Tobacco in Australia | Facts & Issues
A comprehensive online resource

13.3 The price of tobacco products in Australia

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As in other industries, the costs of raw materials, manufacturing, promotion and distribution of tobacco products are important in determining profits to tobacco growers, manufacturers, wholesalers and retailers. However, because tax is such a substantial component, the level and nature of tobacco duties, fees and taxes rather than production and marketing factors historically have been the main determinants of the final retail price of cigarettes over time in Australia as in most developed countries.

This section examines the extent to which increases in tobacco taxes have resulted in rises in the price of cigarettes and other tobacco products in Australia. It outlines efforts by manufacturers to reduce the impact of increases in taxes, both by minimising tax liability, by encouraging discounting at the retail level, through differential pricing of particular brands and by varying the pack size of cigarettes and other tobacco products to affect upfront purchase price and unit cost.

13.3.1 Recommended retail price of tobacco products

Beginning in 1940, the NSW Retail Tobacco Traders' Association has been printing and distributing to small retailers in all states and territories lists of the wholesale and recommended retail prices for cigarettes and roll-your-own tobacco produced by major international tobacco companies, and virtually all cigars and pipe tobacco, sold in Australia.[1–2 i] Copies of the publication preserved at the National Library of Australia and several other libraries throughout the country provide recommended prices for tobacco products available for sale in any state or territory since that date. The final edition was published in December 2021.

13.3.1.1 Changes over time in the recommended retail price of a standard pack

Recommended retail prices for Craven A Cork Tip 20s—a brand of cigarettes popular in the 1940s, '50s and '60s in Australia, and one of a handful of brands available in 1940 still available in 2015[ii] —are listed in **Table 13.3.1**. When examining the cost of tobacco products over time, it is useful to take into account the effects of inflation–the costs of buying all goods and services. **Table 13.3.1** also indicates the price, adjusted to take into account changes in the Consumer Price Index (CPI). (The CPI uses 2012 as the base year, the year when the index is set to 100, so it is convenient to express prices in 2012 dollars.) This table also shows the current and 2012 pack price for Winfield 25s, one of Australia's leading brands between the late 1970s and 2020—refer Chapter 10, Section 10.6.

Table 13.3.1
Recommended retail price# of a packet of Craven A 20s, Australia, 1940–2015, and recommended retail price of a packet of Winfield 25s, 1980–2021, selected years

Year#	Craven A 20s Current dollars*	Craven A 20s 2012 dollars	Winfield 25s Current dollars*	Winfield 25s 2012 dollars
1940	Equiv. $0.15^	5.00		
1948	Equiv. $0.23^	5.84		
1950	Equiv. $0.24^	5.11		
1955	Equiv. $0.28^	4.15		
1960	Equiv. $0.32^	4.10		
1965	Equiv. $0.38^	4.16		
1970	0.39	3.89		
1975	0.63	4.20		
1980	1.02	4.05	1.07	4.25
1985	1.65	4.37	1.79	4.74
1990	2.8	5.03	2.88	5.17
1995	4.5	7.1	5.11	8.06
2000	6.8	9.79	7.35	10.58
2005†	8.96	10.95	10.3	12.59
2010	12.68	13.38	12.95	13.66
2015	24.28	22.72	23.65	22.13
2020	N/A	N/A	43.05	38.33
2021	N/A	N/A	48.70	42.10

Sources: NSW Retail Traders' Association. Price lists—Cigarettes. The Retail Tobacconist of NSW. 1940–2013: 9 to 87 (February editions); 2014–2015: 90 to 93 (March editions); 2019: 108 (Dec 2018 edition). 2021 118 Apr-Jun edition. 2020: CTC Eastern. National Price Lists. CTC Eastern. Available from: http://www.ctceastern.com/home/home_index.html. Accessed: 02/03/2020.

^ Equivalent prices in dollars converted from shillings and pence.

** Current dollars: the price in the applicable year; no adjustment has been made for inflation.*

 # Prices for the month of February for 1940-2013, then for the month of March for 2014 onwards. RRPs for products from major manufacturers were not listed for several editions of the Australian Retail Tobacconist in 2019 and 2020. December 2018 used for the March 2019 datapoint and does not include routine indexation that occurred on 1 March 2019. An alternative source of RRPs provided by tobacco manufacturers was obtained from a tobacconist's website for the March 2020 datapoint.

