Public Consultation on Proposed Tobacco Control Measures in Singapore
Plain Packaging in Scotland

The Scottish Grocers' Federation (SGF) is the national trade association for the independent convenience store industry in Scotland. We represent, and give a voice to, the 5,286 convenience stores in Scotland. These stores directly provide over 41, 000 jobs. For the purposes of transparency we should state that several tobacco manufacturers are part of SGF's corporate membership programme. However, we should state clearly that the policy decisions, campaigning work and lobbying activities of the Federation are solely determined by our National Executive, which is comprised exclusively of our retail members.

We are very happy to take this opportunity to respond to the public consultation on proposed tobacco control measures in Singapore.

As you may be aware the United Kingdom government has enacted legislation which has introduced plain packaging in Scotland and in other nations of the UK. The regulations came into force in May 2016.

It may be helpful to you to briefly list some of our concerns about standardised packaging before any decision is made in Singapore on a policy which could prove to be ineffective and counter-productive.

Tobacco in Scotland

Tobacco continues to be an important product category for our members; driving footfall and contributing to overall turnover. In Scotland our members exert a great deal of effort to ensure that tobacco is sold responsibly – they use highly effective age-verification procedures for tobacco products. Staff under the age of 18 years of age have to be authorised before they can process a transaction for tobacco products. Additionally all our members must be registered on the Scottish government Tobacco Retail Register. The register was introduced in 2011 with new penalties such as tobacco banning orders also being introduced for any offences in relation to the Register.

Levels of smoking in Scotland are slightly higher than in the rest of the UK. However levels of youth smoking are at their lowest levels since surveys began. For example, the smoking rate among 16 to 24-year-olds dropped, from 26.5% in 1999 to 22% in 2012, with exposure to second-hand smoke also falling.[1] Despite the fall, numbers of young smokers in deprived areas remained above the national average. Scotland has three key smoking-related issues: the proxy purchase of tobacco products, the illicit trade and health inequality. In our view the introduction of standardised packaging has done nothing to address these issues.

Let us be clear: standardised packaging is not a tobacco control measure. Anyone over the age of eighteen years will still quite freely be able to purchase tobacco products. Standardised packaging simply adds to the cost of doing business and to the burden of compliance for retailers. It also increases the risk of driving customers towards the illicit trade.

The most up-to-date figures we have for smoking prevalence in Scotland show that 21% of adults smoke. This has not changed markedly over the past few years – neither the display ban nor plain packaging have accelerated the rate of decline

[1] ASH Scotland

Impact on Retailers

In Scotland the tobacco display ban imposes very onerous restrictions on retailers – only a sales area of 1,000 sq cm is permitted during a transaction, this combined with standardised packs has undoubtedly result in increased transaction times.

Transactions times and the overall operational impact the regulations will have on retailers are key issues. In a typical convenience store, tobacco products are invariably a 'high value order' and deliveries have to be very carefully checked and accounted for before they can be 'worked' and transferred to the point of sale. Plain packaging has made this extremely difficult. We have a concern that transactions times are significantly delayed, that there has been increased customer dissatisfaction and more pressure placed on staff to locate specific products.

Delays at each of the stages in a transaction will have a serious cumulative impact on a retail business, leading to the need for more staff resource for these processes, and either a reduction in customer service or higher costs for the retailer. For every additional staff hour per day required, retailers would face an additional cost of some £2614 per year, based on national minimum wage rates. With the likely additional loss of margin due to smokers moving to cheaper products, these costs will be a significant financial burden for retailers. Delays at point of sale, in particular, severely undermine customer satisfaction levels. The main problem will be the increase in queuing times in store. Convenience stores, rely on speed of service to be successful. The average time spent queuing in an independent convenience store is 26 seconds[2]with customers spending on average £6.13 per visit[3.] A typical convenience store will handle on average 1200 transactions per day, however these transactions do not occur at a consistent rate but will vary with the busy trading periods throughout the day. During these busy periods in particular, disruption to transactions have a significant impact on both queuing times and satisfaction levels of tobacco and non-tobacco purchasing customers. Each customer who leaves the store because the queue is too long equates to a lost sale.

