

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Additional Estimates 2010-2011, 23 February 2011

Question: E11-035

OUTCOME 1: Population Health

Topic: PLAIN PACKAGING – STOCK SELECTION ERRORS

Written Question on Notice

Senator Bernardi asked:

- a) Small retailers predict plain packaging will increase stock shrinkage due to error selection. When consumers leave stores with the incorrect packages, they open packages and later exchange the products, this leads to a second transaction. Has the Government considered the impact on smaller retailers for stock selection errors and stock shrinkage?
- b) What is the financial impact of this cost on small retailers?
- c) What is it for large retailers?
- d) If the Department has not done this analysis, why not and when does the Department expect to do this analysis?
- e) Can the Department rule out any financial cost to small retailers arising from incorrect stock selection through the introduction of plain packaging for tobacco products?

Answer:

a – e)

The Department consulted with the following organisations representing small retailers in January and February 2011 about implementation of the plain packaging measure:

- Council of Small Business of Organisations of Australia;
- Australian Newsagents' Association;
- Master Grocers Association;
- Service Stations Association;
- Tobacco Station Group; and
- National Independent Retailers Association.

None of these organisations raised stock shrinkage as a possible implication of plain packaging during these consultations.

An Australian Retailers Association article reports:

- Shrinkage is a critical issue to all retailers. Research reveals that Australia is leading the front in taking a holistic approach to preventing internal theft, customer theft and stock loss. Australian retailers are combining technology such as source tagging together with internal procedures such as store audits, customer service, management control, IT technology and stock location mapping, in an effort to shrinkage.

The Department will undertake a Post Implementation Review to assess any regulatory impact of the plain packaging measure on businesses, within one to two years of implementation.