† Craven A Cork Tip 20s available to February 2004, 20s pack equivalent price calculated from RRP of 25s for 2005 to 2015. Craven A RRPs not available after 2016 .

Figure 13.3.1 plots the price per stick of Craven A 20s and Winfield 25s in $2012 from 1940 to 2020.

Figure 13.3.1
Recommended retail price* *per stick* in $2012 of Craven A 20s# and Winfield 25s, Australia, 1940–2020, selected years

Sources: NSW Retail Traders' Association. Price lists—Cigarettes. The Retail Tobacconist of NSW. 1940–2013: 9 to 87 (February editions); 2014–2015: 90 to 93 (March editions); 2019: 108 (Dec 2018 edition). 2021 118 Apr-Jun edition. 2020: CTC Eastern. National Price Lists. CTC Eastern. Available from: http://www.ctceastern.com/home/home_index.html. Accessed: 02/03/2020.

** Prices for the month of February for 1940-2013, then for the month of March for 2014 onwards. RRPs for products from major manufacturers were not listed for several editions of the Australian Retail Tobacconist in 2019 and 2020. December 2018 used for the March 2019 datapoint and does not include routine indexation that occurred on 1 March 2019. An alternative source of RRPs provided by tobacco manufacturers was obtained from a tobacconist's website for the March 2020 datapoint.*

 # Craven A Cork Tip 20s available to February 2004, 20s pack equivalent price calculated from RRP of 25s for 2005 to 2015. Craven A RRPs not available after 2016.

Table 13.3.1 shows that the current price of a packet of Craven As increased 160-fold between 1940 and 2015. However, as is evident from **Table 13.3.1** and **Figure 13.3.1**, adjusting for inflation, Craven As cost no more in the early 1990s than they did in real terms during and immediately after the Second World War. Prices then increased substantially from the early 1990s. In the ten years from 1990 to 2000, the real stick price of Craven As almost doubled, and increased by 4.5 times between 1990 and 2015. Between 1980 and 2015, the stick price of both Craven A and Winfield increased more than five-fold in real terms. Between 1980 and 2020 the price in Winfield increased 9-fold, and almost tripled between 2010 to 2020.

13.3.1.2 Major policies and industry innovations influencing cigarette price

Figure 13.3.2 plots in more detail the *per stick* price calculated from the recommended retail price of the leading brand of factory-made cigarettes of each year over time in 2012 dollars to account for inflation. The figure indicates some of the major changes in taxation arrangements between 1940 and 2020, and some of the major innovations with which the industry responded to those changes.

The figure shows the effects of early increases in state licence fees were mitigated by the introduction of larger and larger pack sizes providing cigarettes at a cheaper cost *per stick* than those available in smaller pack sizes—see Section 13.3.1.3 below for more detail. It was not until the very large increases in state fees and excise duty in the mid-1990s that cigarettes became significantly more expensive. Prices increased steadily until the large and immediate April 2010 tax increase, and then increased more sharply during the period of eight scheduled 12.5% increases to customs duty and excise that occurred annually since 2013. Relative to the real price (adjusting for inflation) of the leading brand in 1940, prices were 1.1 times higher in 1990, 2.3 times higher in 2000, 3.3 times higher in 2010 (before the 25% increase), 4 times higher in 2011 (after the 25% increase), and 8.5 times higher in 2021 (after the eight annual 12.5% excise increases). In the 21 years from 2010 to 2021, before the 25% tax increase of April 2010 and after the final scheduled 12.5% excise increase), the price of the leading brand increased by 160%.

