

SCANDINAVIAN TOBACCO GROUP
AUSTRALIA

Submission No. 17
(Plain Packaging Bill)
A.O.C. | Date: 19/07/2011

House Standing Committee on Health and Ageing,
House of Representatives,
PO Box 6021,
Parliament House,
Canberra ACT 2600

14 July 2011

Re: Tobacco Plain Packaging Bill 2011.

The Scandinavian Tobacco Group Australia is a significant importer of cigars for the Australian market. The company is pleased to be able to put forward its views in relation to the proposals set out in the *Tobacco Plain Packaging Bill 2011*.

As members of the Standing Committee may be aware, in April 2011 a 'Consultation Paper' in relation to the *Plain Packaging of Tobacco Products Bill 2011. Exposure Draft* was forwarded by the Tobacco Reform Section of the Department of Health and Ageing to interested parties inviting submissions on the Bill to be made by 6 June 2011. While the company noted in the Introduction section of the Paper that the design features for plain packaging of 'other tobacco products' had not yet been determined, and would be subject to consultation in the second half of 2011, it decided to forward a submission in the expectation of such further discussions.

However, the company is concerned to note that the Bill has been debated in the House and referred to this Standing Committee, and we are yet to be advised of a date on which the 'Consultation' on other tobacco products is to take place. Based on this concern, and eventhough the company is unclear as to how the proposals contained in the Bill will impact on the other tobacco products category such as cigars, we will take the opportunity to make the following comments:

All cigars sold in Australia are imported and some 500 brands, and variants of those brands, meet the very small local demand for cigars. The total number of cigars sold in Australia annually equates to less than an estimated 0.3% of the annual cigarette volume.

The majority of the imported cigars are produced by small to medium sized cigar makers in many countries, and they are distributed in their original product and box or package format to worldwide markets. Because of the individuality of cigar makers and cigar smokers, cigars are made using a remarkable variety of blends of tobaccos in a seemingly infinite variety of shapes and sizes. It follows that the boxes or packages into which the cigars are placed are as diverse in shape and size as the cigars themselves.

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Cigars are expensive, and cigar smokers are discerning when deciding on the cigars that they will purchase. In addition to the maker's name, cigar smokers are concerned to know the blend of tobaccos in a cigar, the origin of the tobaccos, the shape and size of the cigar; and they will more often than not look for the maker's production codes and other relevant identifying marks to ensure that the cigars are not counterfeit.

Cigar smokers are in the main middle aged and older males in the higher socio-economic groups. Unlike cigarette smokers, most cigar smokers smoke occasionally, and they do not inhale because they understand that, like the blending of varieties of grapes in a wine, the blending of the tobaccos is best sensed on the palate.

By their very nature, cigars are not the tobacco product of choice for young people.

The proposals in the Bill to standardise the shape, size and opening of the packaging of tobacco products may be practical for cigarettes given that the only real physical difference between one cigarette and another is length. However, as already mentioned, cigars are made in an infinite variety of shapes and sizes which requires packaging that accommodates this diversity.

Cigars are a unique group of tobacco products, and any proposals to standardise the product or the way in which the cigars are packed will raise insurmountable difficulties for the cigar makers, and virtually all the cigars currently available on the Australian market will disappear.

Given that the consultation process for other tobacco products is yet to commence, and therefore the outcomes are unknown, STG believes firmly that the proposed implementation dates should be a subject for discussion. Apart from the time necessary to prepare and produce whatever artwork changes to packaging that may be required, the retail sales rate for cigars is very different to that of cigarettes. Whereas, the retail sales rate for a packet of cigarettes is usually expressed in the number per day; the sales rate for a box or package of cigars is more commonly expressed in the number per month.

STG understands and respects the Government's objective to require more prominent graphic health warning messages to be applied to tobacco product packaging to ensure that the warning message is very clearly communicated to smokers. The company is therefore willing to discuss in a reasoned and

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cooperative way how this objective may be achieved in relation to the packaging of cigars while ensuring their ongoing availability to the market.

The company looks forward to participating objectively in further discussions on the issues raised by the proposals in the Bill, and how they may be best addressed. To that end, the company would be grateful for the Standing Committee's support to ensure that a consultative process on the other tobacco products category does in fact occur.

Yours sincerely,