

Welcome to the first edition of *Tobacco Facts for MPs*. A regular newsletter to inform you of the latest in tobacco news including current legislation and litigation.

Focus

The new regulation to ban point-of-sale (POS) tobacco advertising and why tobacco retailers should be licensed to sell a harmful product.



Tobacco Advertising Ban

Health groups congratulated Health Minister Knowles on the tough new regulation to ban point-of-sale tobacco advertising, but wanted it to go further. The regulation, which will restrict the display of products to two packets of each variant (there are over 240 variants), stopped short of making cigarettes, like many pharmaceutical products, an 'under the counter' item.



Negative Licensing of Tobacco Retailers

The proposal to scrap licensing fees for retailers was rejected by health groups, as it would mean:

- No fees from the 17,000 tobacco retailers to help pay for improving the regulation of their own industry
- Retailers, despite soaring profits, would be granted an exemption unlike other industry groups (see fee chart)
- The tobacco black-market, estimated at \$300m, would continue to expand in an unregulated environment.



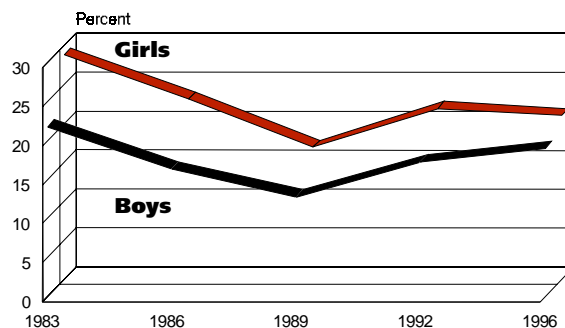
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KIDS SMOKING illegal sales and who profits?

- Smoking rates amongst children in NSW are rising after a decade of decline during the 1980s.
- Over 107,000 secondary students smoke cigarettes illegally supplied and worth an estimated \$32m.
- Of the \$32m, around \$13.5m goes to the NSW Treasury; \$7.5m to Federal government; \$6m to the three tobacco companies: WD&HO Will, Rothmans and Philip Morris; and retailers collect \$5m in profits from the illegal sales.

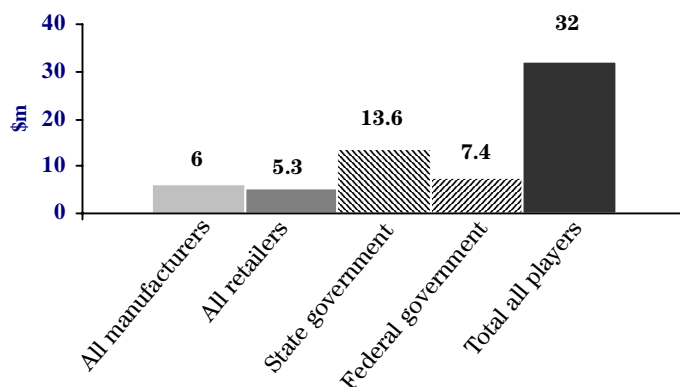
Under-age smoking Current trends

Current smoking by sex, secondary school students 12-16yrs, NSW 1983-96



(Source: *The 1994 and 1996 Australian School Students' Alcohol and Drugs Survey* by NSW Health and NSW Cancer Council)

Estimated revenue received from illegal sale of cigarettes \$1998/9



Tobacco Facts for MPs

Comment: Retailer License Fees

Minister Knowles announced on 30th June that the government is “cracking down” on illegal tobacco sales to children with a “negative licensing system” – a bureaucratic way of saying a no licensing system. Getting tough on illegal sales to kids means that retail tobacco licenses will be scrapped. There is now nothing to stop your local Mr Whippy driver stocking cigarettes. Despite soaring profits for retailers (see chart opposite), retailers are to be exempt from making a contribution towards the regulation of their own industry – a business well known for its flagrant breaches of the law banning sales to children.