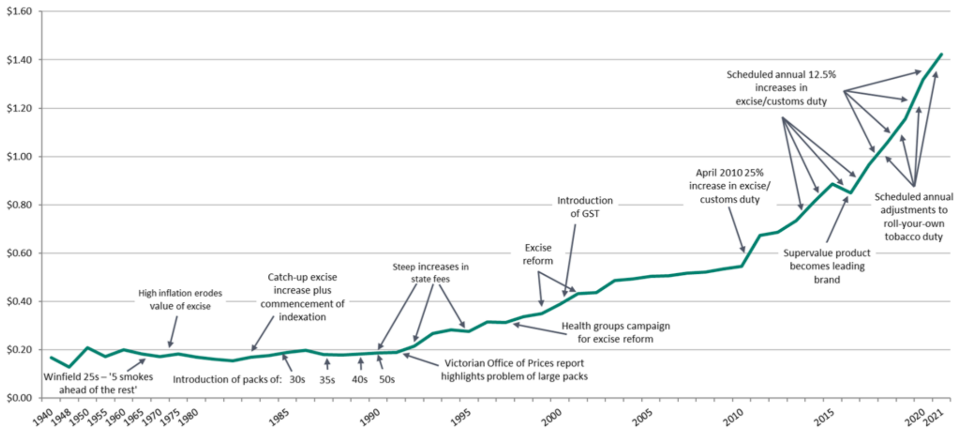

Figure 13.3.2
Recommended retail price* in $2012 of the most popular cigarettes in Australia, 1940–2021

Sources: NSW Retail Traders' Association. Price lists—Cigarettes. The Retail Tobacconist of NSW. 1940–2013: 9 to 87 (February editions); 2014–2015: 90 to 93 (March editions); 2019: 108 (Dec 2018 edition). 2021 118 Apr-Jun edition.

2020: CTC Eastern. National Price Lists. CTC Eastern. Available from: http://www.ctceastern.com/home/home_index.html. Accessed: 02/03/2020.; Victorian Office of Prices 1990

Victorian Office of Prices. Does Smoking Make Cents. Melbourne, Australia: Victorian Smoking and Health Program, 1990.

** Prices for the month of February for 1940-2013, then for the month of March for 2014 onwards. RRPs for products from major manufacturers were not listed for several editions of the Australian Retail Tobacconist in 2019 and 2020. December 2018 used for the March 2019 datapoint and does not include routine indexation that occurred on 1 March 2019. An alternative source of RRPs provided by tobacco manufacturers was obtained from a tobacconist's website for the March 2020 datapoint.*

13.3.1.3 The large pack: a peculiarly Australian phenomenon

Cigarettes in the early part of the century were commonly sold in packets of 10 or 20 or in tins of 50. These were similar in size to the tins in which loose tobacco was commonly sold. With the advent of plastic wrapping, however, these tins disappeared and by 1960 the vast majority of cigarettes were sold in packets of 20. The increasing rate of state licence fees had a significant impact on the price of brands that were popular until the early 1970s. However the tobacco industry fought back to retain its customers and the introduction of Winfield 25s—'5 smokes ahead of the rest'—in 1976 marked the advent of the large pack size in Australia.

Until 1999, Australia was virtually the only country in the world that combined an excise based on weight and *ad valorem* fees based on wholesale value of sales. Until 1999, lighter cigarettes attracted less federal excise and customs duty than heavier cigarettes. This effect was amplified by the manner in which *ad valorem* fees were imposed and final retail price calculated, providing an incentive for lighter cigarettes and for packaging many cigarettes in the same packet. [3] The introduction of large pack sizes in Australia closely followed the introduction in 1975, and subsequent doubling in about 1987, of state franchise fees throughout Australian states. In most other countries in the world, cigarettes are virtually always sold in packets of 20. While **Figure 13.3.2** showed that the price per stick of the most popular brand rose quite sharply as a result of a number of increases in duty and state licence fees on tobacco, **Table 13.2.2** shows that the *per stick* prices of large packs of cheap brands remained substantially lower than the market-leading pack: more than 25% cheaper *per stick* until 1999, then about 15-20% cheaper in the years to 2020. Not surprisingly, large packs quickly became a dominant component of the market (see also **Table 13.3.3**). As outlined in Section 13.2.1, health groups argued for reform of tobacco taxes,[3-6] and a new system was introduced between 1999 and 2001.

Table 13.3.2 shows the pack price for Horizon and Holiday 50s rose above $30 in February 2013, and then both exceeded $40 in March 2016. In March 2017, a pack of Horizon 50s cost $20 more than a pack of Winfield 25s, and $27 more than a pack the leading brand, JPS in 25s pack, from the super-value market segment. Over time, there has been a dramatic widening of the difference between the highest and lowest priced leading brands. For example, in 1992 a pack of Winfield 25s could be purchased for about three-quarters of the price of a pack of Horizon 50s, while in 2013 the purchase price of a pack of JPS 26s was 50%

of a pack of Horizon 50s. As of March 2021, Horizon 50s were priced just under and Holiday 50s just over $90, almost $50 more, or more than double, than a pack of JPS 25s.

