



## Policy costing

Legalisation of Vaping Products	
Person/party requesting the costing:	Senator the Hon Matthew Canavan
Date costing completed:	29 June 2023
Expiry date of the costing:	Release of the next economic and fiscal outlook report.
Status at time of request:	Submitted outside the caretaker period
	<input type="checkbox"/> Confidential <input checked="" type="checkbox"/> Not confidential
<p>Summary of proposal:</p> <p>The proposal would legalise electronic cigarettes (e-cigarettes) as a consumer product with restrictions, including sale to minors, advertising, banned ingredients and licensing for retailers.</p> <p>The policy would require those purchasing e-cigarette products to be over the age of 18 but would no longer require a script.</p> <p>GST would be applied to each of the products, as well as excise duty options:</p> <p>Option 1: 5% excise duty</p> <p>Option 2: 10% excise duty</p> <p>Option 3: 20% excise duty</p> <p>The proposal would take effect from 1 July 2023.</p>	

## Costing overview

Option 1 of the proposal would be expected to decrease the fiscal and underlying cash balances while options 2 and 3 would be expected to increase the fiscal and underlying cash balances over the 2023-24 Budget forward estimates period (Table 1 refers). All options would be expected to have an ongoing impact beyond the 2023-24 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2033-34 is provided at Attachment A.

**Table 1: Legalisation of Vaping Products – Financial implications (\$m)<sup>(a)(b)</sup>**

	2023-24	2024-25	2025-26	2026-27	Total to 2026-27
<b>Option 1: 5% Excise</b>					
Fiscal balance	-16.1	-11.4	-0.8	4.6	<b>-23.7</b>
Underlying cash balance	-20.0	-13.3	-3.7	4.6	<b>-32.4</b>
<b>Option 2: 10% Excise</b>					
Fiscal balance	16.1	31.9	51.7	65.0	<b>164.7</b>
Underlying cash balance	10.7	29.1	47.7	62.9	<b>150.4</b>
<b>Option 3: 20% Excise</b>					
Fiscal balance	68.3	96.5	131.5	153.7	<b>450.0</b>
Underlying cash balance	58.0	93.7	126.5	151.7	<b>429.9</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

(b) PDI impacts are not included in the totals.

The financial impacts in option 1 (Tables A1 and A2) largely reflect a decrease in revenue from tobacco excise due to consumers substituting tobacco cigarettes for e-cigarettes as they would be cheaper under all options. This impact is partially offset by an increase in revenue from the introduction of excise duty on e-cigarettes.

The financial impacts in option 2 (Tables A3 and A4) and option 3 (Tables A5 and A6) largely reflect an increase in revenue from the introduction of excise duty on e-cigarettes, partially offset by a decrease in revenue from tobacco excise due to consumers substituting tobacco cigarettes for e-cigarettes.

Departmental costs for the Department of Home Affairs are estimated to be just over \$9 million over the 2023-24 Budget forward estimates period. This funding would be used to implement the necessary systems to administer and report on the new tax and for ongoing collection of the tax.

Departmental costs for the Department of Health and Aged Care are estimated to be around \$13 million over the 2023-24 Budget forward estimate period. This funding would be used to test products for prohibited ingredients, increase inspections of manufacturers, importers, wholesalers and retailers, and to communicate these changes to stakeholders.

The fiscal and underlying cash balances differ because of the difference in timing between when tax revenue is recognised and when tax receipts are collected.

There is a high level of uncertainty in this costing as there is limited information available in Australia on the price and volume of sales of e-cigarettes. Due to limitations with the availability of data, this costing relies on many assumptions. Assumptions are based on recent data and research in Australia and evidence from the United State of America (USA) where legalisation of e-cigarettes occurred in 2016. The actual outcomes may differ significantly due to differences in policy specifications and market characteristics between Australia and overseas.

Results in this costing are highly sensitive to the assumptions that have been made, so caution should be taken when interpreting and presenting the results of this costing. The degree to which the estimates in this costing are uncertain is much higher than normal. In particular, the costing is sensitive to assumptions the Parliamentary Budget Office (PBO) has made regarding:

- the current and future sales volumes of vaping products.
- the behavioural impacts of the policy on e-cigarette use, including the uptake of e-cigarettes.

