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Tobacco black market set to boom

British American Tobacco Australia (BATA) today said the announcement in last night's budget that the Coalition government would introduce a further round of large ad hoc tobacco excise increases must have the organised crime syndicates who smuggle large quantities of illegal tobacco into the country champing at the bit.

This announcement of four additional 12.5 per cent ad hoc tobacco excise increases sees Australia's three million smokers being slugged with an over the top tax grab eight years in a row.

BATA spokesperson Scott McIntyre said 14 per cent of all tobacco currently consumed in Australia was illegal.

"Taxpayers and the government lose \$1.49 billion a year in foregone revenue to the black market. By stamping out the problem there's almost \$6 billion over four years to be gained for the budget", Mr McIntyre said.

"We've had record levels of illegal tobacco over the last few years due to the current round of ad hoc excise increases driving prices up and forcing smokers to down trade to cheaper and illegal products.

"If smokers are faced with a legal pack of \$40 cigarettes or a \$12 illegal pack it is obvious which one the majority will choose.

"Last year the Australian Government formed the Australian Border Force Tobacco Strike Team (ABF TST) in recognition of the size of the illegal tobacco problem.

"The Australian Crime Commission says illegal tobacco is a low risk, high profit activity which organised crime groups use to fund other activities.

"A stable excise regime is needed combined with stronger enforcement at the borders and retail level.

"Currently up to 70 per cent of the price of a pack of cigarettes goes to the government in taxes, obviously organised crime don't pay their taxes hence why illegal tobacco is such a lucrative business."

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