



Australian Government

Department of the Prime Minister and Cabinet Office of Best Practice Regulation

Reference: 15199
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Rob Heferen
Executive Direct
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Rob

Dear Mr Heferen

Details-Stage Regulation Impact Statement – Tobacco Excise and Excise-Equivalent Customs Duty

Thank you for forwarding the second draft details-stage Regulation Impact Statement (RIS) for the above proposal for final assessment on 29 January 2014. I note that you have formally certified the RIS as required by the best practice regulation requirements.

The Office of Best Practice Regulation (OBPR) assesses details-stage RISs for consistency and adequacy – consistency relate to following the prescribed process and adequacy relates to the quality of the analysis. I note our comments of 15 November 2013 on the initial draft have been appropriately addressed, as you confirmed in your letter certifying the final version of the RIS.

I note the agency has been consistent with the RIS guidelines, having twice provided a certified details-stage RIS (addressing all seven elements) to the OBPR for the two-pass assessment before the decision-maker considers the RIS.

I note that the details-stage RIS is adequate as it does not contain obvious errors and has a degree of detail and depth of analysis that is commensurate with the magnitude of the problem and the size of the potential impact of the proposal – the OBPR considers that the RIS is a category B RIS, reflecting that the issue is of medium significance in the broader economy with no material competition impacts.

I note that the regulatory costs and cost offsets have been agreed with the OBPR.

I note the problem outlined in the RIS relates to ongoing smoking in Australia, and that the Government's objectives are to reduce smoking levels. I also note that the proposal is an election commitment, so no alternative options to that commitment are considered.

I note that the entire tobacco wholesale and retail market; individual smokers; tobacco importers; and health service providers will be impacted by this proposal.

The RIS advises that the proposal is likely to result in the following costs: compliance and economic costs for tobacco wholesalers, retailers and importers; reduction in real income for those who continue to smoke; a potential shift to illegal tobacco products; and a reduction in private benefits to those who enjoy smoking.

The RIS advises that the proposal is likely to result in the following benefits: a reduction in smoking rates.

I note that businesses in the tobacco market were generally opposed to the proposal and that health care groups were generally in favour of the proposal.

I note that an options-stage RIS was prepared; certified at the Deputy Secretary level and published in accordance with the Best Practice Regulation Requirements.

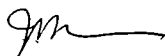
The Government's *Best Practice Regulation Handbook* (June 2013), at paragraph 6.4, requires that for legislation which is tabled in the Parliament, a copy of the details-stage RIS must be included in the explanatory memorandum (for primary legislation) or the explanatory statement (for legislative instruments). Please ensure that your officers provide the OBPR with a copy of (or link to) the explanatory memorandum or explanatory statement when these are made public.

Additionally, the OBPR maintains a RIS website and the Government requires that details-stage RISs be posted within 5 business days of a regulatory decision being publicly announced. We would appreciate you advising us when a decision on this proposal is announced, and forwarding a final copy of the details-stage RIS in *Microsoft Word .doc* format in a form meeting the Australian Government's *Web Content Accessibility Guidelines*. We suggest liaising with your web services team to ensure these guidelines are met. The OBPR should be consulted if the details-stage RIS is amended. It is the agency preparing the RIS, not the OBPR, which is responsible for the content of the published details-stage RIS.

The website provides a public comment facility on RISs posted on the site. The OBPR moderates this facility for offensive content but does not moderate debate.

Please retain this letter as a record of the OBPR's advice. Our reference number for this issue is 15199. If you have any further queries, please do not hesitate to contact me.

Yours sincerely



Jason McNamara
Executive Director
Office of Best Practice Regulation
31 January 2014