- The PBO has assumed uptake of e-cigarettes will be higher under all options compared to the baseline. This mirrors the increases in consumption of e-cigarettes observed in the USA following its legalisation there.
- the proportion of tobacco products that will be substituted for e-cigarettes due to tobacco being more expensive, as it is subject to higher excise duties.
- the proportion of the population that consumes vaping products.
- the volume of vaping products that are currently acquired illegally.
- the legalisation passing and necessary systems to regulate, administer and report on the new arrangements being in place by 1 July 2023.

## Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- The average expenditure of individuals who use e-cigarettes on vaping products would range from \$800 to over \$1,200 in 2023-24 and would grow in line with the consumer price index (CPI).
- Consumers are sensitive to the price of e-cigarettes. This is informed by overseas research which estimates the price elasticity of demand for e-cigarettes to be approximately -1.9, indicating that for a 1% increase in the price of e-cigarettes, sales would decrease by 1.9%.
- Excise duty and GST would be passed on to the consumer.
- Annual growth in users of e-cigarettes would be higher than otherwise as a result of the options due to their improved accessibility, relatively lower cost and popularity. Growth in consumption of e-cigarettes would be partially offset by a reduction in consumption of tobacco due to the comparatively higher cost of tobacco cigarettes, and the substitutive nature of e-cigarettes.

## Methodology

The proportion of the Australian population aged over 18 who use e-cigarettes was projected over the medium term by taking the current rate of e-cigarette consumers from ABS data and growing this rate in line with assumed uptake of vaping in the current policy environment, adjusted for a further increase expected from the introduction of the policy from 1 July 2023 in line with the increase observed in the USA.

To determine the pre-tax cost base on which the different excise options were applied, the average expenditure on e-cigarettes by an individual each year was multiplied by the estimated number of people who consume e-cigarettes in Australia.

The total cost was then increased by the respective excise options, grown in line with CPI and adjusted to reflect the elasticity of demand of individuals in response to each option. The increase in GST revenue was also calculated by estimating the difference between total sales and e-cigarettes acquired with a prescription.

Departmental costs for the Department of Home Affairs reflect expenses to implement systems to administer and report on the new tax and for ongoing collection of the tax. Departmental costs for the Department of Health and Aged Care reflect estimated expenses to test products for prohibited ingredients, increase inspections of manufacturers, importers, wholesalers and retailers, and to communicate these changes to stakeholders. These costs have been projected over the medium term in line with relevant wage cost index.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.<sup>1</sup>

## Data sources

Australian Bureau of Statistics (2021), [Smoking, 2020-21 financial year | Australian Bureau of Statistics \(abs.gov.au\)](#), Australian Government.

Australian Tobacco Harm Reduction Association (2019), [ATHRA: Vaping cost](#)

Cheng, K.W., Shang, C., Lee, H.M., Chaloupka, F.J., Fong, G.T., Borland, R., Heckman, B.W., Hitchman, S.C., O'Connor, R.J., Levy, D.T. and Cummings, K.M., (2021). [Costs of vaping: evidence from ITC Four Country Smoking and Vaping Survey \(bmj.com\)](#). *Tobacco control*.

Commonwealth of Australia, 2023. *2023-24 Budget Paper No. 2*. Canberra.

Department of Health and Aged Care (2018), [Department of Health | Smoking prevalence rates](#), Australian Government.

Huang, J., Tauras, J., & Chaloupka, F. J. (2014). [The impact of price and tobacco control policies on the demand for electronic nicotine delivery systems](#). *Tobacco control*.

The Department of Finance and the Treasury provided economic parameters as at the 2023-24 Budget.

The Department of Health and Aged Care provided data on legal use of e-cigarettes.

