



Submission

Of the

New Zealand Retailers Association

To the

Consultation Document

In respect of

Review of Tobacco Displays in New Zealand

February 2008

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Introduction

This submission is presented by the New Zealand Retailers Association.

Background

The Association is the largest association representing the retail industry in New Zealand.

Our membership includes the major supermarkets and general merchandise chains, specialised chains, traditional department stores and thousands of owner operators spread throughout the country.

We also act as the secretariat for a variety of trade groups including plumbing materials suppliers, metal fastener distributors, pet shops, jewellers, equestrian and sports goods dealers and bicycle retailers.

Viewed statistically we represent an industry that has annual sales of over \$60b per annum and which employs 325,000 people (17% of the workforce) in some 49,000 outlets spread throughout the country.

This submission has been prepared in association with representatives of the retail industry that are involved with the sale of tobacco products. These include the major supermarkets, a general merchandise chain and those convenience stores that are involved in the retail sale of tobacco products.

We are aware that the New Zealand Association of Convenience Stores has made a separate submission on this issue and we would expect other members of the industry may also present an individual company perspective. However, we feel it is important to point out that corner dairies are not members of the NZ Retailers Association.

General submission

The Association generally speaking welcomes debate on issues relating to the retail industry but it questions the timing for a wide ranging review on the visibility of tobacco displays so soon after the implementation of the amending legislation that affects the number of facings allowed in tobacco displays and also the implementation of legislation relating to graphic designs on cigarette packages.

Rather than instituting yet another review we would have thought that it was incumbent on the Ministry to undertake some market research itself on the effectiveness or otherwise of these recent changes before inviting industry and others to consider other changes that quite clearly have major commercial ramifications both for suppliers and retailers alike.

As a matter of principle we have a general concern that reported breaches of the current law are being used as a reason for changing the law in such a radical manner.

The focus ought to be on evaluating the way that the current law is being breached, if it is, and to take steps to provide education to retailers, and to prosecute intentional breaches.

The Smoke-free Environments Amendment Act 2003 already provides provision for prosecution of retailers, even to the extent of banning retailers from selling tobacco products.

The Association understands that the Ministry of Health's efforts in educating retailers has been minimal, and considers that a complete ban on the visibility of tobacco at retail are excessive, and, are an overly simplistic approach to a broader societal debate on tobacco products.

There does not furthermore appear to be much evidence published by the Ministry as to the effect that comparable point of purchase controls in other jurisdictions have had of encouraging less smoking, and, we therefore believe that there should be some time taken to consider the practical effects of offshore regulatory changes relating to visibility of displays, as well as a review of the effectiveness of the current controls extent in New Zealand, before embarking on such radical changes to the more stringent regulatory controls of tobacco displays that will see significant retail store upheaval and cost impediments.

Specific Submissions

We now wish to make specific submissions on the three policy options set out in the discussion paper

Option 1: Current restrictions with enhanced education and enforcement

The Association supports this option.

If there are in fact widespread problems the Association strongly supports an enhanced educative approach – as well as enforcement, when dealing with retailers across the country. This approach is positive and demonstrates that the Ministry is prepared to work with the retail sector in a co-operative and supportive role instead of forcing through further restrictions on a product category using evidence sourced from overseas that may not be comparable to the retail environment in New Zealand.

Advantages of this approach

1. Demonstrates a positive co-operative approach with the retail sector by the Ministry of Health
2. Supports the Ministry's requirements to educate stakeholder about regulations
3. Increases the Ministry's understanding of retail sector and retailers business
4. Builds retailer trust in the Ministry with those who have English as a second language
5. Enhances retailers education and understanding of the regulations
6. Enables retailers to work willingly with Ministry of Health officials
7. Actively supports and assists retailers with education about the law instead of introducing more regulations that only adds to business compliance
8. Allows for other Ministry of Health issues to be disseminated across New Zealand
9. Doesn't force significant costs onto small independent retailers
10. Allows for a well controlled and managed product category within the retail sector
11. Prevents a significant amount of business interruption due to costly shop refits
12. Recognises retailer concerns about security if they are forced to turn their back on customers
13. Supports other Government efforts to prevent workplace injuries and stress

The Association has on its own staff a number of Industrial advisors who are well placed to offer advice to retailers on compliance with the existing tobacco laws. Our monthly magazine NZ Retail is also where appropriate able to disseminate information about particular laws such as tobacco legislation.

