



16 August 2015

Mr Peter Saunders  
First Assistant Secretary  
Regulatory Reform Division  
Department of Prime Minister and Cabinet  
1 National Circuit  
BARTON ACT 2600

Dear Mr Saunders

**Regulation Impact Statement – final assessment second pass**

I am writing in relation to the attached Regulation Impact Statement (RIS) prepared for Tobacco excise and excise equivalent customs duty staged increases and reduction in the duty-free threshold. The regulatory burden to business, community organisations and individuals has been quantified and offsets have been identified and quantified using the Regulatory Burden Measurement framework. These have been agreed with your office.

I am satisfied that the RIS addresses the concerns raised in your letter of 10 August 2016. In particular, the RIS now:

- clarifies how the COAG tobacco consumption targets relate to long term goals for tobacco consumption in Australia (the socially optimal level);
- explicitly discusses the substitution effects from increasing the price of tobacco;
- describes Treasury's approach to consultation and presents the views of stakeholders; and
- demonstrates that progressing towards government targets for lower smoking rates will result in a net benefit relative to the status quo.

Accordingly, I am satisfied that the RIS now meets best practice consistent with the *Australian Government Guide to Regulation*.

I submit the RIS to the Office of Best Practice Regulation for formal final assessment.

Yours sincerely

Maryanne Mrakovic  
Deputy Secretary – Revenue Group  
The Treasury