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<sup>1</sup> [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Budget\\_Office/Costings\\_and\\_budget\\_information](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information)

## Attachment A – Legalisation of Vaping Products – financial implications

Table A1: Legalisation of Vaping Products – Option 1: 5% excise – Fiscal balance (\$m)<sup>(a)</sup>

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b>Revenue</b>													
<i>Administered tax</i>													
<i>GST</i>	57.0	74.0	106.0	105.0	103.0	130.0	143.0	156.0	170.0	184.0	198.0	342.0	1,426.0
<i>E-Cigarette excise</i>	33.0	43.0	54.0	62.0	64.0	79.0	87.0	96.0	106.0	115.0	125.0	192.0	864.0
<i>Tobacco excise</i>	-48.7	-50.7	-51.6	-51.2	-51.0	-50.7	-50.7	-50.6	-50.7	-50.8	-50.8	-202.2	-557.5
<b>Total – administered tax</b>	<b>41.3</b>	<b>66.3</b>	<b>108.4</b>	<b>115.8</b>	<b>116.0</b>	<b>158.3</b>	<b>179.3</b>	<b>201.4</b>	<b>225.3</b>	<b>248.2</b>	<b>272.2</b>	<b>331.8</b>	<b>1,732.5</b>
<b>Expenses</b>													
<i>Administered</i>													
<i>GST payments to states and territories</i>	-52.0	-73.0	-103.0	-105.0	-104.0	-127.0	-141.0	-155.0	-168.0	-183.0	-197.0	-333.0	-1,408.0
<b>Total – administered</b>	<b>-52.0</b>	<b>-73.0</b>	<b>-103.0</b>	<b>-105.0</b>	<b>-104.0</b>	<b>-127.0</b>	<b>-141.0</b>	<b>-155.0</b>	<b>-168.0</b>	<b>-183.0</b>	<b>-197.0</b>	<b>-333.0</b>	<b>-1,408.0</b>
<i>Departmental</i>													
<i>Department of Home Affairs</i>	-3.8	-2.6	-1.4	-1.4	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.6	-9.2	-19.8
<i>Department of Health and Aged Care</i>	-1.6	-2.1	-4.8	-4.8	-4.9	-5.0	-5.1	-5.3	-5.4	-5.5	-5.6	-13.3	-50.1
<b>Total – departmental</b>	<b>-5.4</b>	<b>-4.7</b>	<b>-6.2</b>	<b>-6.2</b>	<b>-6.4</b>	<b>-6.5</b>	<b>-6.6</b>	<b>-6.8</b>	<b>-6.9</b>	<b>-7.0</b>	<b>-7.2</b>	<b>-22.5</b>	<b>-69.9</b>
<b>Total – expenses</b>	<b>-57.4</b>	<b>-77.7</b>	<b>-109.2</b>	<b>-111.2</b>	<b>-110.4</b>	<b>-133.5</b>	<b>-147.6</b>	<b>-161.8</b>	<b>-174.9</b>	<b>-190.0</b>	<b>-204.2</b>	<b>-355.5</b>	<b>-1,477.9</b>
<b>Total (excluding PDI)</b>	<b>-16.1</b>	<b>-11.4</b>	<b>-0.8</b>	<b>4.6</b>	<b>5.6</b>	<b>24.8</b>	<b>31.7</b>	<b>39.6</b>	<b>50.4</b>	<b>58.2</b>	<b>68.0</b>	<b>-23.7</b>	<b>254.6</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

Table A2: Legalisation of Vaping Products – Option 1: 5% excise – Underlying cash balance (\$m)<sup>(a)</sup>