Option 2: Further restrictions

The Association does not support the imposition of further restrictions on:

- a) further limiting the size of tobacco displays
- b) further limiting the number of tobacco displays to one display per retail outlet
- c) opposes the requirement to require graphic health-warning posters to be displayed

The Association believes that option a and b will present considerable problems to the retail industry who will be faced with additional compliance costs to modify existing displays if option a is adopted and also additional compliance costs if modifications have to be made for instance to supermarket checkout kiosks if option b is adopted.

It is normal Government policy to require cost benefit analysis to be done of particular policy proposals and it is of immense concern that such an assessment has not been done for this part of the discussion document. We are endeavouring to obtain some assessment of the additional costs that differing channels of the retail sector will face if either of these two options are adopted and we will communicate those details to the Ministry in due course.

The Association also wishes to express its opposition to the suggestion of forcing retailers across the country to display graphic images of smoking related diseases. Retailers across New Zealand are trying to provide a friendly and pleasant retail environment and forcing them to display a shocking graphic poster is not supported. Retailers who sell tobacco products already are already required to place bold, black and white notices 'Smoking Kills' next to their tobacco unitary, and, we consider further restrictions are unnecessary and inappropriate.

Option 3: Ban on tobacco displays

The Association does not support Option 3

Our members provide customer focused businesses serving New Zealanders – and that includes a declining percentage of members of the public who are smokers. We believe that there is widespread public awareness of the health risks of smoking and tobacco use and that any move to ban a product display would likely lead to underhand distribution methods being adopted by some retailers to distribute tobacco products to their customers.

Conclusion

For the reasons outlined above the Association supports Option one in the discussion paper. We are more than happy to work with the Ministry on developing more effective education programmes but do not support the arguments for more regulatory controls on tobacco displays. We would like to discuss our submission with the Ministry and suggest we arrange an interindustry meeting to discuss the likely way forward once you have evaluated the submissions and before you prepare your recommendations to the Government

New Zealand Retailers Association

February 2008



Submission

Of the

New Zealand Retailers Association

To the

Health Select Committee

In respect of

The petition from the Cancer Society of New Zealand
to ban the display of tobacco products in retail outlets

November 2007

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Introduction

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General Comment

Put simply we submit that the petition should not proceed.

Our reasons for opting for this view are outline below.

The Ministry of Health is developing a public consultation document on the future of tobacco displays which we understand will be considered by the Government in November and likely released for public submissions by the end of January 2008. We submit that it is entirely appropriate that the Cancer Society petition and submission are taken into account as part of this consultation. It would however be inappropriate and inefficient for there to be parallel initiatives running at the same time. This would lead to duplication of effort and possibly inconsistent outcomes. It is suggested therefore that any further action on the petition await the public consultation process arising from the Ministry of Health discussion paper.

It is a matter of concern that reported breaches of the current law are being used as a reason for changing the law in such a radical manner. The focus ought to be on evaluating the way current law is being breached, if it is, and to take steps to provide education to retailers, and to prosecute intentional breaches.

There does not appear to be much evidence as to the effect that comparable point of purchase controls have had in other jurisdictions.

If any of the concerns of the Cancer Society are found to be substantiated, there ought to be a focus on steps that can be taken to address those concerns, short of the radical changes advocated by the Society. This could be by way of strengthening regulations, and increasing retailers education, monitoring and enforcement. Again, this will inevitably be part of the public consultation process being undertaken by the Ministry of Health.

There are further initiatives being implemented such as visual displays showing the health effects of smoking on tobacco packets. There ought to be an opportunity to see what effects these measures have before embarking on such radical changes.

Conclusion

For the reasons outlined above we recommend that the petition should not proceed at this time.

New Zealand Retailers Association

November 2007

Progressive Enterprise Limited (PEL) submission to New Zealand Retailers Association

PEL would like to confirm its commitment to being a responsible retailer with regards to the sales of tobacco products in NZ.

PEL's policy is to require ID from all customers attempting to buy a tobacco product who appear to be under the age of 25.

PEL currently undertakes a number of training and re-enforcement schemes with its store staff to ensure that all stores are compliant to the both the Smoke-free Environments Act 1990 and the Smoke-free Environments Amendment Act 2003 (**Smoke-free legislation**).

Proposed policy options set out in the consultation document in respect of review of tobacco displays in New Zealand

PEL would like to confirm its support of Option 1 of the proposed plan.

PEL also fully supports any training schemes offered by the Government and will continue to ensure that all of its relevant personnel were trained to any new standards as deemed appropriate by the ruling authority.

However, PEL is opposed to Option 2 limiting the POS to one per store. PEL estimates the cost of this option to PEL would be in the six figure range, and would take a

significant amount of manpower and planning to complete, as well as a significant amount of time incurred in order to carry this through our 200 supermarkets.

PEL also opposes Option 3 – ban on tobacco displays.