Table 13.3.2
Recommended retail prices# of leading brands, Australia, 1989 to 2021: prices per pack* and price differential between largest pack and leading brand

Year	Winfield 25s $*	Peter Jackson 30s $*	Benson & Hedges 25s $*	Longbeach 40s $*	Horizon 50s $*	Holiday 50s $*	JPS 26s $* (25s from 2020)	% Lowest-priced 50s cheaper per stick than Winfield 25s	Difference in cost for highest to lowest pack $	% share of lowest in highest priced pack
1989	2.66	2.82	2.75						0.16	94.3%
1990	2.94	3.14	3.05	3.08					0.26	91.7%
1991	3.08	3.32	3.20	3.47		3.57		42.0%	0.49	86.3%
1992	3.57	3.87	3.68	4.25	4.68	4.56		36.1%	1.11	76.3%
1993	4.45	4.85	4.56	5.86	6.75	6.65		25.3%	2.30	65.9%
1994	4.72	5.22	4.84	6.39	7.42	7.19		23.8%	2.70	63.6%
1995	5.11	5.66	5.20	7.01	8.25	7.91		22.6%	3.14	61.9%
1996	6.47	7.15	6.57	9.01	10.39	9.70		25.0%	3.92	62.3%
1997	6.53	7.22	6.70	8.76	10.52	9.65		26.1%	3.99	62.1%
1998	6.70	7.40	6.90	9.00	10.80	9.90		26.1%	4.10	62.0%
1999	7.05	7.81	7.25	9.51	11.45	10.55		25.2%	4.40	61.6%
2000	7.35	8.41	7.50	10.81	13.13	12.75		13.3%	5.78	56.0%
2001	8.70	9.95	8.95	12.75	15.42	15.00		13.8%	6.72	56.4%
2002	9.10	10.45	9.35	13.25	16.10	15.60		14.3%	7.00	56.5%
2003	9.50	10.85	9.80	13.70	16.65	16.15		15.0%	7.15	57.1%
2004	9.85	11.25	10.15	14.25	17.35	16.40		16.8%	7.50	56.8%
2005	10.30	11.70	10.60	14.95	17.95	17.50		15.0%	7.65	57.4%
2006	10.70	11.99	11.05	15.25	18.60	18.15		15.2%	7.90	57.5%
2007	11.25	12.60	11.55	15.95	19.45	19.00		15.6%	8.20	57.8%
2008	11.70	13.10	12.00	16.70	20.30	19.85		15.2%	8.60	57.6%
2009	12.40	13.85	12.70	17.50	21.30	21.25		14.3%	8.90	58.2%
2010	12.95	14.45	13.40	18.30	22.10	21.90		15.4%	9.15	58.6%
2011	16.45	18.25	16.85	23.10	27.75	27.55		16.3%	11.30	59.3%
2012	17.15	18.90	17.95	24.80	29.80	29.80		13.1%	12.65	57.6%
2013	18.75	20.45	19.50	26.75	32.20	33.00	16.35	14.1%	14.25	56.8%
2014	21.40	23.70	21.95	30.70	33.70	40.20	18.45	21.3%	18.80	53.2%
2015	23.65	27.25	25.45	34.70	38.75	38.05	20.80	19.6%	15.10	61.0%
2016	26.25	27.25	28.10	38.50	43.70	42.35	23.95	19.3%	17.45	60.1%
2017	29.60	33.80	31.50	43.40	49.90	n/a~	27.70	15.7%	20.30	59.3%
2018	33.65	38.10	35.40	48.75	56.80	53.65	30.85	20.3%	25.95	54.3%
2019	37.00	41.75	39.05	53.70	63.50	62.75	34.25	15.2%	29.25	53.9%
2020	43.05	48.10	45.40	58.90	78.25	76.75	38.25	10.9%	40.00	48.9%
2021	48.70	53.75	51.35	66.40	88.5	91.25	42.50	9.1%	48.75	46.6%

Sources: NSW Retail Traders' Association. Price lists—Cigarettes. The Retail Tobacconist of NSW. 1940–2013: 9 to 87 (February editions); 2014–2015: 90 to 93 (March editions); 2019: 108 (Dec 2018 edition). 2021 118 Apr-Jun edition. 2020: CTC Eastern. National Price Lists. CTC Eastern. Available from: http://www.ctceastern.com/home/home_index.html. Accessed: 02/03/2020; and author calculations.