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b>Receipts</b>													
<b>Administered tax</b>													
<i>GST</i>	52.0	73.0	103.0	105.0	104.0	127.0	141.0	155.0	168.0	183.0	197.0	333.0	1,408.0
<i>E-Cigarette excise</i>	30.0	42.0	54.0	62.0	64.0	77.0	87.0	96.0	105.0	115.0	124.0	188.0	856.0
<i>Tobacco excise</i>	-44.6	-50.6	-51.5	-51.2	-51.0	-50.7	-50.7	-50.6	-50.7	-50.8	-50.8	-197.9	-553.2
<b>Total – administered tax</b>	<b>37.4</b>	<b>64.4</b>	<b>105.5</b>	<b>115.8</b>	<b>117.0</b>	<b>153.3</b>	<b>177.3</b>	<b>200.4</b>	<b>222.3</b>	<b>247.2</b>	<b>270.2</b>	<b>323.1</b>	<b>1,710.8</b>
<b>Payments</b>													
<b>Administered</b>													
<i>GST payments to states and territories</i>	-52.0	-73.0	-103.0	-105.0	-104.0	-127.0	-141.0	-155.0	-168.0	-183.0	-197.0	-333.0	-1,408.0
<b>Total – administered</b>	<b>-52.0</b>	<b>-73.0</b>	<b>-103.0</b>	<b>-105.0</b>	<b>-104.0</b>	<b>-127.0</b>	<b>-141.0</b>	<b>-155.0</b>	<b>-168.0</b>	<b>-183.0</b>	<b>-197.0</b>	<b>-333.0</b>	<b>-1,408.0</b>
<b>Departmental</b>													
<i>Department of Home Affairs</i>	-3.8	-2.6	-1.4	-1.4	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.6	-9.2	-19.8
<i>Department of Health and Aged Care</i>	-1.6	-2.1	-4.8	-4.8	-4.9	-5.0	-5.1	-5.3	-5.4	-5.5	-5.6	-13.3	-50.1
<b>Total – departmental</b>	<b>-5.4</b>	<b>-4.7</b>	<b>-6.2</b>	<b>-6.2</b>	<b>-6.4</b>	<b>-6.5</b>	<b>-6.6</b>	<b>-6.8</b>	<b>-6.9</b>	<b>-7.0</b>	<b>-7.2</b>	<b>-22.5</b>	<b>-69.9</b>
<b>Total – payments</b>	<b>-57.4</b>	<b>-77.7</b>	<b>-109.2</b>	<b>-111.2</b>	<b>-110.4</b>	<b>-133.5</b>	<b>-147.6</b>	<b>-161.8</b>	<b>-174.9</b>	<b>-190.0</b>	<b>-204.2</b>	<b>-355.5</b>	<b>-1,477.9</b>
<b>Total (excluding PDI)</b>	<b>-20.0</b>	<b>-13.3</b>	<b>-3.7</b>	<b>4.6</b>	<b>6.6</b>	<b>19.8</b>	<b>29.7</b>	<b>38.6</b>	<b>47.4</b>	<b>57.2</b>	<b>66.0</b>	<b>-32.4</b>	<b>232.9</b>

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

Table A3: Legalisation of Vaping Products – Option 2: 10% excise – Fiscal balance (\$m)<sup>(a)</sup>

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b>Revenue</b>													
<b>Administered tax</b>													
<i>GST</i>	51.0	68.0	97.0	97.0	94.0	119.0	130.0	142.0	155.0	168.0	181.0	313.0	1,302.0
<i>E-Cigarette excise</i>	61.0	81.0	102.0	117.0	120.0	147.0	164.0	181.0	198.0	216.0	235.0	361.0	1,622.0
<i>Tobacco excise</i>	-43.5	-45.4	-46.1	-45.8	-45.6	-45.4	-45.4	-45.3	-45.4	-45.5	-45.4	-180.8	-498.8
<b>Total – administered tax</b>	<b>68.5</b>	<b>103.6</b>	<b>152.9</b>	<b>168.2</b>	<b>168.4</b>	<b>220.6</b>	<b>248.6</b>	<b>277.7</b>	<b>307.6</b>	<b>338.5</b>	<b>370.6</b>	<b>493.2</b>	<b>2,425.2</b>
<b>Expenses</b>													
<b>Administered</b>													
<i>GST payments to states and territories</i>	-47.0	-67.0	-95.0	-97.0	-94.0	-117.0	-129.0	-141.0	-154.0	-167.0	-180.0	-306.0	-1,288.0
<b>Total – administered</b>	<b>-47.0</b>	<b>-67.0</b>	<b>-95.0</b>	<b>-97.0</b>	<b>-94.0</b>	<b>-117.0</b>	<b>-129.0</b>	<b>-141.0</b>	<b>-154.0</b>	<b>-167.0</b>	<b>-180.0</b>	<b>-306.0</b>	<b>-1,288.0</b>
<b>Departmental</b>													
<i>Department of Home Affairs</i>	-3.8	-2.6	-1.4	-1.4	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.6	-9.2	-19.8
<i>Department of Health and Aged Care</i>	-1.6	-2.1	-4.8	-4.8	-4.9	-5.0	-5.1	-5.3	-5.4	-5.5	-5.6	-13.3	-50.1
<b>Total – departmental</b>	<b>-5.4</b>	<b>-4.7</b>	<b>-6.2</b>	<b>-6.2</b>	<b>-6.4</b>	<b>-6.5</b>	<b>-6.6</b>	<b>-6.8</b>	<b>-6.9</b>	<b>-7.0</b>	<b>-7.2</b>	<b>-22.5</b>	<b>-69.9</b>
<b>Total – expenses</b>	<b>-52.4</b>	<b>-71.7</b>	<b>-101.2</b>	<b>-103.2</b>	<b>-100.4</b>	<b>-123.5</b>	<b>-135.6</b>	<b>-147.8</b>	<b>-160.9</b>	<b>-174.0</b>	<b>-187.2</b>	<b>-328.5</b>	<b>-1,357.9</b>
<b>Total (excluding PDI)</b>	<b>16.1</b>	<b>31.9</b>	<b>51.7</b>	<b>65.0</b>	<b>68.0</b>	<b>97.1</b>	<b>113.0</b>	<b>129.9</b>	<b>146.7</b>	<b>164.5</b>	<b>183.4</b>	<b>164.7</b>	<b>1,067.3</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

