

*Friday, 28 November 2014*

## **Report questions effectiveness of plain packaging**

British American Tobacco (BAT) today released a report by Ernst & Young (EY) that assesses the impact of government policy on tobacco consumption over the last decade.

One of the key findings outlined by EY in the report is that they “found no evidence that plain packaging has reduced total consumption”.

Further, the report says that the introduction of plain packaging may have actually slightly increased cigarette consumption, although the analysis that EY has undertaken to date does not seek to predict any potential longer term impact of plain packaging.

The report is further evidence following figures released from both national and state government health departments’ which show a jump in youth smoking rates since the implementation of plain packaging.

BATA spokesperson Scott McIntyre said the EY report evaluates the key drivers of historical trends in Australian tobacco consumption particularly given recent policy developments. The report shows Australia as one of the most expensive and heavily regulated market in the world.

“The report found no evidence that since its introduction of plain packaging on 1 December 2012 tobacco consumption has reduced, after taking into consideration the increases in price. This was one of the main objectives of the former government’s policy,” Mr McIntyre said.

“At the same time Australian Government Health Department figures show a 32 per cent increase in 12 to 17 year olds smoking following plain packaging being introduced.

“There’s also been a spike in youth smoking rates according NSW and SA Health Department statistics. Overall smoking rates in both states have risen as well.

“Not only does the report show there is no evidence that plain packaging is reducing tobacco consumption as intended, the rate of smokers quitting has not changed substantially over the last decade,” Mr McIntyre.

“This is in light of many key policies introduced by government such as Graphic Health Warnings, Retail Display Bans, public place and indoor smoking bans.

“BATA believes ad hoc excise increases in recent years have seen smokers look for cheaper legal and illegal tobacco products. We believe that these tax hikes are not working as the government intended.

“However due to large ad hoc tobacco tax increases the tobacco black market is at record levels while nearly 45 per cent of all legal cigarettes sold in Australia are between \$12 and \$15.”

The EY report also outlines that Australian Bureau of Statistic (ABS) consumption expenditure data does not provide the most appropriate basis for estimating the total number of cigarettes consumed in Australia, nor does it capture smoking rates for individuals.

“Industry data has been heavily debated in the past but at the end of the day it’s still the best evidence of total tobacco sales in the Australia,” Mr McIntyre said.

“This EY report, the latest KPMG illegal tobacco report and government youth smoking rate figures should all be a key focus of the Australian Government’s Post-Implementation Review into plain packaging which is scheduled to begin on 1 December 2014.”

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