Standardised Packaging – An Ineffective Policy

Scottish Grocers' Federation engaged closely with the Scottish and UK governments as they developed their proposals for standardised packaging. Our concerns about standardised packaging focused on the operational difficulties for retailers but perhaps more importantly our overall concern was (and remains) that standardised packaging simply does not address the main tobacco-related problems Scotland has. These are:

- The proxy purchase of tobacco products – the main way that young people obtain tobacco products is through these products being purchased for them by an adult.
- Illicit trade – at a UK level £2.5 billion is lost in tax revenue to the illicit trade.
- Health inequality – smoking rates are noticeably higher in Scotland's more disadvantaged communities.

Proxy Purchase

[2] HIM! (2008) Convenience Tracking Programme.
[3] HIM! (2014) Convenience Tracking Programme: Purchases and Spend.

The Scottish government's own tobacco control strategy recognises the issue of proxy purchase. This problem persists and has not been reduced by standardised packaging. In recognition of this Action on Smoking on Health Scotland have now instigated a nationwide campaign on proxy purchase in conjunction with the National Health Service.

Illicit Trade

The illicit trade in tobacco products is already a significant problem in the UK. In its *Tobacco Tax Gap Estimates* for 2016 Her Majesty's Revenue and Customs (HMRC) estimates that the total losses in duty for cigarettes and hand rolling tobacco is a staggering £2.5 billion.

Illicit cigarettes account for 15% of the total market in the UK with illicit hand rolling tobacco accounting for 28% of the total market – a very concerning figure. This means that crime is being brought into our communities and that retailers are losing business to the criminals behind the illicit trade.

In a recent presentation to the Scottish Parliament Cross Party Group on Independent convenience stores, Police Scotland reported that "being involved with illicit tobacco is now more profitable than being involved with illegal drugs - £1,000 'invested' in illicit tobacco can produce a return of £40,000".

The first counterfeit standardised packs are now beginning to appear in both Scotland and England. This has always been our concern and is a very worrying development. Standardised packaging has done nothing to combat the issue of illicit trade and may now be making it worse.

Health Inequality

The prevalence of smoking is much higher in Scotland's more disadvantaged communities. The Scottish Health Survey 2017 shows that 35% of people in more disadvantaged communities smoke compared to 11% in the most affluent communities. This represents a very wide health inequality gap. Standardised packaging is simply doing nothing to close this health inequality gap.

Tobacco – The Policy Context

Tobacco retailer in the UK have had to implement the tobacco display ban (legislated for by both the UK and Scottish governments). This, coupled with the ban on advertising of tobacco products, means that children and young people will simply not be exposed to packaging to any real extent. Additionally, the revision of the European Tobacco Products Directive has mandated that the health warnings on packaging have to be increased to 65% of the surface area; this will further restrict the visibility and awareness of packaging and branding.

The Tobacco and Primary Medical Services (Scotland) Act 2010 introduced a tobacco retail register – all tobacco retailers must be registered on this and new offences such as Tobacco Banning orders were introduced for offences in relation to the Act (the Register and the Banning Orders are unique to Scotland).

In Scotland it is an offence to buy tobacco products on behalf of anyone under eighteen. However, as the Scottish Government itself recognises 'proxy purchases' are the main way young people obtain cigarettes[4]. Unfortunately and for various reasons adults are willing to purchase cigarettes and tobacco for young people. As such there is clearly an issue of the enforcement of existing legislation but it is also clear that packaging plays no part in these transactions, with affordability being the deciding factor. Overall the levels of young people smoking are already in decline in Scotland.

Standardised packaging does not control or restrict access to tobacco – anyone over 18 will still be able to purchase tobacco products. It will however impose even more of a burden of compliance on the retailer and potentially impact on their legitimate business by increasing the problem of illicit trade.

Conclusion

We hope the government of Singapore will find this short paper useful. To re-iterate: standardised packaging does pose operational difficulties for retailers but perhaps more importantly is does nothing to address the underlying issues related to tobacco products. In many ways it is a 'symbolic' policy rather than one with any real positive impact.

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[4] Creating a Tobacco-Free Generation: A Tobacco Control Strategy for Scotland (2013). Edinburgh: Scottish Government.