Table A4: Legalisation of Vaping Products – Option 2: 10% excise – Underlying cash balance (\$m)<sup>(a)</sup>

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b>Receipts</b>													
<b>Administered tax</b>													
<i>GST</i>	47.0	67.0	95.0	97.0	94.0	117.0	129.0	141.0	154.0	167.0	180.0	306.0	1,288.0
<i>E-Cigarette excise</i>	56.0	79.0	100.0	115.0	119.0	145.0	162.0	179.0	197.0	215.0	233.0	350.0	1,600.0
<i>Tobacco excise</i>	-39.9	-45.2	-46.1	-45.9	-45.6	-45.4	-45.4	-45.3	-45.4	-45.5	-45.4	-177.1	-495.1
<b>Total – administered tax</b>	<b>63.1</b>	<b>100.8</b>	<b>148.9</b>	<b>166.1</b>	<b>167.4</b>	<b>216.6</b>	<b>245.6</b>	<b>274.7</b>	<b>305.6</b>	<b>336.5</b>	<b>367.6</b>	<b>478.9</b>	<b>2,392.9</b>
<b>Payments</b>													
<b>Administered</b>													
<i>GST payments to states and territories</i>	-47.0	-67.0	-95.0	-97.0	-94.0	-117.0	-129.0	-141.0	-154.0	-167.0	-180.0	-306.0	-1,288.0
<b>Total – administered</b>	<b>-47.0</b>	<b>-67.0</b>	<b>-95.0</b>	<b>-97.0</b>	<b>-94.0</b>	<b>-117.0</b>	<b>-129.0</b>	<b>-141.0</b>	<b>-154.0</b>	<b>-167.0</b>	<b>-180.0</b>	<b>-306.0</b>	<b>-1,288.0</b>
<b>Departmental</b>													
<i>Department of Home Affairs</i>	-3.8	-2.6	-1.4	-1.4	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.6	-9.2	-19.8
<i>Department of Health and Aged Care</i>	-1.6	-2.1	-4.8	-4.8	-4.9	-5.0	-5.1	-5.3	-5.4	-5.5	-5.6	-13.3	-50.1
<b>Total – departmental</b>	<b>-5.4</b>	<b>-4.7</b>	<b>-6.2</b>	<b>-6.2</b>	<b>-6.4</b>	<b>-6.5</b>	<b>-6.6</b>	<b>-6.8</b>	<b>-6.9</b>	<b>-7.0</b>	<b>-7.2</b>	<b>-22.5</b>	<b>-69.9</b>
<b>Total – payments</b>	<b>-52.4</b>	<b>-71.7</b>	<b>-101.2</b>	<b>-103.2</b>	<b>-100.4</b>	<b>-123.5</b>	<b>-135.6</b>	<b>-147.8</b>	<b>-160.9</b>	<b>-174.0</b>	<b>-187.2</b>	<b>-328.5</b>	<b>-1,357.9</b>
<b>Total (excluding PDI)</b>	<b>10.7</b>	<b>29.1</b>	<b>47.7</b>	<b>62.9</b>	<b>67.0</b>	<b>93.1</b>	<b>110.0</b>	<b>126.9</b>	<b>144.7</b>	<b>162.5</b>	<b>180.4</b>	<b>150.4</b>	<b>1,035.0</b>

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.



