

PHB 32

Bil Iechyd y Cyhoedd (Cymru)

Public Health (Wales) Bill

Ymateb gan: Ffederasiwn Cenedlaethol Manwerthwyr Papurau Newydd

Response from: National Federation of Retail Newsagents

Health, Social Care and Sport Committee  
National Assembly for Wales  
Pierhead Street  
Cardiff  
CF99 1NA

## ***NFRN submission to the Health, Social Care and Sport Committee consultation on the Public Health (Wales) Bill***

### **Introduction**

The NFRN would like to thank the National Assembly for Wales' Health, Social Care and Sport Committee for the opportunity to present the views of its members on the Public Health (Wales) Bill, in particular on the issues of tobacco and nicotine.

The NFRN is one of Europe's largest employers' associations, representing over 15,000 independent retailers across the United Kingdom and the Republic of Ireland. We are a membership led organisation that assists independent retailers to compete more effectively in today's highly competitive market as well as representing members interests at Government and Parliamentary levels.

As a whole, the NFRN promotes responsible retailing and is a member of the Citizen Card Board.

### **Response**

As there is a cost to apply to the register, which the explanatory notes of the Bill propose that this fee would be set at £30.00 for the first premises and £10.00 for each additional premises. NFRN members feel that the cost to apply to the register equates to a tax on responsible retailers. The NFRN believes that responsible retailers should not have to apply to join a register stating that they are selling tobacco and related products responsibly. We believe that Trading Standards departments should be aware of retailers in their respective areas who sell tobacco illegitimately or irresponsibly, and a centralised list will do little to tackle these problems.

The Welsh Government justifies the registration fee of £30.00 on the basis that *"by having access to a comprehensive list of all retailers who sell tobacco and/or nicotine products, trading standards officers and health authorities would be able to target advice, guidance and campaigns relevant to these industries more effectively, ensuring that all registered retailers receive this information"* as stated in paragraph 460. The NFRN believe that retailers are unlikely to look to trading standards

*Representing the Trade in The British Isles and The Republic of Ireland*

NFRN

Yeoman House Sekforde Street London EC1R 0HF  
Telephone 020 7253 4225 Facsimile 020 7250 0927  
Website [www.nfrnonline.com](http://www.nfrnonline.com)

officers for advice on regulatory compliance, as many charge, and often local authorities do not have dedicated resources to help develop and communicate effectively with independent retailers.

## Registration Fee

Our members have provided examples of how the cost of the tobacco register will affect them. Below highlights the cost of a pack of cigarettes and their after tax profit on each pack:

Financial	Cost
Cost of a 20 Pack of Cigarettes	£7.99
Flat rate of tax paid to Government	£4.79
16.5% of sale price in tax paid to Government	£1.15
VAT at 20% paid to Government	£1.39
Total Tax Paid	£6.34
Retailer is left with (before VAT)	34p
Retailer profit (after VAT)	27p

To afford the £30 charge to register, a retailer would have to sell 111 packs of cigarettes, or take £886.89 in cigarette sales.

It is clear from these figures that whilst £30 may not seem like a significant sum, to an independent retailer it involves a great deal of hard work and eats into their already small profit margins. The charge to register could see many independent retailers close their shop, particularly when taking into account additional cost of doing business burdens, such as the Living Wage, Auto-Enrolment, Business Rates, etc; this will have an additional impact on their business.

## The illicit market

The NFRN would like to see more effort focused on tackling the illicit tobacco market which adversely affects our members' businesses as well as proven to be a main source of underage sales of tobacco. NFRN members already work with their local authorities to report suspicious activity, in addition the NFRN will be launching a 'Suspect it, Report it' campaign in 2017, urging members of the public and retailers to report illicit tobacco.

Earlier in 2016, HM Revenue and Customs launched a consultation on the '*Tobacco Illicit Trade Protocol – licensing of equipment and the supply chain*'; in our response, the NFRN outlined opposition to a tobacco licensing scheme and instead called on the Government to introduce targeted measures to reduce the illicit tobacco trade, with tougher sanctions for those who are selling counterfeit and illicit tobacco.

NFRN urges the Committee to consider more effective sanctions available to trading standards officers, including the revocation of alcohol licences for those selling illicit tobacco. The NFRN feel that not enough is done to penalise those caught selling illicit tobacco and there is not an effective deterrent.



HMRC's Tobacco Tax Gap for 2015-16 estimated that the illicit tobacco market cost the Exchequer excess of £2.4bn in lost revenue. The illicit tobacco trade poses a significant threat to the Welsh Government's public health objectives as well as a serious loss of revenue to legitimate tobacco retailers in Wales.

The All Party Parliamentary Group on Smoking Health's inquiry into the illicit trade in tobacco products stated that there is a serious problem with illicit tobacco perception from the general public. The findings from the Regional illicit Tobacco surveys indicated that 15% of respondents in the North of England in April 2011 stated that they were comfortable with illicit tobacco, and that 28% of adults are comfortable with illicit tobacco. In comparison, an average of 80% stated that they agreed that illicit tobacco is a danger to children because they can buy it easily and cheaply – the likelihood is that Wales has a similar response percentage.

The report stated that the most common routes through which illicit tobacco was purchased by end users were sales in private homes, street sales, sales in pubs and social clubs and the same through shops were the least common category. Generally, the great majority of retailers are legitimate retailers, and the NFRN promotes responsible retailing. For many convenience retailers, tobacco is an important product for their business. Retailers work hard to ensure they retail these tobacco and nicotine products responsibly and enforce age restrictions using policies such as challenge 21 and challenge 25. Retailers are already burdened with strict tobacco legislation, including the tobacco display ban, the Tobacco Products Directive and plain packaging being standard from 2017. A tobacco and nicotine register will only exacerbate these burdens and add further complexity to tobacco legislation and

The NFRN has long campaigned for more to be done to educate consumers and children regarding the dangers of illicit tobacco, not only is it extremely harmful to health but it fuels other illegal activity.

## **Experience of existing tobacco retailer registers**

Currently, there are two tobacco retail registers in operation in the United Kingdom; Northern Ireland and Scotland. These schemes have yet to be reviewed as there is little or no evidence of their effectiveness to date in meeting their original objectives of tackling the illicit tobacco market or through better compliance of tobacco legislation.

Northern Ireland has only recently launched their tobacco retailer register in April 2016. This system requires tobacco to register their business online or by post. Following the NFRN's submission, registration for the Northern Ireland tobacco retailers register is free which is why we strongly believe any form of register which does come into force in Wales regarding tobacco and nicotine retailers must also be free to be consistent.

The Scottish Government Tobacco Control Strategy included a commitment to review their tobacco registration scheme by 2015; however this has yet to be delivered. Registration schemes must have an independent and wide reaching impact assessment in order to ensure authenticity and their purpose justified.



**NFRN**  
Federation of Independent Retailers

## **Restricted Premises Order**

Whilst a strengthened restricted premises order regime will allow local authorities the opportunity to enforce offences relating to tobacco and nicotine products and could work in conjunction with a national tobacco retailers' register, we fail to understand why this register is required for this and why a restricted premise order regime could not function on its own to tackle offenders.

## **Handing over tobacco and nicotine products**

The NFRN supports the creation of a new offence for retailers that knowingly sell tobacco and nicotine products to a person under the age of 18 years old and would encourage the Welsh Government to do more to tackle these offenders.

Thank you for the opportunity in responding to this consultation. If you require any further information please contact William Pryce, Public Affairs Manager, by emailing [REDACTED] or call [REDACTED].

Yours sincerely,

**Paul Baxter**  
**Chief Executive**