



CIGNALL BERWICK
76 High STR
BERWICK 3806
Ph: (03) 9707 1338
Fax: (03) 8678 3135

ABN - 82959953253

20th September 2016

Australian Competition & Consumer Commission
GPO BOX 3131
CANBERRA ACT 2601
Via email: adjudication@accc.gov.au

Dear Sir / Madam,

RE: A91550 – British American Tobacco Australia Limited & Ors – submission

After holding some senior roles in major companies, earlier this year I made the change to buy a retail tobacconist outlet that has been around for nearly 50 years. Although relatively new to this industry, I am well aware of how competitive business can be, but the level of competition in this industry astounds me. Not from other legitimate businesses, but instead from the considerable amount of illicit tobacco product that is available.

My customers come in regularly to purchase a tobacco product, but it gets harder and harder for them to continue to do this with a 25% tax hike every year. Although many of them don't want to switch to an illegal tobacco product, they tell me they will have to consider this as the cost of buying a packet of illegal cigarettes is much less than buying a packet of legal product from me. Then there are the customers that don't buy from me anymore as they have already switched to buying an illegal tobacco product from another retailer. How do I compete with this? The requests for illegal tobacco are ever increasing and I'm advised that it's not just tobacconists but milk bars and markets they supply this illegal product.

I am a retailer trying to do all the right things. I only sell legal product, I comply with all the tobacco legislation, yet my income is being eroded by customers switching to illicit tobacco. The frustrating thing about it, is that it appears as though our government isn't doing enough to stop this. The penalties imposed for dealing in illegal tobacco aren't high enough considering the amount of tax free income they make from selling these products. Someone needs to be seen to do something to stop this level activity and if the government penalties aren't enough, then the ACCC needs to allow the tobacco manufacturers to align their strategies to help limit the number of retailers participating in the illegal tobacco dealings.

As a retailer, I would support British American Tobacco, Imperial Tobacco and Philip Morris forming a strategy together to try and stop the number of retailers selling illegal products. I work hard every day to provide an income for my family to survive on, I pay my taxes, yet I am losing my income to an illegal product. Hopefully by allowing these three companies to form a common strategy, they will have some impact.

Should you wish to discuss this any further, please do not hesitate to contact me.

Regards,

Colin Bowler
Director
Taraquinn Pty Ltd t/a Cignall Berwick

