

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Additional Estimates 2010-2011, 23 February 2011

Question: E11-033

OUTCOME 1: Population Health

Topic: PLAIN PACKAGING – IMPACT ON STOCK MANAGEMENT

Written Question on Notice

Senator Bernardi asked:

- a) Does the Department have any analysis on the regulatory impact on small retailers, such as independent newsagents, milk bar owners, independent service stations and specialist tobacconists on stock management, including but not limited to lost revenue, lost sales to Coles and Woolworths and increased regulatory burdens.
- b) Your Department has carriage of these proposed laws. Can you quantify or estimate the cost to small retailers in lost time for stock management which is made more difficult by plain packaging?
- c) If the Department has not done this analysis, why not and when does the Department expect to do this analysis?
- d) What does the Department estimate, including time per day and indicative costs per annum for unloading, restocking and stocktaking for small retailers and for large retailers (Coles and Woolworths)?
- e) Is the Department aware that unloading, restocking and stocktaking can be daily or weekly tasks for smaller retailers?
- f) Deloitte's estimated the increase in daily time for stock management may be up to 45 minutes a day and an indicative cost of up to \$5,500 per annum. Does the Department have any comparable figures?
- g) If the Department has not done this analysis, why not and when does the Department expect to do this analysis?

Answer:

- a) The Government's tobacco plain packaging measure will not discriminate between small and large retailers. All retailers will be prohibited from supplying tobacco products that do not comply with the plain packaging requirements. Concerns expressed by retailers about the handling of plain-packaged products have been addressed through the proposed design features. This includes allowing the brand name to appear on the top, front and bottom of the pack; and ensuring that the font is legible from one metre.

The plain packaging measure is not expected to have a direct impact on retailer revenue other than through any reduction in consumption of tobacco products that it may generate.

b, c and d)

The Department does not consider that there will be any significant impact on stock management associated with plain packaging. The Department conducted targeted consultations with retailers and retail groups in December 2010/January 2011 and February 2011 on the issue of handling in a retail environment. Retailers requested that the brand name continue to appear on the top, bottom and front of the pack to assist in stock management. The plain packaging to be mandated will provide for the brand name of the product on the top, bottom and front of the pack in a font that can be read from one metre.

e) Yes.

f) The Department is not aware of any Deloitte's report estimating an increase in daily time for stock management as a result of plain packaging.

g) The Department does not consider that the plain packaging measure will have a significant impact on stock management.