 # Prices for the month of February for 1940-2013, then for the month of March for 2014 onwards. RRPs for products from major manufacturers were not listed for several editions of the Australian Retail Tobacconist in 2019 and 2020. December 2018 used for the March 2019 datapoint and does not include routine indexation that occurred on 1 March 2019. An alternative source of RRPs provided by tobacco manufacturers was obtained from a tobacconist's website for the March 2020 datapoint.

** In current dollars: the price in the applicable year; no adjustment has been made for inflation.*

~ No Holiday products listed in 2017.

While the recommended retail prices of premium brands of cigarettes such as Marlboro, Dunhill, Benson and Hedges and Craven A—brands available in packs of 20s and 25s—rose steadily from the early 1980s, consumers concerned about price have always been able to purchase cigarettes that are substantially cheaper *per stick*. Traditionally, larger packs have offered better value per stick than smaller packs, even after the reforms to Australian tobacco taxes that had previously preference lower-weight cigarettes in large packs.

Figure 13.3.3 shows that even into the 2010s, larger packs for 40s and 50s offered substantial *per stick* savings compared to leading brands of 25s. Winfield 25s were approximately 20% more expensive *per stick* than Holiday 50s in 2010. Large value packs remained the lowest-price packs *per stick* even after the introduction of super-value brands to the Australian market around 2013. At 2018, JPS 25s were almost 11% more expensive per stick than Holiday 50s. Prices of packs of 50s rapidly increased from 2019 to 2021 at a much more rapid rate than other popular products. JPS 25s were $0.07 cheaper, or 96% of the cost, of Horizon 50s in 2021. Longbeach 40s emerged as the cheapest *per stick* in 2020, priced below JPS 25s *per stick,* and at least $20 cheaper *per pack* than 50s packs.

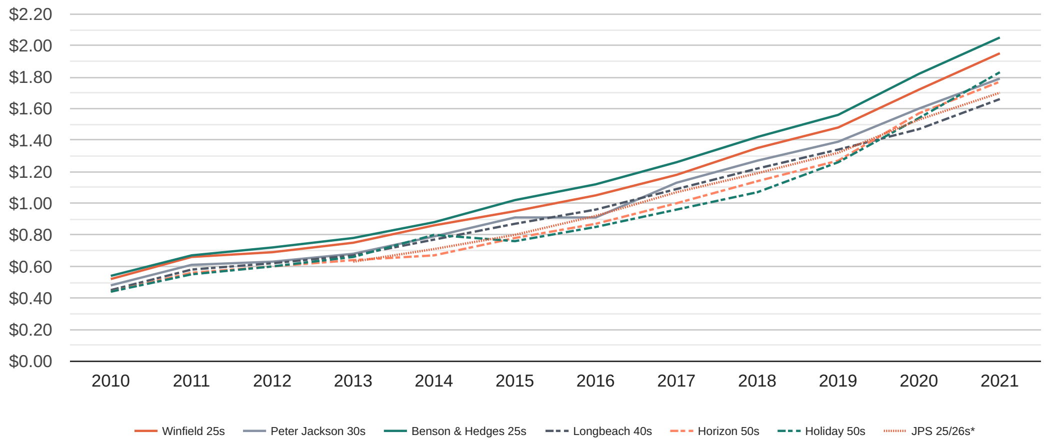

Figure 13.3.3
Recommended retail price* per stick of six top selling brands of cigarettes, Australia, 2010 to 2021#

Sources: NSW Retail Traders' Association. Price lists—Cigarettes. The Retail Tobacconist of NSW. 1910–2013: 75 to 87 (February editions); 2014–2015: 90 to 93 (March editions); 2019: 108 (Dec 2018 edition). 2021 118 Apr-Jun edition. 2020: CTC Eastern. National Price Lists. CTC Eastern. Available from: http://www.ctceastern.com/home/home_index.html. Accessed: 02/03/2020; and author calculations

**Prices for the month of February for 2010-2013, then for the month of March for 2014 onwards. RRPs were not published in the price lists in 2019 or early 2020, so December 2018 was used for the early 2019 RRP and does not include routine indexation that occurred on 1 March 2019. RRPs for products from major manufacturers were not listed for several editions of the Australian Retail Tobacconist in 2019 and 2020. An alternative source of RRPs provided by tobacco manufacturers was obtained from a tobacconist's website for March 2020.*

#In current dollars: the price in the applicable year; no adjustment has been made for inflation

Note: No Holiday products listed in 2017.

