



MEDIA RELEASE

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Serious unintended consequences start 1 December

British American Tobacco Australia (BATA) spokesperson Scott McIntyre today said the Tobacco Plain Packaging Act (TPP) was a bad piece of law that would have serious unintended consequences.

Mr McIntyre said BATA was extremely disappointed by the decision but it had full respect for the seven judges and the High Court.

“We all know that the High Court is not here to make judgments on whether a law is good or bad, but whether it stands up to the test of the constitution.

“Although the TPP passed the constitutional test it’s still a bad law that will only benefit organised crime groups which sell illegal tobacco on our streets.

“We do appreciate the High Court giving us a decision so quickly, allowing us greater clarity while preparing for the plain packaging implementation process.

“At the end of the day no one wins from plain packaging except the criminals who sell illegal cigarettes around Australia.

“We still believe the government had no right to remove a legal company’s intellectual property but BATA will comply with this and every other law.

“Even though we believe the government has taken our property from us we’ll ensure our products comply with the plain packaging requirements and implementation dates.

“We’ve always said the government had forced us down the legal path as we really didn’t want to take action. The government couldn’t see the serious consequences plain packaging would bring and now the problems will begin.

“The illegal cigarette black market will grow further when all packs look the same and are easier to copy. Plain packaging will also put pressure on the industry to reduce legal tobacco prices.

“The ‘cheap’ price segment in the legal cigarette market has grown 63 percent since the last 25 percent tobacco excise was implemented in 2010 by the current Federal Government.

“It now makes up 13 percent of the total market which is over two billion cigarettes a year.”

Plain packaging and pressure to compete with the illegal market will cause continued growth in this cheap segment.

Smoking rates at the lower end of the market will climb further when the government introduces its next tobacco excise increase which is expected soon after plain packaging starts.

Mr McIntyre said last year the amount of illegal cigarettes smuggled into the country and sold on the streets of Australia tripled.

“Crime groups are pocketing hundreds of millions of dollars while avoiding tobacco excise to the tune of \$1 billion. At the end of the day the government loses, taxpayers’ lose; the industry loses while crime bosses bank big profits,” Mr McIntyre said.

“We agree with our Attorney General, Nicola Roxon that no proof exists that this policy will work. We believe it will actually increase smoking rates particularly in young people who’ll have greater access to cheap illegal cigarettes.

“As there’s no proof that plain packaging will actually work we expect the Federal Government to impose the industry a large excise increase alongside plain packs to try and get more people to quit so it can say ‘look green packs worked’.

“All this will do is grow the cheap end of the legal market as smokers feel the excise in the hip pocket. In 2005 the cheap price segment didn’t exist, now it’s going gangbusters all due to the governments excise strategy.”

The more the government pushes tobacco prices up through excise, the more consumers will move to cheaper brands which the industry will cater for.

While at the same time the organised crime gangs will clean up on the black market with their even cheaper packs.

The reality is that plain packaging will make this situation a great deal worse.

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