



**BRITISH AMERICAN
TOBACCO**
AUSTRALASIA

news release

www.bata.com.au

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RESPONSE TO GOVERNMENT ANNOUNCEMENT TO INCREASE TOBACCO EXCISE

British American Tobacco Australia (BATA) today expressed surprise at the Rudd Government's move to increase the tax on tobacco products.

BATA's Managing Director, Mr David Crow said "Evidence shows that this will lead to an increase in the trade of black market tobacco."

"Today's double announcement of an increase in tobacco excise and plain packaging will be welcomed by the illegal market."

"The black market trade in tobacco – which includes counterfeit, contraband and loose 'chop chop' tobacco is a significant problem in Australia."

"Research has found that illegal tobacco makes up about 12 per cent of the tobacco market in Australia. This means about \$600 million a year is lost in revenue to the Federal Government."

"As everyone knows the criminal black market doesn't pay taxes and doesn't ask kids for ID."

Last year the Reserve Bank stated that tobacco prices have recorded the strongest increase of any item in the CPI in the 16 years since 1993.

It's disappointing that this decision was made without consulting industry. BATA remains committed to working with government to eliminate trade in unlawful tobacco products.

Contact: Louise Warburton, Head of Communications: 0437 045 074.

* According to the PricewaterhouseCoopers (PwC) report *Illegal tobacco: counting the cost of Australia's black market*, 12% of tobacco consumption in Australia is currently untaxed and unregulated. The PwC report suggests that illegal tobacco is fuelled by price increases on tobacco products.

The PwC report can be read at www.bata.com.au