

HEALTHY TASMANIA FIVE YEAR STRATEGIC PLAN-COMMUNITY CONSULTATION

DRAFT DECEMBER 2015

**Submission by Master Grocers Australia
February 2016**

Introduction

Master Grocers Australia (MGA) is a National Employer Industry Association and welcomes the opportunity to make a comment on the Consultation Draft of the 'Healthy Tasmania Five year Strategic Plan' and thanks the Tasmanian Government and the Department of Health and Human Services for the opportunity to make this submission.

MGA represents the Independent Grocery and Liquor Supermarkets in Tasmania, Victoria, New South Wales, ACT, Western Australia, South Australia, Queensland and the Northern Territory. Independent Supermarkets trade under brand names, such as IGA, Foodland, FoodWorks, Friendly Grocers and SPAR, and they range in size from small, to medium and large businesses.

Independent Supermarkets play a major role in the retail industry and make a substantial contribution to the communities in which they trade. In Australia there are 2,100 independently owned IGA, Foodland, FoodWorks, Friendly Grocers and SPAR branded supermarkets employing over 115,000 full time, part time and casual staff, representing \$14 billion in retail sales. Many MGA members are small family businesses, employing 25 or fewer staff.

MGA makes this submission on behalf of our Tasmanian members in particular, in response to the paper, 'Healthy Tasmania Five year Strategic Plan - Community Consultation Draft, December 2015 (the Draft)'. MGA submits that our focus in this submission in respect of the Draft specifically relates to Potential Future Initiative No 7 and the related questions.

MGA notes the objectives of the Tasmania Government Five Year Strategic Plan which includes a commitment to reforming Tasmania's health system so as to provide safer and sustainable health services to the Tasmanian community. The aim being to make Tasmania the healthiest State and commends the Tasmanian Governments' aim to provide a complete preventive health system through education, empowerment of the community, the provision of information services and health care.

MGA Comment on Potential Future Initiative No 7 and the related questions.

In the past there have been various proposals to reduce smoking levels amongst young people in the best interests of community health. The most recent proposal to reduce the incidence of smoking amongst young people is contained on Initiative No 7. MGA will provide reasons why we do not support Initiative No.7, which sets out to raise the minimum legal smoking age beyond 18 years. It would be illegal initially for

retailers to sell tobacco products to anybody in the age group 18 to 21 and subsequently to the age of 25. MGA submits that the restrictions that are being proposed are likely to meet with rejection particularly from young people and the consequences and complexities it may create that could otherwise be avoided through sound education programs in schools and later through the media.

MGA agrees that the community should be discouraged from smoking in the interests of public health and well-being and therefore supports the current regulatory framework in Tasmania which acts as a deterrent to taking up the smoking habit. MGA has stated on numerous occasions, in earlier submissions to various State and Territory Governments, that MGA is concerned about the impact of smoking in the community. However, MGA has also pointed out the impracticality of many of the existing legal restrictions that have been placed on retailers who provide smoking products to the community. Retailers have already been burdened with increased costs as a result of the passing of laws, to remove tobacco from display, in the States and Territories and now this initiative is likely to place a further significant burden on to small businesses in Tasmania.

Problems associated with Potential Future Initiative No 7

a) The apparent contradiction of using the age of 18 for the purposes voting, driving, consumption/ purchasing of alcohol, yet denying the choice of legally purchasing tobacco products

At the age of 18 years a young person is able to vote in federal and State elections and is able to be married. He or she is able to legally drive a motor vehicle at this age, if not earlier in some states and is able to consume alcohol. Therefore, a person is regarded as an adult for most purposes that require the exercise of some personal responsibility. The person at the age of 18 is able to make decisions that all of us in a free society regard as a right and for a Government to impose a restriction on an individual to make their own decision about their health is a denial of a human right and will only reflect an attempt on the part of the Government to be paternalistic and patronizing.

Denying a person that right, even though the motivation may be to protect the health of that person, is a breach of the person's freedom to choose for themselves. It is entirely understandable that a Government should restrict sales of legal products if there is any threat to the security of the community or the need to safeguard private and public property but it is not the place of any Government to make paternalistic judgments about a person's right to make their own choices. It is

appreciated that children particularly are vulnerable to taking up the smoking habit and this is where the government needs to direct its influence. Targeting schools and community groups and encouraging sport amongst young people are all positive and beneficial ways to reduce smoking. Helping people to quit the habit has been a positive feature of many organizations and publicity around “quit” campaigns are commendable and projects such as these which carry weight in the community. However, the individual should be allowed to make his or her own decisions and MGA submits that patronizing and condescending proposals to impose Tasmania.

b) Enforcement of the prohibition.

As with any law that denies a right to purchase a product that is freely available for purchase to alternative opportunities will be sought. Already as laws have become more restrictive in Australia for the purchase of tobacco products there has been an increase in the black marketing of tobacco. Recently in Victoria an estimated \$15 million in excise value of illegal tobacco was seized by the Australian tax office. It was believed that the illegal tobacco was to be distributed across Australia for sale through pop-up stores and other outlets. ([www.theage.com.au/victoria/authorities-seize 15 million illegal tobacco](http://www.theage.com.au/victoria/authorities-seize-15-million-illegal-tobacco)) This prohibition this will have the effect of driving tobacco outlets underground where the product can be sold illegally, making the item costly and increasing criminal activity.