Table A5: Legalisation of Vaping Products – Option 3: 20% excise – Fiscal balance (\$m)<sup>(a)</sup>

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b>Revenue</b>													
<b>Administered tax</b>													
<i>GST</i>	41.0	55.0	80.0	79.0	74.0	97.0	106.0	115.0	125.0	135.0	146.0	255.0	1,053.0
<i>E-Cigarette excise</i>	103.0	135.0	171.0	195.0	200.0	246.0	273.0	302.0	331.0	361.0	392.0	604.0	2,709.0
<i>Tobacco excise</i>	-33.3	-34.8	-35.3	-35.1	-34.9	-34.7	-34.7	-34.7	-34.8	-34.8	-34.8	-138.5	-381.9
<b>Total – administered tax</b>	<b>110.7</b>	<b>155.2</b>	<b>215.7</b>	<b>238.9</b>	<b>239.1</b>	<b>308.3</b>	<b>344.3</b>	<b>382.3</b>	<b>421.2</b>	<b>461.2</b>	<b>503.2</b>	<b>720.5</b>	<b>3,380.1</b>
<b>Expenses</b>													
<b>Administered</b>													
<i>GST payments to states and territories</i>	-37.0	-54.0	-78.0	-79.0	-75.0	-95.0	-105.0	-115.0	-124.0	-135.0	-145.0	-248.0	-1,042.0
<b>Total – administered</b>	<b>-37.0</b>	<b>-54.0</b>	<b>-78.0</b>	<b>-79.0</b>	<b>-75.0</b>	<b>-95.0</b>	<b>-105.0</b>	<b>-115.0</b>	<b>-124.0</b>	<b>-135.0</b>	<b>-145.0</b>	<b>-248.0</b>	<b>-1,042.0</b>
<b>Departmental</b>													
<i>Department of Home Affairs</i>	-3.8	-2.6	-1.4	-1.4	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.6	-9.2	-19.8
<i>Department of Health and Aged Care</i>	-1.6	-2.1	-4.8	-4.8	-4.9	-5.0	-5.1	-5.3	-5.4	-5.5	-5.6	-13.3	-50.1
<b>Total – departmental</b>	<b>-5.4</b>	<b>-4.7</b>	<b>-6.2</b>	<b>-6.2</b>	<b>-6.4</b>	<b>-6.5</b>	<b>-6.6</b>	<b>-6.8</b>	<b>-6.9</b>	<b>-7.0</b>	<b>-7.2</b>	<b>-22.5</b>	<b>-69.9</b>
<b>Total – expenses</b>	<b>-42.4</b>	<b>-58.7</b>	<b>-84.2</b>	<b>-85.2</b>	<b>-81.4</b>	<b>-101.5</b>	<b>-111.6</b>	<b>-121.8</b>	<b>-130.9</b>	<b>-142.0</b>	<b>-152.2</b>	<b>-270.5</b>	<b>-1,111.9</b>
<b>Total (excluding PDI)</b>	<b>68.3</b>	<b>96.5</b>	<b>131.5</b>	<b>153.7</b>	<b>157.7</b>	<b>206.8</b>	<b>232.7</b>	<b>260.5</b>	<b>290.3</b>	<b>319.2</b>	<b>351.0</b>	<b>450.0</b>	<b>2,268.2</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

Table A6: Legalisation of Vaping Products – Option 3: 20% excise – Underlying cash balance (\$m)<sup>(a)</sup>

