



GOVERNMENT TOBACCO TAX DECISION WILL COST LIVES

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Smokefree Coalition Director Mark Peck says the Government's decision not to increase tobacco tax in its May budget will cost some New Zealanders their lives. Finance Minister Michael Cullen today told a select committee that there were no plans to increase tobacco taxation in the budget.

"Increasing the price of tobacco encourages smokers to cut down or quit, and discourages young people from starting to smoke," says Mr Peck.

"This is a cop out decision from a Government that hasn't had a one-off increase in tobacco tax since 2000. The 2000 increase led to a big drop in tobacco consumption. However, higher wages and inflation mean this price increase has now been eroded and today, cigarettes are relatively affordable."

He says that on average, a price rise of 10 percent would be expected to reduce demand for tobacco products by about four percent in a country like New Zealand.

Mark Peck says a recent New South Wales study estimated the savings from a five percent reduction in smoking prevalence over five years to be at least \$2.366 billion over a twenty-year period.

“New South Wales has a population of 6.7 million people – close enough to our population numbers to give a good indication of the money that New Zealand could save if our smoking prevalence reduced.

“Besides longer and better quality lives, tangible economic gains come from increased productivity, reduced absenteeism and an increased workforce with consequent increased tax revenue and incomes; and reduced health, fire, insurance and other costs.”

He says the Government has missed a golden opportunity to save lives and money.

“Today’s decision has doubled our determination to win this battle. A tobacco tax increase is the right thing to do – and the Government knows it.”

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