A 2014 KPMG report attributes the surge in illegal tobacco to Australia's high tax rates and the introduction of plain packaging. The Illicit cigarettes regularly have no health warnings and fail to comply with plain packaging requirements. According to KPMG's report, illegal tobacco consumption jumped more than 2 per cent in 2013 and accounts for almost 14 per cent of the Australian market costing the Australian taxpayer \$1.35 Billion in lost revenue. The increase in illegal tobacco sales can largely be attributed to rising cost of lawfully sold tobacco. The redistribution of sales evidences that consumers of tobacco will endeavor to make every effort access tobacco irrespective of government efforts to limit availability.

History has proven that where people are denied an opportunity to purchase a product that is legally available elsewhere there will be an inevitable rise in criminality. If this law is introduced in Tasmania

the repercussions that were felt in the USA as a result of the Volstead Act ¹will have similar results in Tasmania. The prohibition in the United States came into force prohibiting the manufacture, sale, transportation import or export of intoxicating liquors. Rather than stopping people from drinking the prohibition created additional problems moving the supply chain away from regulated businesses and towards organized crime. As the prohibition failed in the United States and created unforeseen problems, the proposed Bill in Tasmania will also fail to meet its desired effects.

c) Encouraging illegal identification by individuals

It has been proven that where individuals want access to services that they attempt to circumvent the law by producing false identification. This has repercussions for the individual and also for those who accept identity on face value. Creating laws that will produce criminal results will only serve to cause greater problems when continuing to implement education programs would have a much more positive result.

d) Burdening employees with identifying a person's age for sales purposes

Every State and territory has regulations relating to the sale of cigarettes to minors and every retailer who sells cigarettes has a legal requirement to ensure that sales staff are trained to ensure that the safety of minors is protected against being able to make a purchase of a tobacco product. Although retailers do not abrogate from their obligation to protect young people nevertheless there is a cost involved. Should this restriction on the sales of tobacco products be introduced there will be yet another compliance burden for retailers. It is already difficult to determine the age of a person who seeks to make a tobacco product purchase and difficulty of determining age is likely to be increased even further should this law be implemented. Fines are already at a high level and the increase in numbers of prosecutions will undoubtedly increase over time. The proposed changes will impose a financial burden and create practical difficulties for independent supermarket retailers without achieving any substantial gains for the community. MGA has concerns that Initiative No 7 will have other damaging effects on independent supermarkets, liquor stores and the community generally, if

¹ The National Prohibition Act 1919 USA prohibition of intoxicating liquor

Initiative No 7 becomes law. It will also adversely impact Tasmanian retailers, particularly the hundreds of small businesses who employ Tasmanians and pay tax through their entirely legal operations supplying a lawful product to adult consumers.

Retailers, who already invest significant funds into existing compliance measures, will be forced to invest additional time and money into training staff to distinguish a customer's date of birth, further complicating existing challenges faced by young checkout operators.

Young shoppers, who are the focus of Initiative are already widely accustomed to purchasing products online, particularly those that cannot be lawfully purchased in Australia. Consumers of tobacco products, who cannot purchase cigarettes in Tasmania, will simply purchase those products online, or interstate, where no other states have flagged introducing a similar amendments. As a result, the Initiative will gouge tax revenue from the State and devalue Tasmanian retailer's businesses who know their businesses are valued on future profit – which this law would devastate immediately.

e. Impact on tourists and visitors to the State

It is likely that tourists and visitors would be concerned by the these laws as they would find it unusual and confusing to have to contend what could be seen as a radical set of rules. It would not provide a progressive image for the State but could be viewed as paternalistic and patronizing. The long term benefits are obviously well intentioned but with the continuation of current educational programs the same result might be achieved and the image of Tasmania as an attractive, liberal State maintained.

Conclusion

The Proposed Initiative 7 will adversely impact Tasmanian retailers, particularly the hundreds of small businesses who employ Tasmanians and pay tax through their entirely legal operations supplying a lawful product to adult consumers.

Retailers, who already invest significant funds into existing compliance measures, will be forced to invest additional time and money into training staff to distinguish a customer's date of birth, further complicating existing challenges faced by young checkout operators.

Young shoppers, who are the focus of this Bill, are already widely accustomed to purchasing products online, particularly those that cannot be lawfully purchased in Australia. Consumers of tobacco products, who cannot purchase cigarettes in Tasmania, will simply purchase those products online, or interstate, where no other states have flagged introducing a similar initiative. As a result, the Bill will gouge tax revenue from the State and devalue Tasmanian retailer's businesses who know their businesses are valued on future profit – which this initiative would devastate immediately.

MGA agrees that the community should be discouraged from smoking in the interests of public health and well-being and therefore supports the current regulatory framework in Tasmania which acts as a deterrent to taking up the smoking habit. MGA has stated on numerous occasions, in earlier submissions to various State and Territory Governments, that MGA is concerned about the impact of smoking in the community. However, MGA has also pointed out the impracticality of many of the existing legal restrictions that have been placed on retailers who provide smoking products to the community. Retailers have already been burdened with increased costs as a result of the passing of laws, to remove tobacco from display, in the States and Territories and now this Bill as proposed

MGA again thanks the Tasmanian Government and the Department of Health and Human Services for the opportunity to make this submission and looks forward to any further discussions that may result from this proposed Plan.

Jos de Bruin



CEO

MGA

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