Over the period of 2001 to 2021, factory-made cigarette packs have been available in twelve different pack sizes. The traditional sizes of 20s, 25s, 30s, 35s, 40s, and 50s have been supplemented by a range of smaller unusual packs in 21s, 22, 23s, and 26s, and occasionally larger sizes such as 32s and 43s[iii] . Unusual pack sizes are not limited to FM cigarettes: pouches of 27, 45 and 55 grams of RYO tobacco have also been available, in addition to traditional 30, 35, 40, and 50 gram pouches and newer pouches of 15, 20, and 25 grams.[7] Offering a range of pack sizes, particularly unusual pack sizes, makes it difficult for consumers to compare the unit price of tobacco products.[7] In most other countries in the world, cigarettes are virtually always sold in packets of 20.

Figure 13.3.4 shows the number of FMC brand offerings (including sub-brands) by pack size from 2001 to 2021. Note that variants are not included in this data: each brand and pack size combination is usually offered in several variant options (e.g. blue, red, menthol). The number of total brand-pack size offerings increased by 180% over this 21-year period. There was a small increase in the number of packs of 25s offered between 2006 and 2008, but otherwise market offerings remained consistent to 2011. Small, unusual pack sizes quickly emerged in the years after plain packaging implementation, beginning with 26s in 2012, although the number of these on offer reduced in 2020-21. These packs appeared to replace packs of 25s for a period, with the number of 25s increasing (as well as 20s) as these small unusual pack sizes declined in recent years. The number of packs of 30 and 40 cigarettes have also increased since 2013. At 2001, 30s and 40s comprised 16% of the total brand-size product offerings, compared to 31% in 2021.

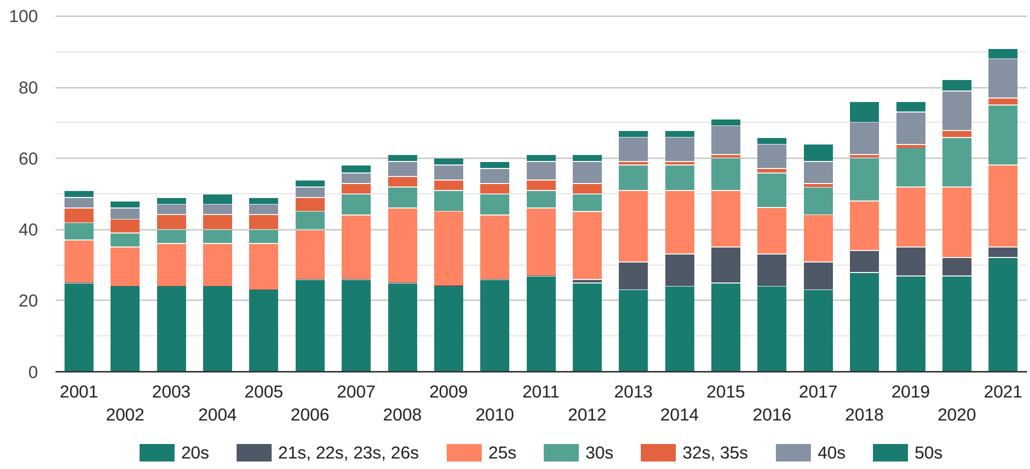

Figure 13.3.4

Number of factory-made cigarette products* on the Australian market by pack size, 2001–2021#

Sources: NSW Retail Traders' Association. Price lists—Cigarettes. The Retail Tobacconist of NSW. 2001–2013: 61 to 87 (February editions); 2014–2015: 90 to 93 (March editions); 2019: 108 (Dec 2018 edition). 2021 118 Apr-Jun edition. 2020: CTC Eastern. National Price Lists. CTC Eastern. Available from: http://www.ctceastern.com/home/home_index.html. Accessed: 02/03/2020; Victorian Office of Prices 1990

** Brand (and sub-brand) and pack size combinations only. Variants not included in this data.*

 # Product offerings for the month of February for 2001-2013, then for the month of March for 2014 onwards. As per RRP data used elsewhere, to fill data gaps, December 2018 used for March 2019 and an alternative source of RRPs provided by tobacco manufacturers was obtained from a tobacconist's website for the March 2020 datapoint.

