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Tobacco sales ban: \$127 million threat to small business

Struggling NSW convenience stores will be hit with a \$127 million bill to comply with proposed tobacco display regulations according to an independent report conducted by Deloitte.

The NSW Government plans to amend existing tough tobacco retail regulations to completely ban the display of all cigarette products in shops.

Deloitte predicts that to retro-fit stores – to ensure a blackout - will cost between \$6000 and \$10,000 alone.

Australian Association of Convenience Stores executive director David Killeen said the new regulations will cause widespread job losses and force some businesses to close.

“With stores already under pressure from a major downturn in spending these new regulations will come as a real kick in the teeth for a lot of small businesses,” Mr Killeen said.

“Many will be left with no option but to cut jobs, and some will be forced to put the closed sign up for good.

“Unless the new regulations are simplified they are just going to be a recipe for financial disaster.”

Under the new regulations, store owners can be punished - in some cases banned from selling tobacco products - if customers are able to see a cigarette packet that is already plastered with graphic health warnings.

Mr Killeen said he was concerned the NSW Government has not conducted a proper analysis of the outcomes or the financial impact of the proposed new regulations.

“We understand there are public health issues surrounding the sale of tobacco products, but a complete black out is a step too far,” Mr Killeen said.

“Our members are going to be tangled in even more red-tape but the Government has produced no evidence that this initiative will achieve reduced smoking rates.

“They also acknowledge they have no idea on the impact on small business.”

Mr Killeen said the NSW Government should follow the lead of the New Zealand Government which elected not to proceed with display bans because of concerns about the impact on small business.

He is now calling on NSW Premier Nathan Rees to intervene to save jobs.

“The Premier stated at his recent Jobs Summit that he is a big supporter of jobs and small business.

“He has a great opportunity here to prove this by reconsidering these regulations. There is still time for commonsense to prevail but the clock is ticking.”

Apart from banning display, the new regulations also propose that tobacco products can only be sold from one designated cash register.

“This regulation will only serve to increase queuing, frustrate customers and potentially increase security risks,” Mr Killeen said.

“Most stores operate with only one person on per shift.

“This will mean that there is a real risk of in-store theft as staff will be unable to maintain the levels of vigilance and safety expected of them.”

Evidence from Canada, where tobacco display bans have been introduced, shows that rather than reducing smoking rates, smokers simply changed their purchasing habits to the benefit of larger retailers.

“In other words, people will not stop smoking, they will just find another place to buy their tobacco products.”

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