



Parliament of Australia

**Submission to the Community Affairs Legislation Committee
for Inquiry from Master Grocers Australia**

Public Health (Tobacco and Other Products) Bill 2023

October 2023

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About Master Grocers Australia Ltd

1. MGA is a national employer industry member-based organisation representing independent grocery, liquor, and other retail businesses including timber and hardware outlets, in all States and Territories. These businesses range in size from small, to medium and large, and make a significant contribution to the retail industry, accounting for approximately \$15 billion in retail sales.
2. There are approximately 2,700 branded independent grocery stores with MGA membership, trading under brand names such as: Supa IGA, IGA, IGA Xpress, Drakes, Farmer Jacks, FoodWorks, Foodland, Friendly Grocers and SPAR, with a further approximately 1,300 independent supermarkets trading under their own local brand names. In addition, there are numerous independent liquor stores operating throughout Australia and trading under names such as: Cellarbrations, The Bottle O, Bottlemart, Duncans, and Local Liquor, which are either single or multi-store owners.

Executive Summary

3. This submission outlines MGA's concerns regarding the unintended consequences associated with the *Public Health (Tobacco and Other Products) Bill 2023 (the Bill)*.
4. MGA's members are retailers of household grocery and liquor products, including legal tobacco. They are often the cornerstone of their local communities and are law-abiding and respected employers. For many young Australians, working at their local independent grocery store is their first job, often during their high school years.
5. MGA supports responsible and considered Government policies that reduces tobacco consumption rates and to improve health outcomes.
6. MGA is concerned that despite being well-intentioned, **the Bill** contains provisions that will likely have unintended consequences. More specifically, MGA holds concerns that **the Bill** does not address the 'knock on' effects of certain provisions that will almost certainly drive some consumers away from either ceasing smoking or purchasing legal tobacco products and towards Australia's burgeoning and illegal tobacco trade and therefore failing to meet all objectives of **the Bill**.
7. According to one report ('FTI Consulting, Illicit Tobacco Australia 2022 Full Year Report, Published 18 May 2023'), almost one in four tobacco products consumed in Australia is illicit.
8. MGA urges the Community Affairs Legislation Committee to consider recommendations from previous inquiries, including but not limited to the Parliamentary Joint Committee on Law Enforcement report into Illicit Tobacco (2020) and the Black Market Taskforce, prior to proceeding and carefully assessing unintended consequences that may arise from **the Bill**.

Submission

9. The growth in the illegal importation and sale of illicit tobacco in Australia is not in dispute. Successive Governments have investigated this issue and subsequently assessed measures aimed at addressing the systemic crisis Australia faces regarding illicit tobacco. Implementation of any meaningful measures to thwart this growing illegal activity remains inactive.
10. The impact of this illegal trade is undermining Australia's responsible policy approach to tobacco control as well as eroding Government tax (excise) revenues. Under successive Governments, our members remain in an incomprehensible situation where criminals who drive the country's illegal tobacco market openly outcompete them without fear of consequence.
11. Any efforts via Government action, including through this **Bill**, must be done so with a clear recognition and understanding of the implications of moving consumers towards the cheaper, unregulated and unlawful illicit tobacco trade, which is typically sold in plain sight.
12. The implications of the growth in the illicit tobacco trade are many and varied. In particular, the safety of law-abiding retailers and their staff. Given the price disparity between legal and illicit tobacco, tobacco-related theft is rising dramatically. As has been regularly featured in the press and is not in dispute, 2023 has seen a steep rise in robberies targeting independent grocery and liquor retailers, with legal tobacco products often the target of thieves. These violent and frightening events are growing in number and are brazen in nature. The implications for the business owner and their employees are significant. Apart from the obvious financial implications for law-abiding business owners, there is a growing number of traumatised staff as these robberies, which are often staged during trading hours, continues to grow.
13. **The Bill** proposes to introduce new measures with the objective of reducing smoking rates in Australia. MGA supports this ambition and agrees with the objective of responsible and considered tobacco control measures that delivers a measurable outcome of reducing smoking rates in Australia.

14. One measure in **the Bill** that will likely drive demand towards illicit tobacco is pack size. It is reported that the majority, if not all, of illicit tobacco products (in stick form) are sold in 20 stick pack sizes. **The Bill** will introduce a provision that limits pack sizes to 20 sticks. Such a move will therefore make it more difficult to detect illicit tobacco and as a result, increasingly difficult to enforce.
15. The Bill also includes a range of measures aimed at reducing the attractiveness of tobacco products and reducing product appeal. These include but not limited to changes such as product design features and restricting flavour enhancers. Again, removing any characteristic features that allow consumers to distinguish between legal and illicit product requires further consideration in the context of ensuring that Government policy does not further accelerate the trade and sale of illicit tobacco. That is, such regulations may make illicit tobacco more attractive and drive demand for a product which is readily available, despite being unlawful.
16. While excise is not a feature of **the Bill**, the recent decision to re-commence annual increases in tobacco excise will again further intensify the primary driver that has facilitated the growth in illicit tobacco in Australia, ie. the ever-widening price disparity between legal and illicit tobacco, thereby increasing the attractiveness of the illicit product.

Conclusion

17. MGA urges the Community Affairs Legislation Committee to carefully consider the serious implication of matters raised within this submission, especially the likely unintended consequences.
18. MGA submits that implementing further tobacco-related regulations without a dedicated, well-funded strategy to fight illicit tobacco, hardworking independent grocery and liquor store owners and their staff throughout Australia will be further harmed, while at the same time assisting those operating illegally.
19. MGA thanks the members of the Community Affairs Legislation Committee for the opportunity to provide this submission.