



**UKCTAS**  
UK Centre for Tobacco & Alcohol Studies

**ash.**  
action on smoking and health

Damian Hinds MP  
Exchequer Secretary to the Treasury  
Unit 1, Horse Guards Rd  
London  
SW1A 2HQ

18 March 2016

Dear Damian

**Re: Budget 2016**

We are writing to thank you for meeting with us in February ahead of the Budget when we discussed measures to reduce smoking, set out in our budget submission. We are very pleased to see that some of our recommendations have been taken on board, namely the additional increase in tax on hand-rolled tobacco in addition to the tobacco tax escalator of 2%. We also welcome the plans to introduce a minimum excise tax to set a floor on tax levels for cigarettes, although we would have preferred a minimum consumption tax, which would have had greater impact in reducing the price differential in hand-rolled tobacco.

As health organisations we also welcome the proposals for a sugar levy and for the money raised to be used to fund sporting activities in schools. The same principle of using a levy on manufacturers to modify consumer behaviour, and fund public health measures, clearly also applies to tobacco. Furthermore, if the industry chose to pass on the additional costs to the consumer, this would have an additional impact over and above the effect of excise tax by increasing the incentive to stop smoking, an important point made by the Chancellor with respect to the sugar levy.

As you know we were disappointed that the Treasury decided not to pursue the introduction of a tobacco industry levy. We believe there is still a strong case for this measure which would provide a secure funding stream for tobacco control measures, which are highly effective and cost-effective, but threatened by the cuts to public health budgets announced in the Autumn Statement in 2015. As the Chancellor observed in the 2014 Autumn Statement *"it is fair to ask the tobacco industry to make a greater contribution"*. If this is not to be through a levy then alternative means must be found, perhaps, as we discussed, through changes to corporation tax.

Yours sincerely

Deborah Arnott,  
Chief Executive, ASH

John Britton  
Director, UKCTAS