

Sent: Friday, 22 July 2011 8:31 PM
To: Committee, HAA (REPS)
Subject: Sub 057: Submissions to the House of Representatives Standing Committee on Health and Ageing Inquiry into Tobacco Plain Packaging

I find it ludicrous that we are forced to make a submission on this issue three times. It seems the decision has already been made and no number of submissions will sway the governments decision. I would suggest that the House of Representatives Standing Committee take the time to check submissions made to the Federal Department of Health and Ageing's Consultation on Plain Packaging for an indication on what plain packaging will do to the small business community in Australia. In particular the submissions already forwarded by our own association.

CAMBA represents small independent retailers who are those that will be most affected by this legislation. What must be considered is that the basis of this legislation formulated after the Health Task Force recommendations is flawed and has no real merit. I just wonder where the Taskforce got the information that lead to this idea. Information they seem to consider is fact like:

"The taskforce said plain packaging would:

- Increase the impact of health warning messages (you would have to be blind not to see them now)
- Reduce the ability of tobacco companies to mislead consumers into believing that some cigarettes are less harmful than others (contrary to popular belief smokers are not that stupid)
- Make cigarettes look less attractive (to whom and who said they looked pretty anyway)
- Reduce the appeal and desirability of smoking generally (nothing appealing and desirable about a plastic bag of chop chop and its tripled in sales in the last three years)"

These are Minister Roxons own words (minus the brackets), when do we get to see where her research came from. The very research that they are basing this idea on.

It seems the only real argument in support of plain packaging is the line "anything that can be done to reduce smoking should be done" and my favourite "if tobacco companies don't want it it must be a good idea".

If everything that could be done WAS done then small businesses would have no issue with this idea. But while the government ignores calls to make it illegal for children to buy tobacco and consume it in public much like the liquor industry it is very hard to agree to this idea. While the government sees no merit in determining a fixed minimum price for tobacco products to reduce black market and heavy discounting a well as cheap imports then it is impossible to justify the current legislation which will simply drive sales from small business to large chains and cause a black market explosion, not to mention drastically reduce the excise tax income due to lower cost and sell prices.

If the Standing Committee understood retail they would not question the activities of the tobacco companies. Of course they want to fight this to protect their brands. It is what helps them stand out and promotes brand loyalty and repeat purchases of their brands. Without branding, price becomes the main focus for purchasing decisions. This opens the gate for cheap imports and generics and most importantly black market tobacco. This is what the tobacco companies do not want. This is also why small businesses will be crucified if this goes ahead. They do not have access to generics, or cheap imports but rely on the local manufacturers to provide stock. This puts them at a distinct disadvantage as the major chains ship in discounted brands and undercut the locally made product making it impossible for them to compete on a level field. Black market tobacco has already become extremely sophisticated in recent years and small businesses who wish to do the right thing will be disadvantaged as internet sales as well as illegal tobacco

will grow to epic proportions. Any attempt to raise excise tax due to discounting will simply make this even more attractive.

Discounting as well as petrol docket and loyalty points encourage stockpiling. Stockpiling is the habit smokers have of buying extra products when on special or to make up the \$30 minimum required to get a petrol docket. It is also often a justification for smokers who rationalise their habit by stating they have saved money. This leads to smokers having excess cigarettes at home in a drawer and as any smoker will tell you, when your running out you ration yourself-If you have a drawer full you smoke more. It is also how many children are able to access cigarettes by stealing from their parents stash. The practice of stockpiling should be discouraged at all costs.

All these problems will be exacerbated by plain packaging and there is still no suggestion that this will do anything to reduce tobacco use or anything that the taskforce suggested it would do. So why do it?

Having read the proposed legislation and if it should go ahead, I do have a couple of suggestions.

- I support the idea that the brand and variant be printed on front, top and bottom of packaging. This will make it a lot easier to identify the right product at point of sale.
- I suggest the font although not specified should be in white so that the information can be easily seen in a retail environment such as inside a dark drawer or behind a cupboard door.
- I oppose the idea that it be permissible for an individual to buy and have in their possession illegally packaged tobacco so long as it is for personal use as this will leave the gates open for a huge black market trade. Although the penalties like illegal drugs should be reduced.
- I strongly suggest that in order to ensure a minimum of impact on the total retail landscape this must be introduced in conjunction with FIXED minimum retail pricing for tobacco products. Any retailer who wishes to sell below minimum price to another retailer as do most specialty tobacco retailers must be licensed to do so and only to a retailer who has an ABN. Any business caught selling to the public below the minimum price will risk losing their ability to retail tobacco. This will protect the small retailers from cheap imports, reduce the impact of black market and protect excise tax income levels. Fixed prices will also discourage stockpiling.
- I suggest that the legislation should also include a total Australia wide ban on the issue of loyalty points and petrol docket with tobacco purchases.
- I suggest that it should be made illegal for under 18's to purchase tobacco and to use tobacco in public much the same as current liquor laws. This will give unprecedented power to police to stop children harassing shopkeepers who refuse to sell tobacco to under aged as well as give a valuable tool to schools to help control the incidence of smoking in schools where many children are encouraged through peer pressure to start smoking.

I wish to point out that our members do not wish to encourage smoking and in most cases would prefer not to sell them. However, the impact on their business if they do not sell tobacco is devastating with between 30%-50% of total store turnover being tobacco products. This has the impact of not only reducing their total income but the incidental sales that come from the buyers of tobacco products having a multiplier effect. It also effects the resale value of their business as turnover is used to determine the value of a business for sale. Whatever is decided I ask that all these factors be taken into account and the devastating impact on small businesses be considered so that the legislation does not benefit one retailing sector over the other.

Kind Regards,

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