The Carr Cabinet rejected licensing as an impost on small business – despite calls for fees from health groups and the Tobacco Retailers Association. If you want to put up a shingle to be a podiatrist the NSW government doesn't mind hitting you with an impost: it will charge you a podiatry regulation fee of \$147.00. But if you want to sell a product that kills more Australians each year than breast cancer, AIDS, suicide, murder, road deaths, diabetes and illicit drugs *combined*, the NSW Government wants to make it easier for you. For these reasons, we are urgently seeking a review of the government's position.

License Fees - NSW

Occupation	License Fee
Motor Dealer	925
Pawn Broker	325
Travel Agent	290
Real Estate	240
Tobacco Retailer	NONE

(Source: NSW Dept Fair Trading, 1999)

Simon Chapman, A/Professor of Public Health at the University of Sydney and Chairman of Action on Smoking and Health.

Hot documents

Australian kids were targeted by tobacco companies according to previously secret documents now on WWW following US court actions. Philip Morris lamented

“The key problems seem to be its [Marlboro's] lack of appeal to younger smokers and this is the area which needs to be addressed. One possibility might be to concentrate on sampling and promotion as many young smokers have never had any first hand experience with the product.”

“... 23% of the population is 15 years of age and under. 17% is 16-24 years of age. Given predisposition to try/adopt new brands, this segment represents significant market opportunity...” (see www.health.usyd.edu.au/tobacco/Ozdocs.html)

Parliamentary Questions Service

If you would like assistance with a tobacco-related question please contact ASH on 02 93341876

Visit www.ashaust.org.au for copies of newsletters, links to references, tobacco industry documents, fact sheets, media releases, tobacco and health policies and links to international, national and state organisations committed to tobacco control.

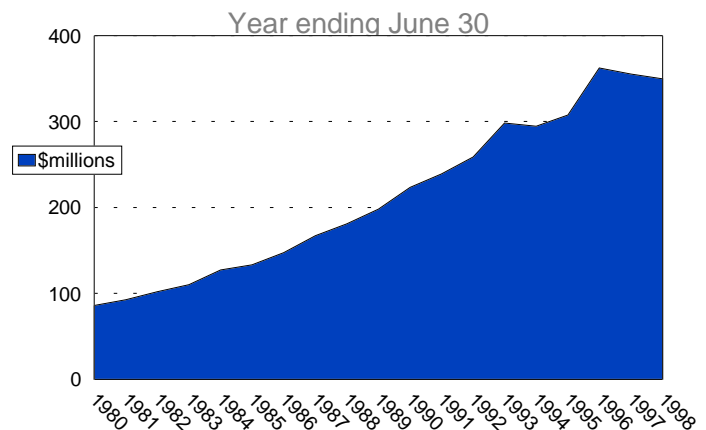
News: Tobacco black-market costing governments up to \$300m

The black-market trade in “rough cut” or bulk tobacco is growing and the evaded excise duty is estimated at between \$200 and \$300 million. Some renegade retailers are selling it under the counter and tax experts are claiming that licensing of growers and retailers would help stop the revenue drain. Health groups claim that retailers who trade in the blackmarket are more likely to sell to kids. A better funded enforcement program is needed to stem the illicit trade and reduce illegal sales to minors.

Tobacco Retailer Revenue on rise

Retailer's income from tobacco continues to rise along with kids smoking rates. More rises will follow after November when federal tax reform comes into effect.

Total estimated retailer income in NSW \$m



(Source: ABS Cat. No. 5220.0 State Accounts)

Jury find tobacco companies committed fraud, conspiracy and negligence

A Florida Jury in July found tobacco products were defective and the cause of diseases including cancer of the lung, bladder, stomach, kidney, tongue as well as heart disease and miscarriages. In the first class action to go to trial, the companies were found to have committed fraud, conspiracy, and negligence and were liable for damages up to US\$100 billion. Health groups in Australia are calling on governments to support tougher tobacco controls and to help bring about an end to the deceptive and misleading conduct by tobacco companies.

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