



28 April 2017

Red Tape Committee
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To Whom it May Concern,

NRA welcomes the red tape reception approach to reducing the impact on tobacco retail. NRA makes the following submission to the Senate Select Committee on Red Tape, based on the impact of red tape on all tobacco retailers.

Our submission is to emphasise the importance of legal tobacco to retailers in a mixture of categories and the significance that this product can have to the viability of some stores. Excessive red tape burden on retailers in each state has added real complexity to a category that isn't warranted.

Whilst NRA understands the need for regulation with tobacco retailing, the inconsistency across the ages in the approach to these regulations causes concern for businesses with national coverage.

Ever-changing tobacco regulations impact all businesses, from national chain stores all the way down to single store operators as they attempt to balance red tape requirements with the expectations of consumers.

NRA welcomes the opportunity to be involved in this inquiry as well as any being involved in any additional consultation.

Tobacco retailers include:

- Supermarkets and grocery stores
- Convenience stores
- Newsagents
- Liquor stores
- Petrol stations
- Tobacconists
- Hotels and clubs
- Mixed businesses

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About the National Retail Association

The National Retail Association (NRA) is Australia's largest and most representative retail industry organisation, servicing more than 20,000 stores and outlets nationwide. NRA is a not-for-profit organisation built on strong relationships with our members.

We exist to help retail and service sector businesses comply with an ever changing and growing regulatory environment. Our services are delivered by highly trained and well-qualified in-house experts with industry specific knowledge and experience. We provide professional services and critical information right across the retail industry, including the majority of national retail chains and thousands of small businesses, independent retailers, franchisees and other service sector employers.

Members are drawn from all sub-categories of retail including fashion, groceries, department stores, household goods, hardware, fast food, cafes and personal services like hairdressing and beauty.

In Queensland, our membership is comprised of over 5,000 stores and outlets, across all regions and across all the sub-categories of retail products. The NRA has represented the interests of retailers and the broader service sector for almost 100 years. Our aim is to help Australian retail businesses grow.

Minors

In relation to the supply of tobacco products to minors, NRA considers all states have adequate power to effectively deal with retailers' rights to sell tobacco products, should a retailer be convicted of supplying tobacco products to persons under 18 years old.

Signage

In the absence of a single national agreement on the approach to tobacco regulation, national retailers are required to comply with individual state and territory legislation and interpretation. This results in differing policies regarding signage, storage, licensing, ticketing, definitions of tobacco products and sales to minors for each jurisdiction.

The requirements for the provision of signage differs from state to state, with some requiring differing locations and prescriptive locations for their display. This is an issue for all retailers as display cabinets and registers are fit for purpose once implemented but may need to be adapted at significant expense to suit changes in regulation.

Store ticketing and price boards have been minimised and regulated over time, which in many cases only frustrates the customer sale process, as the customer often needs to ask for a range of prices before determining their choice of product. As well as frustrating customers, this

extended sales process inevitably leads to a loss in productivity, thus increasing costs on all goods.

In some states, current laws refer to “smoking products” whilst in all other states and territories, laws refer to “tobacco products”. This ultimately means that, depending on the jurisdiction, retailers must adjust all policy documentation and training materials to reflect the different terminology.

Point of Sale

The retail industry is driven by consumer demand. Consequently, retailers need to be able to meet the needs of shoppers by having product available when customers require it. The fact remains, tobacco remains a legal product that adult consumers can choose to buy.

The number of registers where tobacco can be sold from varies from state to state. The worst example of this is in NSW, where retailers are only able to serve from one nominated register. This impacts retailers’ ability to serve their customers in an efficient manner as it often forces customers to wait in a queue for no good reason.

The removal of loyalty schemes and incentives from the sales in the tobacco category was a significant and complex IT cost for business. To ensure compliance, database upgrades (often costing millions) have been required to ensure that these items are exempted from attracting loyalty scheme incentives.

Licensing Arrangements

Many states have licensing requirements for each jurisdiction which, for a variety of reasons, are used to monitor outlets. The costs and licensing requirements of retailers in each jurisdiction differs in various ways. Obviously, this also provides a benefit to the retailer as this licensing sets them apart from those who choose to sell tobacco in illegal ways.

Licensing also establishes a current list of suppliers and wholesalers which will be beneficial for information dissemination and compliance.

Staff Training

NRA supports the need for dedicated training on the sale of tobacco products. The enormity of this task for businesses with a large workforce is compounded by the inconsistencies and nuances across jurisdictions. In many cases, this training is paper based and dealt with on a store by store basis.

With modern training initiatives moving to an online delivery, inconsistencies in legislation across jurisdictions create a level of complexity for retailers allocating training on a site by site basis, and at differing time frames, to ensure compliance.

Modern Retailing

Since the sale of tobacco products generates low profit margins for retailers, the additional costs and administrative issues involved in implementing ongoing red tape would negatively affect the viability of these businesses. For many smaller businesses, tobacco isn't their primary business, but instead is a secondary trade that attracts customers through the door.

Business works across the nation to supply goods and services which in some cases do not follow borders in the same way legislation does. In many cases, distribution centres and supply chains across the nation are border blind, with product and administrative support in many cases working across borders to support retail outlets. This means in some cases the one distribution centre and management team work across two jurisdictions on a day to day basis.

Without regular and constant tobacco sales, many business would be see reductions in turnover with a raft of follow on ramifications.

Public health objectives

NRA understands the intention of regulations surrounding the retailing of legal tobacco exist for the purpose of improving health outcomes for society by reducing smoking.

NRA also understands that regulations play an important role in the long-term health impacts of smoking and that the expense is ultimately borne by our communities.

Illegal Trade

The NRA is concerned about the rise in the illegal tobacco market within Australia, this highlights that tobacco is now attractive to those attempting to avoid paying taxes. In a recent example the Austrian Border Force Tobacco strike team seized a large volume container bound for the Australian market that contained a significant amount of tobacco with an excise value of over 10 million.

“More than 75 sea cargo consignments linked to the syndicate were identified as being suspected of containing undeclared tobacco, with the total amount of duty evaded more than \$10 million.

ABF Assistant Commissioner Wayne Buchhorn said border officers were successfully disrupting the supply of illicit tobacco and dismantling criminal syndicates that supported it”

Conclusion

We hope that by highlighting the issues that exist across the states and territories and forming a view on tobacco policy, NRA has demonstrated our desire to make a positive contribution to your deliberations around a way forward. NRA is keen to help government develop and implement a standard set of regulations that are a sensible balance of policy from across all states and territories.

All retail businesses, whether they be small, medium or large, are cost sensitive. When a retail business considers ways it can innovate and acquire an edge over its competitors, they are required to factor in a range of costs such as labour, tenancy and overheads, together with the myriad of regulations they are forced to comply with.

As long as tobacco products remain legal, the ordinary principles of free market competition should apply to businesses who sell tobacco products to adults. The effect of tobacco regulations impacts small businesses, resulting in reduced sales, loss of economic opportunity and constrained employment opportunities.

It is time for businesses to be permitted to serve their customers in a nationally consistent manner and run their businesses without the continual imposts of red tape and excessive regulations when it comes to the sale of legal tobacco.

We appreciate your assistance in this matter and look forward to hearing from you. I may be contacted on [REDACTED]

Yours faithfully,

[REDACTED]

David Stout

Manager of Industry Policy, Research and Projects