

A Polluter Pays Tobacco Levy for Wales

Reading Pack for the Cross Party Group on Smoking and Health

10/02/2026 - Chaired by: John Griffiths MS

1. Purpose and Scope of the Session

Smoking remains the leading cause of preventable harm in Wales, placing long term pressure on health services and widening inequalities. While major progress has been made in tobacco control, the harms and costs of smoking will persist for many years.

The upcoming session of the Senedd Cross Party Group on Smoking and Health will be an evidence gathering discussion on the potential role of a polluter pays tobacco levy in Wales, as one approach to securing sustainable funding and placing responsibility on the tobacco industry.

The session will support informed, cross party consideration by:

- Reviewing the evidence on how tobacco levies are designed and their impact
- Learning from expert, third-sector, and cross-sector perspectives, including relevant experience from outside tobacco control.
- Exploring what different levy models could mean for Wales, including inequalities, prevention, quit support and devolved powers.

The meeting will also serve as the CPG's Annual General Meeting.

2. Guest Speakers

We are pleased to be joined by Dr Rob Branston, Senior Lecturer in Business Economics at the University of Bath, whose research focuses on the regulation and governance of the global tobacco industry.

We are also joined by leading public health experts: Professor Tracey Daskiewicz, Executive Director of Public Health at Aneurin Bevan University Health Board and President of the Faculty of Public Health, and Chris Emmerson, Consultant in Public Health at Public Health Wales.



3. Smoking and health in Wales: Current context

This section provides key Welsh data on smoking prevalence, inequalities, and the impact on health and public services, as background to discussion on levy approaches.

Smoking prevalence

- The National Survey for Wales measured smoking at 10% in 2024 to 25.¹
- Smoking rates are strongly linked to inequality. Prevalence is 8% among homeowners, compared with 18% of private renters and 30% of those in social housing.¹ Welsh Government analysis also shows rates in the most deprived areas are over double those in the least deprived.²

Health impacts

- Smoking remains the leading cause of preventable harm in Wales.
- Each year, smoking causes around **3,100 new cases of cancer, over 17,000 hospital admissions, and around 3,845 deaths** across conditions including cancer, respiratory and cardiovascular disease.³

These figures reflect a major and ongoing burden on NHS Wales.

Burden on NHS Wales and economic impacts

- Welsh Government has cited analysis estimating that **smoking costs NHS Wales around £302 million per year**. This figure is widely cited, but is based on earlier data and should be interpreted in that context.²
- Smoking also drives wider economic harms through lost productivity and broader social costs.⁴
- A recent ASH commissioned Cost Benefit and Public Finance model estimated that **smoking cost the UK economy £92.9 billion in 2024**, underlining the scale of harm relevant to Wales and all UK nations.⁵

Key points for levy discussion

- Smoking prevalence in Wales remains substantial and **inequalities are pronounced**, with **higher prevalence** in more **deprived communities**.
- The health burden is large and measurable, including thousands of smoking-attributable deaths annually.
- There is an established evidence base that smoking generates significant costs for NHS Wales and wider economic harms, central to rationale for levies.



4. What is a tobacco levy scheme?

A tobacco levy scheme is a financial mechanism that requires tobacco manufacturers or importers to contribute regularly in recognition of the health, social and economic harms caused by tobacco.

Unlike tobacco duty, which is paid by consumers at the point of sale, a levy is charged directly to the industry and can be designed to reflect the wider costs of tobacco use.



Distinction from tobacco duty

Tobacco duty is a long standing excise tax intended to reduce affordability and raise revenue.

A levy, by contrast:

- Applies to companies, not people who smoke, often based on profits or market share
- Reflects the polluter pays principle, placing responsibility on the industry
- Can direct revenue towards tobacco control, prevention and quit support⁶

The Faculty of Public Health and other health bodies argue that a levy could capture excess tobacco industry profits and help fund sustained public health action.⁷

How levies are typically structured

Common approaches include:

- Profit based levies, linked to tobacco company profits
- Market share or volume based levies, based on products placed on the market
- Wholesale price caps, paired with a levy, to reduce the risk of costs being passed on to consumers⁸

Levy based approaches have also been discussed internationally as part of wider efforts to strengthen tobacco control funding.⁹

Internationally, Canada has introduced regulations requiring tobacco companies to reimburse the federal government for the costs of its national tobacco control strategy, with fees charged in proportion to market share.

Support for levy based measures

Support for a polluter pays tobacco levy is strong across the public health and third sectors.

The Faculty of Public Health has formally endorsed a levy on tobacco companies, a position supported by the Royal Society for Public Health.⁷ **Nearly 200 doctors, professional bodies and health charities** have also called for government action through an open letter published in the British Medical Journal.¹⁰

The 2025 ASH Wales Annual Adult Population Survey found that **75% of respondents support making tobacco companies pay a levy to fund quit services and prevent youth uptake.**¹

5. Policy considerations for Wales

The legal and policy position on whether a tobacco levy could be introduced by Wales alone is an important area for discussion.

Public health policy is devolved, while taxation and levy setting powers are generally reserved. There is currently no direct precedent for a devolved administration introducing an industry specific levy, and UK wide market considerations may apply, including under the UK Internal Market Act.

However, there may be scope to explore levy like approaches through public health regulation. Wales' introduction of minimum unit pricing for alcohol demonstrates that pricing and market interventions can differ across the UK where they are clearly framed as proportionate public health measures.

Key questions for Wales include whether a levy approach could be:

- Structured as a regulatory requirement on tobacco companies rather than a tax
- Linked to a wider licensing or regulatory framework
- Designed in a way that aligns with devolved public health powers

Further legal and policy analysis would be required to assess feasibility and implementation.

Implications for design and delivery

Whether pursued on a Wales only or UK wide basis, any levy model would need to consider:

- Minimising the risk of costs being passed on to consumers, particularly in communities with higher smoking prevalence
- Supporting sustained investment in prevention and quit support, aligned with Welsh Government strategies
- Protecting the policy from tobacco industry interference or avoidance

Clear governance, transparency and communication would be essential to maintain public trust and demonstrate that any levy targets industry responsibility and delivers measurable health benefit.



References

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