



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**BILLS**

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

**Second Reading**

**SPEECH**

**Wednesday, 26 February 2014**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

**Date** Wednesday, 26 February 2014  
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**Questioner**  
**Speaker** Ciobo, Steven, MP

**Source** House  
**Proof** No  
**Responder**  
**Question No.**

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**Mr CIOBO** (Moncrieff—Parliamentary Secretary to the Treasurer) (09:29): I move:

That this bill be now read a second time.

Smoking is a major cause of disease and premature death.

The measures in this bill will increase the cost of consuming tobacco products with consequential impact on demand for tobacco products.

The bill increases the rates of duty on tobacco and tobacco products through both a change to indexation and by staged increases to rates of duty. These measures will lift the price of a packet of cigarettes significantly.

These two tobacco measures are contained in the Excise Tariff Amendment (Tobacco) Bill 2014, which amends the Excise Tariff Act 1921 (Excise Tariff Act).

The tobacco measures in the bill were previously tabled by the Parliamentary Secretary to the Treasurer as Excise Tariff Proposal (No. 1) 2013 on 10 December 2013. Consistent with normal parliamentary practice, the excise tariff proposal now requires incorporation in the Excise Tariff Act.

The bill increases the rates of excise on tobacco and tobacco products through a series of four staged increases of 12.5 per cent, commencing on 1 December 2013 with subsequent increases on 1 September each year until the last of the staged increases on 1 September 2016.

The bill also changes the basis of indexation of excise duty on tobacco and tobacco products from the consumer price index (CPI) to average weekly ordinary time earnings (AWOTE). The last CPI indexation occurred on 1 August 2013 and the first AWOTE indexation occurs on 1 March 2014.

The measures in the bill are in line with the National Tobacco Strategy (NTS) 2012-2018, which draws together a number of tobacco control initiatives and policies of both the Commonwealth and the states.

The NTS 2012-2018 sets out nine priority areas for action on tobacco control in Australia, including priority area 6 'Continue to reduce the affordability of tobacco', under which priority action 6.3.2 is to 'Continue to implement regular staged increases in tobacco excise as appropriate, to reduce the demand for tobacco'.

The bill increases the rates of tax on tobacco products as well as indexing tobacco excise to a broad measure of wages rather than the CPI, consistent with recommendations of *Australia's future tax system review*. Indexing to such a measure would maintain policy effectiveness by preventing excise falling as a proportion of income.

In 2003, Australia became a party to the World Health Organization (WHO) Framework Convention on Tobacco Control (FCTC). This convention supports the use of price and tax measures to discourage tobacco consumption.

An increase in tobacco excise is consistent with Australia's obligations under this convention, and represents a move towards international best practice in the pricing of tobacco products.

In short, the tobacco measures in this bill are consistent with a broad range of Australian policies, strategies and obligations. The bills implement changes to duty on tobacco products that were announced by the previous government but had not been enacted.

Greater detail is given in the explanatory memorandum for the bill.

Changes to behaviour by smokers may be difficult but it will occur. Change will provide real health benefits and will be enhanced by the comprehensive set of tobacco control initiatives in place, including public education

programs, the provision of assistance and advice through quit programs, and the increased availability of smoking cessation therapies and aids. The explanatory memorandum also details the evidence underlying the tobacco control strategies and policies.

I commend the bill to the House.

Debate adjourned.