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b>Receipts</b>													
<b>Administered tax</b>													
<i>GST</i>	37.0	54.0	78.0	79.0	75.0	95.0	105.0	115.0	124.0	135.0	145.0	248.0	1,042.0
<i>E-Cigarette excise</i>	94.0	133.0	168.0	193.0	199.0	242.0	271.0	299.0	329.0	359.0	390.0	588.0	2,677.0
<i>Tobacco excise</i>	-30.6	-34.6	-35.3	-35.1	-34.9	-34.8	-34.7	-34.7	-34.7	-34.8	-34.8	-135.6	-379.0
<b>Total – administered tax</b>	<b>100.4</b>	<b>152.4</b>	<b>210.7</b>	<b>236.9</b>	<b>239.1</b>	<b>302.2</b>	<b>341.3</b>	<b>379.3</b>	<b>418.3</b>	<b>459.2</b>	<b>500.2</b>	<b>700.4</b>	<b>3,340.0</b>
<b>Payments</b>													
<b>Administered</b>													
<i>GST payments to states and territories</i>	-37.0	-54.0	-78.0	-79.0	-75.0	-95.0	-105.0	-115.0	-124.0	-135.0	-145.0	-248.0	-1,042.0
<b>Total – administered</b>	<b>-37.0</b>	<b>-54.0</b>	<b>-78.0</b>	<b>-79.0</b>	<b>-75.0</b>	<b>-95.0</b>	<b>-105.0</b>	<b>-115.0</b>	<b>-124.0</b>	<b>-135.0</b>	<b>-145.0</b>	<b>-248.0</b>	<b>-1,042.0</b>
<b>Departmental</b>													
<i>Department of Home Affairs</i>	-3.8	-2.6	-1.4	-1.4	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.6	-9.2	-19.8
<i>Department of Health and Aged Care</i>	-1.6	-2.1	-4.8	-4.8	-4.9	-5.0	-5.1	-5.3	-5.4	-5.5	-5.6	-13.3	-50.1
<b>Total – departmental</b>	<b>-5.4</b>	<b>-4.7</b>	<b>-6.2</b>	<b>-6.2</b>	<b>-6.4</b>	<b>-6.5</b>	<b>-6.6</b>	<b>-6.8</b>	<b>-6.9</b>	<b>-7.0</b>	<b>-7.2</b>	<b>-22.5</b>	<b>-69.9</b>
<b>Total – payments</b>	<b>-42.4</b>	<b>-58.7</b>	<b>-84.2</b>	<b>-85.2</b>	<b>-81.4</b>	<b>-101.5</b>	<b>-111.6</b>	<b>-121.8</b>	<b>-130.9</b>	<b>-142.0</b>	<b>-152.2</b>	<b>-270.5</b>	<b>-1,111.9</b>
<b>Total (excluding PDI)</b>	<b>58.0</b>	<b>93.7</b>	<b>126.5</b>	<b>151.7</b>	<b>157.7</b>	<b>200.7</b>	<b>229.7</b>	<b>257.5</b>	<b>287.4</b>	<b>317.2</b>	<b>348.0</b>	<b>429.9</b>	<b>2,228.1</b>

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

**Table A7: Legalisation of Vaping Products – Option 1: 5% excise – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b>Fiscal balance</b>	-0.3	-0.9	-1.2	-1.2	-1.1	-0.7	0.2	1.4	3.1	5.2	7.7	-3.6	12.2
<b>Underlying cash balance</b>	-0.3	-0.8	-1.1	-1.2	-1.1	-0.8	0.0	1.2	2.8	4.8	7.3	-3.4	10.8

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary<sup>2</sup>.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- Indicates nil.

**Table A8: Legalisation of Vaping Products – Option 2: 10% excise – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b>Fiscal balance</b>	0.2	0.9	2.2	4.1	6.5	9.5	13.4	18.3	24.0	30.9	38.8	7.4	148.8
<b>Underlying cash balance</b>	0.2	0.7	1.9	3.8	6.0	8.9	12.7	17.4	23.0	29.6	37.4	6.6	141.6

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- Indicates nil.

<sup>2</sup> [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)

**Table A9: Legalisation of Vaping Products – Option 3: 20% excise – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b><i>Fiscal balance</i></b>	1.0	3.5	7.3	12.1	17.8	24.6	33.2	43.3	55.2	68.9	84.8	23.9	351.7
<b><i>Underlying cash balance</i></b>	0.8	3.1	6.6	11.3	16.8	23.4	31.7	41.5	53.0	66.4	82.0	21.8	336.6

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary<sup>3</sup>.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- Indicates nil.

<sup>3</sup> [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)