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LABOR TOBACCO TAX HIKE WILL HIT THE POOR

Increasing the tobacco excise will have a disproportionate impact on poorer Australians, according to free market think tank the Institute of Public Affairs.

Opposition Leader Bill Shorten will today announce that the tobacco excise would increase by 12.5% a year for four years to 2020 if Labor wins the next election.

“Bill Shorten's proposal will hurt the poor. The tobacco excise is a regressive tax because tobacco products are disproportionately consumed by people on lower incomes,” says Simon Breheny, Director of the Legal Rights Project at the Institute of Public Affairs.

Research in 2012 by Dr Mikayla Novak, Senior Research Fellow at the Institute of Public Affairs, demonstrated the regressive nature of Nanny State taxes, such as the tobacco excise. The most recent data shows that the lowest quintile are paying around twice as much in tobacco tax as the top two quintiles combined.

“Rather than looking for ways to improve the lives of Australians, this tax grab will make them worse off,” says Mr Breheny.

“Nanny State taxes are a lazy attempt to raise revenue. In doing so they impoverish those least able to afford it.”

“Shorten should be seeking to cut the size of government, not soaking the poor to pay for the government's overspending,” says Mr Breheny.

Dr Novak's report into the regressive nature of Nanny State taxes – *Nanny State Taxes: Soaking the Poor in 2012* – can be downloaded [here](#).

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