

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

2015 - 2016

**Department/Agency:** Treasury

**Question:** AET 52

**Topic:** Tobacco Plain Packaging Relation to Clearance Rates

**Reference:** Hansard page no. 83 - 10 February 2016

**Senator:** Leyonhjelm, David

**Question:**

**Senator LEYONHJELM:** You said to leave out the refunds, so I am not bringing them into the discussion. The point about it is that plain packaging commenced 1 December 2012 and, if you took in the calendar year 2012, that would include one year of plain packaging. If you then compared it to the calendar year 2013, in December 2013 there was an excise increase. If you are actually comparing calendar year to calendar year, it gives you a result of 3.4 per cent but it is not a perfect comparison.

**Mr Horvat:** I think you will note in our response that the reason we used calendar year was that initially the purpose of Treasury providing data was to respond to an article published in The Australian on 6 June. That is the basis on which we did our calculation.

**Senator LEYONHJELM:** In which year?

**Mr Horvat:** 2014.

**Senator LEYONHJELM:** All right. I understand your response to mean that, if you remove those contaminating effects of December 2012—you count 12 months prior to the introduction of plain packaging and then compare that to the subsequent 12 months—the reduction in tobacco clearances is in fact 0.8 per cent. Would that be an accurate interpretation?

**Mr Horvat:** I cannot directly respond to your question. I do not feel confident enough. I am happy to take the wording of that question on notice.

**Senator LEYONHJELM:** All right. There is no other interpretation I can place on it but that the implementation of plain packaging in December 2012 and then the increase in excise in December 2013 were both contaminating factors in comparing the prior 12 months to the subsequent 12 months of the implementation of plain packaging. If you do compare those two periods without those two contaminating factors, the change is 0.8 per cent. That is the question on notice. Could you please confirm that I have not made some egregious error?

**Mr Horvat:** Certainly.

**Answer:**

In the period December 2012 to November 2013, net clearances of tobacco (excluding tobacco products destroyed in the Customs' Tobacco Refund Scheme) decreased by 0.8 per cent relative to the prior 12 month period.