

Media Release

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The 'train wreck' of the Federal Government's tobacco excise policy

The Federal Government must immediately execute a nationally coordinated tobacco strategy if they have any hope in wresting back control of this crisis. Its first step must be committing to an excise freeze, followed by a tax reduction.

As highlighted in Nine's *60 Minutes* and the ABC's *Four Corners* over the past two days, Australia's illegal tobacco crisis is a policy 'own goal' of almost immeasurable proportions. "Our members not only face significant financial losses year after year, but many also live in fear as their businesses are targeted by violent cowards who rob their stores and assault staff - often to steal legal tobacco for resale in the illegal market," said David Inall, Chief Executive Officer of MGA Independent Businesses Australia.

"The cost to our members is in the hundreds of millions of dollars per year, which has a direct impact on staffing levels and employment. How this is not a national crisis deserving of immediate attention, we'll never understand.

"And we're not the only ones making these noises. There is a conga line of independent experts including criminologists, economists and senior police officers who are also calling for significant reform.

"What is even more infuriating is that it has recently been reported that the Federal Treasurer proceeded with the most recent increase in tobacco excise despite Treasury advice warning that a tax rise could have perverse outcomes - including 'increased substitution to the illicit market, which is partly driven by higher excise rates'.

"While the Government aims to reduce smoking rates by making legal tobacco less affordable, all that they have achieved is shifting more legal tobacco consumers over to illegal products."

We are, yet again, calling on the Federal Government to recognise and address the implications of this failed policy, which includes year-on-year increases in tobacco excise.

"There is obviously no clear strategy here: border control, reviewing the impact of excise increases, licencing, enforcement and penalties. As was clearly demonstrated through both *60 Minutes* and *Four Corners*, this is a mess," Mr Inall concluded.

About MGA Independent Businesses Australia

MGA Independent Businesses Australia [Master Grocers Australia] has been representing independent grocers since 1898. MGAIBA is a national employer industry association representing thousands of independent grocery and liquor outlets in all States and Territories of Australia. MGAIBA members trade under various respected banners, including IGA, FoodWorks, SPAR, Foodland, Friendly Grocer, Supa IGA, Cellarbrations, and The Bottle O. Although facing similar industry challenges as major chains, MGAIBA members have significantly fewer resources and many are family-operated, enduring the same economic pressures as the average Australian.

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