

Transcript

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 Compere: **PETER JINKS** Summary ID: **W00038636006**
 Item: **DISCUSSION ON THE FEDERAL GOVERNMENT'S PROPOSED INCREASE IN THE PRICE OF CIGARETTES.**

INTERVIEWEES: TIM WILSON, FREE TRADE UNIT DIRECTOR, INSTITUTE OF PUBLIC AFFAIRS

Demographics:	Male 16+	Female 16+	All people	ABs	GBs
	N/A	N/A	N/A	N/A	N/A

PETER JINKS: Well, the proposal to increase taxes on cigarettes has been in the news a little bit, perhaps not as much as some people would like. But yes, the Government has proposed that a pack of perhaps 30 cigarettes could increase by five or six dollars.

Not everyone thinks that this is a good idea. Tim Wilson is director with the Free Trade Unit at the Institute of Public Affairs. He joins us.

Tim Wilson, good morning.

TIM WILSON: Good morning.

PETER JINKS: What are your thoughts about this proposal to this major hike in the cost of cigarettes?

TIM WILSON: We're deeply concerned about this new tax grab on the poor. If you look at the numbers, more than 40 per cent of unemployed people smoke, a third of



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people in the lowest income bracket also smoke. And this money I think most Australians would reasonably argue should go towards dealing with tobacco-related illnesses and also with trying to encourage people to stop smoking.

Yet, already the Commonwealth Government takes \$3.5 billion more in income from cigarette taxes than is needed to address tobacco-related illnesses, and they spend less than one per cent of the tax take on tobacco on anti-tobacco education.

So this is just one giant tax grab on the poorest people in our community for no benefit.

PETER JINKS:

Many will argue that the world practice has shown that increasing the cost of a packet of cigarettes does have positive impact in the fact that fewer people will smoke, though. How do you sort of address that argument?

TIM WILSON:

Well, I mean, cigarettes are, rightly or wrongly are legal in this country, and people have a right to choose to smoke and to deal with the consequences of that. There's plenty of reasons why people should want to give up now. And sure, an economic impact might have a small one, but there are many people - you know, and I don't smoke, but there are many people who do want to continue smoking regardless of the price. And they're going to be hit very hard. It's a regressive tax that is actually going to hit those poorest people in the community who choose to



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continue this habit, because the Government sort of wants to treat it like pokie and gambling taxes, which is, we deeply disapprove of the behaviour but we're not going to stop you doing it because we keep enjoying the income.

PETER JINKS:

Is it time for the Government to take a stand and say, all right, let's put a ban on cigarettes?

TIM WILSON:

Well, I think in a free society, unless there's really good arguments and evidence about why people should have their choices completely stripped away, that that shouldn't be done.

But I do think that the Government should be looking at doing the right thing by smokers and potential new smokers and spending a lot more of the money they take on tax from cigarettes on anti-tobacco education to send out the message that the Government isn't just using this as a tax grab but they're actually committed to encouraging people not to smoke.

PETER JINKS:

It has been suggested in an article I was reading earlier that some people, try as they might, can't stop smoking, it's simply out of control. And they need to smoke because they're - you know, if they try and stop smoking, they're less able to deal with the anxieties and so on, and this opens up a whole new black market industry in cigarettes. What are your thoughts on that?



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TIM WILSON:

Well, I'm not going to - I don't know whether people need to smoke or not, but of course I think that, you know, people should always be counselled against it.

But it is a very clear impact if you look at overseas examples where if tobacco taxes continue to increase and make the price spiral out of control beyond the means of people, it actually opens up the opportunity for a black market of counterfeit tobacco products.

What that means is organised crime gets involved and they either import or produce locally counterfeit products, which of course don't attract tax, which don't also therefore mean that money is going towards dealing with health consequences down the road, nor is it dealing - being used to promote anti-tobacco education campaigns.

So in the end, it just rewards organised crime and not actually delivers any health benefits to many Australians.

PETER JINKS:

In this article I was reading, it also suggested people on low, particularly on low incomes who are simply addicted to cigarette smoking, are going to continue buying cigarettes at the expense of providing food and paying rent and so on. Would you agree with that?



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TIM WILSON:

I think people make choices based on their priorities in life. And of course, you know, I'm very critical of somebody who would decide, particularly in the case of where they have dependents like children, that they would prioritise smoking over other consumption behaviours.

But if people are in that position and they are addicted and they do choose to continue doing so, if the price of cigarettes goes up to \$20, it will just hit that lowest section of the - lowest Australian income earners hardest and it will be a complete tax grab on the poor.

PETER JINKS:

So what do you forecast with this increase in cigarette prices?

TIM WILSON:

Well, at the moment the Federal Government has only deliberately leaked it to see what the response is from the general community, but I think people realise that there is a point at which people shouldn't continue to be punished for their choices, particularly when the cost of dealing with tobacco-related illnesses is clearly covered.

And I think that because this measure is part of only a series of measures being considered by the Federal Government to introduce - we've already had the alcopops tax, so a tax on alcohol, and proposed new taxes on fatty, salty and sugary foods, these sort of new nanny-state taxes, I think there'll



be a baulk at it because the public don't like being told what and how they should be consuming.

PETER JINKS: Interesting to see what happens. Tim Wilson, thank you.

TIM WILSON: Thank you very much.

PETER JINKS: Tim Wilson is the director of the Free Trade Unit with the Institute of Public Affairs.

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ABs = Managers, administrators, professions. GBs = Grocery buyers.
