

9<sup>th</sup> of August 2016

The Hon. Michael Ferguson  
Minister for Health  
Level 4 Reserve Bank Building  
111 Macquarie Street Hobart 7000



**Tasmanian Small  
Business Council**

Uniting Small Business

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Dear Minister Ferguson,

The Australian Lottery and Newsagents' Association (ALNA) (*formerly Australian Newsagents' Federation - ANF*) and the Tasmanian Small Business Council (TSBC) appreciate the efforts of the Tasmanian Government in seeking to achieve strong and meaningful outcomes for the future health of the Tasmanian Community, through the government's five-year Healthy Tasmania Strategic Plan.

Our member small businesses who are licenced tobacco retailers are very aware of the impact tobacco products sold through their stores have on the health of many Tasmanians. They have valued recent opportunities to constructively engage both directly with you Minister, and with the Healthy Tasmania consultation process, to better understand the policy approach being taken in regards to smoking and to be part of solutions wherever possible.

As part of that process, we have outlined our member's practical concerns, as well as their ideas on initiatives to help better educate customers in-store about quitting smoking, and to help further reduce overall smoking rates in Tasmania. We have also worked diligently with other retail associations to provide suggestions on policy solutions that achieve outcomes, whilst not causing further unnecessary impacts on our small businesses, as we transition away from the use of tobacco in our community over time.

When the final Healthy Tasmania Strategic plan was released recently, our members were very concerned to discover that as licenced tobacco retailers they would be paying triple the current licence fees from 1 January 2018. The size of this increase, along with the across the board application of the new licence fees, will undoubtedly be a large disincentive for smaller retailers like our members to continue selling tobacco in many instances. Tobacco is a relatively low margin product with fairly unfavourable trading terms for most small businesses, nevertheless it still provides an important share of revenue and staff hours in many small businesses across Tasmania, and contributes to numerous additional sales of higher margin products.

Our members feel the licence fee model proposed is extremely inequitable for smaller Tasmanian businesses, and provides little disincentive for larger ones. It will have the likely effect of driving tobacco purchases in Tasmania principally to two major retailers, and will rapidly, and we argue unfairly, drive a lot of Tasmanian small business tobacco retailers out of this category altogether along with supplementary transactions.

As a result, the intended policy outcome, that of raising additional revenue to fund education & enforcement is now unlikely to be achieved, as ultimately fewer larger retailers will be paying licence fees, whilst also benefitting from receiving the lion's share of the tobacco market here. The second concerning outcome of this policy is that the new licence fee model supports further normalising the majority of tobacco sales as part of the weekly grocery shop. If anything, the government should be supporting tobacco products only being sold in regulated specialist tobacco retailers, where a conscious decision needs to be made by a smoker to go there to purchase. This would further break the chain of behaviour. Instead, we are creating a new shopping trend, to go to the two major grocers to purchase all products at the expense of Tasmanian small businesses.

The government has been very clear on your intention to make a significant impact on the smoking rates in Tasmania, which we support. We anticipated a range of strong measures on smoking in the final Healthy Tasmania Strategic Plan, and we expected this to include tobacco licence fee increases, to pay for targeted education, increased enforcement and the regulatory costs of the plan. We were, and still are, happy to support modest and equitable increases that our small business members can afford, to achieve these aims. It was our genuine intention that equitable increases would be our investment in achieving outcomes, along with offering to assist the community by providing quit smoking education material in-store, and in providing our customers with increased smoking cessation product opportunities in our retail stores. We also accept the need to have increased penalties for supplying a tobacco product to someone underage, that will increase to match the highest penalties in Australia, currently \$18 120. We have a high level of compliance in our industry already and we recognise the important role we have to play in being extremely meticulous in this regard.

We remain supportive of the Healthy Tasmania Strategic Plans intention, that of reducing smoking rates over time in Tasmania, nonetheless we are very mindful of any sudden, rather than transitional impacts for our members. Unfortunately, the severe inequity for small retailer's vs large retailers in the current proposal on tobacco licence fees will not allow for a smooth transition, it will have a large and sudden impact for small retailers in Tasmania.

The solution is to provide a scale of new licence fees that are based on an equitable smaller increase for small businesses with less than 20 full time equivalent (FTE) staff, and a justifiably larger increase for those larger businesses above 20 (FTE) staff, who will benefit more from their greater sales.

By adopting such initiatives, we believe the State Government can achieve the aims of the Healthy Tasmania strategy, while also maintaining healthy Tasmanian small businesses.

We appreciate the government taking the time to listen to our serious concerns and to working with us to find equitable policy solutions.

**On behalf of ALNA & TSBC members in Tasmania**

Yours sincerely,



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**NOTE:** *The Australian Lottery and Newsagents' Association (ALNA) is a recent rebrand and refresh of the Australian Newsagents' Federation (ANF) identity.*



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