



**Thursday, 19 March 2015**

## **The facts: Plain packaging is failing**

British American Tobacco Australia (BATA) today released information sourced from government and respected third party providers which shows that plain packaging is failing.

This week BATA participated in the first step of the current Post-Implementation Review (PIR) and put forward data and research highlighting that plain packaging is not meeting its objectives.

BATA believes that the PIR needs to answer the critical question two years after implementation; has plain packaging itself resulted in reduced overall smoking rates and reduced youth smoking rates?

BATA spokesperson Scott McIntyre said the PIR needs to directly address the impact of large ad hoc excise increases that have occurred since the introduction of plain packaging which is a key driver in smoker behavior.

“Every year since 1 December 2013 there has been a 12.5 per cent additional tax put on tobacco products and when combined with the twice yearly AWOTE rises prices increased by nearly 20 per cent a year,” Mr McIntyre.

“It’s clear that in relation to youth smoking rates the policy has not worked. The Australian Institute of Health and Welfare (AIHW) 2013 National Drug Survey, shows an increase in the rate of under-age smoking. The number of daily and occasional smokers aged 12 to 17 years increased by 36 per cent between 2010 and 2013 to its highest level in seven years.<sup>1</sup>

“As for overall smoking rates there has been no acceleration in the long-term decline of the smoking rates, since plain packaging was introduced. Roy Morgan Research figures for adult (18+) smokers show a long-standing decline trend of 3.3 per cent from 2008 to 2012.

“This rate has not increased or accelerated since the introduction of plain packaging. In fact, the smoking rate decline for 2013 actually slowed to 1.4 per cent post plain packaging and before the first 12.5 per cent ad hoc excise increase. This reduction is more than half of the trend decline seen previously.<sup>2</sup>

“Additionally, tobacco sales increased in the first full year following the introduction of plain packaging for the first time in over a decade. InfoView industry exchange of sales data demonstrates that *legal* volumes of tobacco increased by the equivalent of 59 million sticks (or 0.3%) in the first 12 months following the implementation of plain packaging.<sup>3</sup>

“Data from 2014 indicates that only after a significant excise increase in late 2013 have volumes reverted to the long term trend of decline.

“Since the introduction of plain packaging, the volume of illegal cigarettes has increased by 25 per cent and currently amounts to 14.3 per cent of all tobacco consumed. This increase in illegal tobacco has been greater than the decline of legal volumes which may have resulted in a net increase in the annual consumption of tobacco in Australia.<sup>4</sup>

BATA also questioned recently published Australian Bureau of Statistics (ABS) household expenditure on tobacco data which has shown a decline since the introduction of plain packaging. This ABS data measures only expenditure on legal tobacco, and cannot be used to determine smoking prevalence or consumption.

<sup>1</sup> Australian Institute for Health and Welfare. Link: <http://www.aihw.gov.au/alcohol-and-other-drugs/ndshs/2013/tobacco/>

<sup>2</sup> Roy Morgan research

<sup>3</sup> Infoview Technologies Pty Ltd – an independent company that collates industry data on Exchange of Sales shipment volumes

<sup>4</sup> Illicit tobacco in Australia: 2014 Half Year Report KBMG 2014

“The unintended consequence of successive ad hoc excise tax shocks increases has been a rapid escalation in down-trading by consumers to cheaper brand variants,” Mr McIntyre said.

“Cigarette packs costing \$15 or less (compared to an average price of around \$25) now make up over 50 per cent of all legal market sales and can explain why household expenditure on tobacco has reduced while consumption has not.

“The tobacco control community has relied on research that explores attitudes towards smoking, and not actual rates of smoking. Many health organisations have conflated hypothetical attitudes towards cigarette packaging with actual changes in rates of tobacco consumption.

“While subjective studies indicate that plain packaging might alter some perceptions, no studies indicate that plain packaging has delivered on its promise.”

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