



APCO Service Stations

Submission to Senate Red Tape Committee

The effect of red tape on
the sale, supply and
taxation of alcohol

January 2017

About APCO

APCO Service Stations was established in 1980 by Ron and Margaret Anderson. It is now managed by his sons Peter and Robert Anderson.

APCO continues to be an Australian owned and operated independent group of Service Stations, Cafe 24/7 and Convenience Stores, currently with twenty-two retail stores operating across Victoria in Melbourne, Geelong, Albury, Ballarat, Bendigo, Bacchus Marsh, Bairnsdale, Mildura, Shepparton Wangaratta, Warrnambool and Wodonga. It has also franchised the operation of 'APCO Easy Shop' to various franchisees.

APCO is based at Geelong, has a turnover of \$300 million and employs over 500 staff throughout the retail group of franchise businesses.

APCO Service Stations also operates the APCO Foundation, a charity group working together to make a difference in the local community.

Introduction

APCO Service Stations makes the following submission to the Senate Select Committee on Red Tape with regard to the inquiry into the effect of red tape on the sale, supply and taxation of alcohol.

Current in Australia, the majority of convenience stores are prohibited from selling packaged alcohol. There is no credible reason to restrict the sale of packaged alcohol from the convenience industry, particularly in a market where the sale of packaged alcohol is allowed in drive-thru bottle shops, supermarkets, home delivery alcohol services and 24-hour liquor stores.

The foundation of the convenience industry is small, often family operated businesses, with franchised, licensed or independently operated stores.

APCO Service Stations believes that the deregulation of the sale of packaged alcohol is essential to increasing competition in the market, ultimately benefiting the consumer and small business.

Australia is one of few countries in the world that prevents the sale of alcohol through convenience stores, with many American states and European countries allowing the sale of liquor (in some form) from petrol stations and convenience stores.

The red tape which prevents Australian convenient stores and petrol stations from doing so is hampering business productivity and detrimental to consumers. The reduction in red tape in the relevant state legislation and licensing permits would be beneficially to the convenience industry, the economy and consumers.

APCO Service Stations is hopeful that this enquiry will reduce red tape both in the existing licensing regime and also result in the opening of the packaged liquor market to convenience stores and petrol stations

Terms of Reference

The effects on compliance costs (in hours and money), economic output, employment and government revenue

Currently, the laws in most Australian states prevent a liquor licence being granted to a premises whose primary purpose is as a petrol station or convenience store. The red tape of this legislation costs the

Australian economy: in lost potential tax revenue; in lost employment opportunities; and in less competition.

Allowing convenience stores and petrol stations to sell packaged alcohol would generate millions of dollars in sales in Australia, particularly for small to medium size entrepreneurial business owners. Currently, the packaged liquor market is dominated by the big two supermarkets, being Coles Wesfarmers and Woolworths.

Permitting convenience stores and petrol stations to apply for liquor licences for the sale of packaged liquor and granting such licences to appropriate stores, would create new job opportunities, would provide a boost for small business convenience stores and would generally increase competitiveness.

Small businesses such as APCO Franchisee's find it increasingly difficult to generate new income from traditional categories (such as tobacco, soft drinks, snacks & sweets) and face continuous serious threat from supermarkets that can afford to sell grocery, liquor and petrol at far lower prices and additionally apply aggressive cross subsidised fuel discount shopper docket (4 cents, 8 cents and 12 cent shopper docket). These supermarket dockets have lessened competition substantially by forcing many business owners out of the petrol & convenience industry that simply could not compete because of the supermarket docket tactics and unfair playing field this presents.

Any specific areas of red tape that are particularly burdensome, complex, redundant or duplicated across jurisdictions

Currently, liquor legislation in Australia varies from state to state. This is particularly notable in the sale of packaged liquor and the restrictions on the sale of it by supermarkets, petrol stations and convenience stores.

For example, in New South Wales and Victoria, legislation prevents the granting of a liquor licence to any premises whose primary purpose is as a petrol station or convenience store, with some exceptions where no other store in the vicinity sells packaged liquor. Alternatively, in South Australia, the sale of packaged liquor must be through a separate premises and the sole purpose of that premises must be the sale of liquor.

For any licensee that operates in more than one state they must be familiar and licensed under a different legislative regime, pay a different licensing fee in each state and being required to apply for a licence through a different process.

The differing rules and restrictions in each jurisdiction is unnecessary and burdensome for retailers. This is combined with the redundant and archaic preventions of the sale of liquor from convenience stores and petrol stations. If the sale of liquor is to be allowed through drive thru bottle shops, supermarkets and home-delivery liquor services, the prevention of the sale of the same through convenience stores/ petrol stations is superfluous, capricious and outmoded.

The legislative red tape serves to benefit Coles and Woolworths and disadvantage independent and small businesses. The red tape serves to select a type of business which is deemed entitled, based purely on the type of business, to hold a liquor licence.

The removal of this red tape and 'levelling' of the playing field would allow for a merits based system, where liquor licences are granted to any business, including convenience stores and petrol stations, that can demonstrate appropriate compliance with the regulatory regime.

Conclusion

The current regulatory regime and red tape involved therewith serves only to benefit the existing liquor retailers. The system is anti-competitive and to the detriment of consumers and the economy generally.

If the Government can trust a consumer to dine out with a glass of wine and then drive home safely; trust a consumer to purchase a bottle of wine in a drive-thru bottle shop (or supermarket) on their way home from work and then drive home safely; then why doesn't the Government trust the same consumer to drive into their local Convenience store to purchase a bottle of wine and drive home safely? What is the difference and how can this be detrimental to the community?

The fact is the majority of consumers do the right thing and do not drink and drive and just because some Convenience stores can also have the opportunity to sell packaged liquor will not make or influence the consumer to break the law.

There is no logical reason to maintain the current anti-competitive and discriminatory legislation preventing quality and responsible retailer's from having the opportunity to retail packaged liquor.

APCO acknowledges and understands that the opportunity to retail liquor will have significant costs associated with the implementation of this service for our customers and it would only be available based on strict guidelines, service standards and controls, restricted hours and so on, but surely as a credible and proven retailer we should have the opportunity to provide this service and product to our customers if we meet the required responsible licensing criteria and conditions, whatever they might be.

Convenience stores, like most retail stores are not what they used to be when this anti-competitive legislation was originally written and introduced. The modern Convenience and Petrol retail store of today is a highly sophisticated and dynamic business with innovative product, service and facilities, including foodservice, coffee, fresh meals and fully equipped with a more comprehensive product offer to meet the changing consumer needs and expectations. It is only reasonable, as supermarkets have been handed more opportunity such as petrol, liquor, and larger retail boxes to gain them more market share, that Convenience stores are given the same opportunity to compete and prosper.

The removal of red tape and deregulation of the liquor market would allow for a merit based system, without increasing any risks to the Australian market. Currently, packaged liquor is available for sale in supermarkets, in drive-thru bottle shops and for at home delivery. The sale of packaged liquor is ubiquitous, to all except the convenience and petrol station market.

The convenience and petrol industry, and APCO Service Stations particularly, wishes to have the opportunity to compete in the packaged liquor market. The sale of packaged liquor through convenience stores and petrol stations is on par with the sale of liquor through a supermarket or drive-thru bottle shop.

The opportunity cost to the Government in not allowing the sale, combined with actual cost to convenience stores and petrol stations, is considerable.

This opportunity to reduce the red tape and simplify the legislative regime around the sale of packaged liquor is considerable, and could provide for a fundamental shift in the packaged liquor market.

APCO Service Stations welcomes the opportunity to discuss this submission further.