
media release

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For Immediate Release:

Alternative to Tobacco Tax Hikes

The planned increase in tobacco excise of 10% + CPI from 2017 to 2020 announced by the Government yesterday places an unreasonable burden on consumers of a legal product, says Saul Derber, British American Tobacco New Zealand (BATNZ) Head of Legal and External Affairs.

Consumers have faced a series of excise increases since 2010. A 20s pack of Pall Mall cigarettes currently costs \$22.10, of which about \$16.00 comprises taxes (excise plus GST) that consumers pay to the Government. That is over 70%. The legal tobacco industry already contributes about \$1.7 billion per year to the Government.

There are numerous examples around the world where excessive excise increases have fuelled a black market in tobacco. This risk is heightened in New Zealand given the inexplicable exemption for domestically grown tobacco from excise or tobacco control regulations, which is fuelling a growing black market.

“We encourage the Government to remove the personal growing exemption as part of the Customs & Excise Act Review and introduce far tougher penalties (as in Australia) as the tobacco black market costs the Government tens of millions of dollars annually while undermining the Government’s 2025 health objectives.”

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Notes to editors / journalists

- The four year programme of excise increases is forecast to bring in an additional \$425 million in government revenue.
- In 2013 ASH NZ estimated that up to 134 million cigarettes a year are consumed in New Zealand without any tax being paid.¹ The price of legal products have increased significantly since then.

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¹ http://www.ash.org.nz/wp-content/uploads/2015/03/ASH-NZ_Illicit-Tobacco-in-New-Zealand-2013.pdf page 19