

QoN 005-01 Do you have a view about the tax treatment of nicotine for e-cigarettes?

We have a general view that if taxed the cost of e-cigarettes would ideally be less than the tax on combustible cigarettes that would provide an incentive for smokers to switch. Australia's revenue from tobacco products is substantial. The majority of remaining smokers in Australia are people of low-socioeconomic status (SES), and the heavy excise tax on combustible tobacco products exacerbates smoking's substantial economic effects among this group: low-SES populations are not quitting at the same rate as their more privileged counterparts and the retail price of tobacco has increased sharply over the last decade (2010 = \$13 to 2019 = \$37*). E-cigarettes are just one of many potential approaches that will be required as part of a suite of: i) potential new and innovate tobacco treatment options that need to be tested; and ii) traditional approaches that may need to be refined to meet future needs. COAG targets have not been met for the most marginalised Australians and the social gradient in smoking persists. Further tax increases will only continue to be regressive for a sector of the community that endures the most burden from tobacco's harms. Low-SES smokers need to be widely consulted in this decision making. As stated in our previous work we found that low-SES smokers may be more likely to spend their money on cigarettes which they enjoyed than pay full price for NRT [NRT as an example of a current cessation aid]:¹

““You're buying the same amount [of NRT] as a packet of cigarettes so what's the use if you're not smoking [you're still spending the same amount].” (F, smoker).

“The cost of different products. Like, not everyone can afford to, like, either have it privately or under PBS, not everyone can do it on PBS. And the cost of it, sometimes it costs more to quit than it does to actually smoke.” (F, smoker).

Any such decisions need to be supported by end users and access, but also cost will be critical factors driving treatment adherence during quit attempts for e-cigarettes.

1. Boland VC, Mattick RP, McRobbie H, Siahpush M, Courtney RJ. “I'm not strong enough; I'm not good enough. I can't do this, I'm failing”- A qualitative study of low-socioeconomic status smokers' experiences with accessing cessation support and the role for alternative technology-based support. *Int J Equity Health*. 2017;16(1):196. doi:10.1186/s12939-017-0689-5

* Price quoted is for Winfields (25s)