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Government revenue plummets as criminals rake in \$250 million

British American Tobacco Australia (BATA) believes today's announcement of a \$250 million shortfall in tobacco excise is due to the flourishing illegal tobacco market.

BATA spokesperson Josh Fett said that the MYEFO announcement projecting a \$250 million reduction in tobacco excise receipts versus 2017-18 Budget is not because of any decline in smoking rates.

"Given Australia's skyrocketing tobacco excise and figures showing the decline in smoking rates has slowed in the last three years, the Government originally expected \$250 million more than what they now expect to receive. Unfortunately, they didn't account for wily crooks and smokers who are happy to pay half price for illegal cigarettes", Mr Fett said.

Tobacco excise has been increasing by more than 12.5% annually since 2013 but recent AIHW figures indicate it has had minimal impact on smoking rates.¹

Media throughout 2017 has highlighted countless illegal tobacco busts; organised criminals corrupting government officials; large scale criminal enterprise; law enforcement acknowledgement of illegal tobacco as a growing problem; and retailers screaming out for help.

"If the taxes are going up and the same number of people are smoking most would assume revenues would be going up, not down. The current approach is not working and if we don't stop it soon this will spiral out of control", Mr Fett said.

The Government needs to adopt a national anti-illegal tobacco strategy now. It should acknowledge illegal tobacco as a real and growing problem; coordinate law enforcement responsibility and activity; and provide appropriate resources and enforcement mechanisms.

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¹ "Smoking rates have been on a long-term downward trend since 1991, but the daily smoking rate did not significantly decline over the most recent 3 year period (was 12.8% in 2013 and 12.2% in 2016)." *National Drug Strategy Household Survey 2016: detailed findings*, <https://www.aihw.gov.au/reports/illicit-use-of-drugs/ndshs-2016-detailed/contents/summary>