council of Australia, a body which played a vital role—until its pre-emptive closure—in combating the scourge of binge drinking and of substance abuse. Evidence-based policymaking ought to be the bedrock on which all parliamentarians in this place stand. But too often those on the other side of the House have been shutting down the voices of experts, whether it is the Climate Commission or the Alcohol and Other Drugs Council of Australia. There has been an attack on expert evidence, which I believe is regrettable.

I do commend Liberal Party members opposite for their decision to cease taking money from big tobacco—nine years too late, in my view, but it was a good decision by those opposite. I am sure they will be speaking about the principled decision that the Liberal Party has made, but I would encourage them to speak to their National Party colleagues and to encourage the National Party to follow other major political parties in Australia and take a principled stance and no longer accept money from big tobacco.

This bill enjoys bipartisan support. It will increase tobacco excise and is aimed at reducing the scourge of smoking. We on this side of the House are pleased to see the government legislating it. Reducing smoking rates is an issue that all members in this House are committed to. Nobody in this House wants to see young kids taking up smoking. But we need policies in our political parties that will back what we are doing here in the parliament. It is a vital issue of principle. It is an issue of conscience for the National Party, and I urge them to kick the habit.

The DEPUTY SPEAKER (Mr Craig Kelly): Is the amendment seconded?

Mr Thistlethwaite: I second the amendment.

The DEPUTY SPEAKER: The original question was that this bill be now read a second time. To this the honourable member for Fraser has moved as an amendment that all words after 'That' be omitted with a view to substituting other words. If it suits the House, I will state the question in the form, 'that the amendment be agreed to.' The question now is that the amendment be agreed to.