The proportion of cigarette sales that were of larger pack sizes (i.e. 30s and larger) in Australia are provided for years for which this is available in **Table 13.3.3**. Overall, large pack sizes substantially increased in popularity from 1985 to 2013, with a high of 57% in 2006. However, packs of 50s were half as popular in 2013 than they were in 1993 and packs of 30s and 35s also declined. Pack of 40 sticks increased in popularity from 2006 to 2013.

Table 13.3.3
Percentages of sales of each pack size of cigarettes in Australia 1981 to 1997 and 2006 to 2013 — 20s and 21s, 22s and 23s, 25 and 26s, 30s and 35s, and 40s and 50s (%)

Year	20s (and 21s)*	22s and 23s*	25s (and 26s)*	30s and 35s	40s	50s	Large packs: 30s to 50s
1981	37.3		62.1				
1985	22.6		47.1	29.1			29.1
1987	13.0		48.3	37.1			37.1
1990	6.7		41.8	37.3	14.2		51.5
1993	4.6		35.2	20.7	19.1	19.0	58.8
1997	2.1		29.8	21.5	23.3	23.3	68.1
…							
2006	10.0		33.5	26.0	17.0	13.6	56.6
2007	9.4		35.8	25.4	16.9	12.4	54.7
2008	8.8		37.3	24.5	17.4	12.1	54.0
2009	9.8		39.1	23.4	16.2	11.5	51.1
2010	8.9		38.9	23.1	16.7	12.4	52.2
2011	9.9		40.1	20.6	16.4	12.7	49.7
2012	10.1		37.9	19.9	18.6	12.0	50.5
2013	9.2	2.6	36.4	18.3	22.4	10.1	50.8

Source: Nielsen data for sales in November and December, published irregularly in The Australian Retail Tobacconist: NSW Retail Tobacco Traders' Association. Price lists—cigarettes. The Australian Retail Tobacconist, 1980s to 1990s; 41 to 59(February editions). Retail World. Retail World Annual Report. Market sizes and shares. Retail World, December: 1997, 2006 to 2013.

** 21s, 22s, 23s, and 26s pack sizes added in 2013*

Use of packs of 30s and 35s has also declined among secondary school students—see **Figure 13.3.5**.

Figure 13.3.5
Pack size smoked among secondary-school students 12–17 years who smoked cigarettes in the last week*—1996, 1999, 2002, 2005, 2008, 2011, 2014, and 2017 (%)

Sources: White V, Williams T and Scully M personal communications, using data from surveys of secondary-school students reported in:
Hill D, White V, and Effendi Y. Changes in the use of tobacco among Australian secondary students: results of the 1999 prevalence study and comparisons with earlier years. Australian and New Zealand Journal of Public Health, 2002; 26(2):156–63. Available from: http://www.ncbi.nlm.nih.gov/pubmed/12054336b.

White V and Hayman J. Smoking behaviours of Australian secondary school students in 2002. National Drug Strategy monograph series no. 54, Canberra: Australian Government Department of Health and Ageing, 2004. Available from: http://www.nationaldrugstrategy.gov.au/internet/drugstrategy/publishing.nsf/content/mono54.

White V and Hayman J. Australian secondary school students' use of alcohol in 2005. Report prepared for Drug Strategy Branch, Australian Government Department of Health and Ageing. National Drug Strategy monograph series no. 58, Melbourne: Centre for Behavioural Research in Cancer, Cancer Control Research Institute, The Cancer Council Victoria, 2006. Available from: http://www.nationaldrugstrategy.gov.au/internet/drugstrategy/publishing.nsf/Content/mono58.

White V and Smith G. Australian secondary school students' use of tobacco, alcohol, and over-the-counter and illicit substances in 2008. Canberra: Drug Strategy Branch Australian Government Department of Health and Ageing; 2009. Available from: http://www.nationaldrugstrategy.gov.au/internet/drugstrategy/Publishing.nsf/content/school08.

