

MEDIA RELEASE

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Tobacco display ban regulation a threat to Australian small business *Convenience stores face costs of up to half a billion*

The Australasian Association of Convenience Stores is calling for urgent review of the tobacco display ban legislation amid warnings that the new regulations will result in extensive job losses and closures of Australian small businesses.

A new independent report undertaken by Deloitte¹ predicts that Australian convenience stores face costs of up to half a billion dollars to comply with the display bans; the equivalent of 15,000 jobs.

Giving weight to these predictions, identical legislation introduced in Canada saw 1,875 convenience stores closed in 2008. On top of this, there is no evidence from Canada, or any other country that has introduced display bans, that the strategy has worked to decrease smoking, particularly youth smoking.

Dave Bryans, President of the Canadian Convenience Store Association, will be in Australia 10-13 November to provide a first-hand perspective to politicians, industry and media on the effects of tobacco display bans in Canada.

AACS Executive Director, Sheryle Moon says that while the Association supports government initiatives for Australia to be the healthiest country in the world by 2020 and reduce smoking rates, tobacco display bans are no more than an example of overly prescriptive government interference that looks good but achieves little.

“We all agree on the importance of reducing the number of Australians who smoke, particularly younger Australians. However all the evidence shows that while tobacco display bans have no effect on this front, there are very severe implications for small business.

“The Deloitte study estimates the 4,200 convenience stores we represent will be hit by significant compliance costs to modify existing store layouts, including initial store costs of up to \$23,000 and ongoing annual costs of up to \$18,000.

“In addition to these direct costs to comply, Deloitte estimates that the display ban will increase transaction times by 30 per cent costing individual convenience stores more than \$12,000 a year, not to mention inconveniencing all consumers,” said Ms Moon.

Ms Moon said the unintended consequences of the tobacco display ban introduced in Canada five years ago were a reliable pointer to the fact the outlook won't be any more positive for Australian retailers when this legislation is introduced here next year.

¹ http://aacs.org.au/aacs/documents/AACS_Final_Report.pdf

"In the Canadian province of Ontario, over eight per cent of independent convenience stores closed permanently and nearly 14 per cent of owners left the industry following the introduction of the display ban.

"'Going dark' also served to drive consumers to source tobacco through illicit markets, particularly youth smokers who find this market easier to access. About 33 per cent of Canada's cigarettes are now illegally manufactured and sold," she said.

"These are the types of outcomes our policy makers need to be taking into consideration before introducing misguided regulation like tobacco display bans."

The potential implications of the new regulations are so serious that they are the single most important facing this important industry today.

"Convenience stores - from mum and dad corner store operators to large manufacturing suppliers, from multi-store operators to ethnic-based and remote rural retailers - play a valuable role in the Australian community. Our members employ around 140,000 people and provide entry level job experiences for young Australians and employment for immigrant Australians.

"Convenience stores themselves also provide a valuable resource for the purchases of staples and as social hubs for regional and suburban communities. It is these small businesses and their employees that stand to lose from tobacco displays bans that have been shown to have to impact on tobacco use," Ms Moon said.

"It is easy to be overwhelmed by the health issues and make knee-jerk decisions on the way forward. What we need to do is balance the social benefit with the potential business and employment impact. If we don't, these businesses may not survive."

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About AACS

The [Australasian Association of Convenience Stores](#) (AACS) represents major convenience store retailer chains, independently operated retailers as well as petroleum and other industry suppliers, both large and small. AACS serves the convenience and petroleum retailing industry by providing industry knowledge, connections and advocacy to ensure the competitive viability of its members' businesses.

The AACS is an advocate of responsible retailing and is cognisant of community standards. It fully supports government objectives to reduce smoking rates in Australia and agrees high intensity caffeinated drinks are not suitable for children. The AACS also acknowledges that the consumer has a right to buy products which are legal and it supports consumers making informed choices.