White V and Bariola E. Australian secondary school students' use of tobacco, alcohol, and over-the-counter and illicit substances in 2011. Canberra: Drug Strategy Branch Australian Government Department of Health and Ageing; 2012. Available from: http://www.nationaldrugstrategy.gov.au/internet/drugstrategy/Publishing.nsf/content/school11

White V and Williams T. Australian secondary school students' use of tobacco, alcohol, and over-the-counter and illicit substances in 2014. Melbourne, Australia: Centre for Behavioural Research in Cancer, Cancer Council Victoria, 2016. Available from: http://www.nationaldrugstrategy.gov.au/internet/drugstrategy/publishing.nsf/Content/australian-secondary-students-alcohol-drug-survey.

Guerin N and White V. ASSAD 2017 Statistics & Trends: Australian Secondary Students' Use of Tobacco, Alcohol, Over-the-counter Drugs, and Illicit Substances in 2017. Second Edition. Cancer Council Victoria, 2020. Available from: https://www.health.gov.au/resources/publications/secondary-school-students-use-of-tobacco-alcohol-and-other-drugs-in-2017

 # Included 22s and 26s in 2014 and 22s, 23s, and 26s in 2017.

** Multiple responses allowed; totals may exceed 100% in each year*

Note: In 2014, in addition to the usual response options of 20s, 25s, 30s, 35s, 40s, and 50s, a response option of "another pack size" was added. A total of 15.8% selected this option, including 6.2% who nominated a valid other pack size (22s or 26s). All other students who did not nominate a valid FMC size are not reported on.

Between 1999 and 2002, during the period of reform of the tax system, the percentages of secondary school students using large packs declined by about 18%, which included a 29% reduction in the percentage of teenage smokers preferring 40s, and a 32% reduction in the percentage preferring 50s.

The proportion of secondary students smoking from packs of 30s and 35s declined by two-thirds between 1996 and 2014. However, small increases in the proportion of smokers smoking from all large pack sizes (30s to 50s) in later years—particularly packs of 40s—meant that the proportion of teens smoking from large pack sizes was only 24% lower in 2017 than in 1996.

Between 2014 and 2017 the proportion of secondary school students smoking from packs of 20s increased by almost 20% to become by far the most popular pack size—more than twice as popular as 25s. These patterns may reflect two types of price minimising behaviours among students: seeking either best value *per stick* from larger packs or a low upfront purchase price from small packs.

13.3.1.4 Factory-made cigarette and roll-your-own tobacco relative pricing

It is also important to consider the pricing—and size availability—of popular alternative tobacco products when examining the price of cigarettes. In Australia, the most common factory-made (FM) cigarette alternative is roll-your-own (RYO) tobacco. RYO tobacco and FM cigarettes had long been essentially taxed at the same rate, so that the tax per 0.8 grams of roll-your-own tobacco was the same as the *per stick* rate for most FM cigarettes—see Section 13.2.1. However, because most RYO users roll less than 0.8 grams of tobacco per cigarette,[8] using as little as 0.5 grams per cigarette, RYO tobacco provided a cheaper alternative to FM cigarettes. Further, as more budget brands and smaller pouch sizes have entered the RYO market in recent years (see also **Figure 13.3.7** and Chapter 10, Section 10.9), the up-front cost and price per cigarette of RYO products have provided a reliably cheaper alternative to FM cigarettes.

As noted in Section 13.2, in its Budget of May 2017,[9] the Australian Government determined that excise and customs duty on roll-your own tobacco would be harmonised over the following four years with that on factory-made cigarettes, so that the rate in September 2017 was reduced to the equivalent of 0.775 grams per cigarette, reducing to 0.75 in September 2018, 0.725 in 2019 and 0.7 grams in 2020.[10,11] This measure was expected to take the price of a cigarette made with roll-your-own tobacco closer to the price of a factory-made cigarette, and the price of even the smallest roll-your-own pouches to be higher than that of most packs of cigarettes.[12,13] The recommended retail prices of the lowest-priced available FM pack and RYO pouch, and cheapest available FM stick and RYO stick prices over time, using both 0.7 and 0.5 grams of tobacco per RYO cigarette from 2001 to 2021 are shown in **Figure 13.3.5**.