

**THE TOBACCO INDUSTRY AND  
THE COSTS OF TOBACCO-RELATED ILLNESS**

**Report of the Senate Community Affairs  
References Committee**

**DECEMBER 1995**

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## MEMBERSHIP OF THE COMMITTEE

### Members

Senator John Herron, Chairman	LP, Queensland
Senator Sue West, Deputy Chairperson	ALP, New South Wales
Senator Jacinta Collins	ALP, Victoria
Senator Sue Knowles	LP, Western Australia
Senator Meg Lees	AD, South Australia
Senator Nick Minchin	LP, South Australia
Senator Belinda Neal	ALP, New South Wales
Senator Kay Patterson	LP, Victoria

### Participating members

Senator Kim Carr	ALP, Victoria
Senator Christabel Chamarette	GWA, Western Australia
Senator Kay Denman	ALP, Tasmania
Senator Dee Margetts	GWA, Western Australia
Senator Bob Woods	LP, New South Wales

*Senator Patterson wishes to record that, for personal reasons she was absent from Parliamentary duties and, therefore, was unable to participate neither in the final consideration of the report nor the formulation of its recommendations. Senator Collins wishes to record that, being a recent appointee to the Committee, she was unable to participate in the initial phases of the inquiry. Senator Denman wishes to record that she was a full member of the Committee for most of the inquiry, but was unable to participate neither in the final consideration of the report nor the formulation of its recommendations.*

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consumption.<sup>61</sup> This argument is essentially an extension of the other arguments relating to the reduction of the ‘glamorous’ effect of branded packaging and increasing the prominence of the health warnings on packs and the effect that both would have on consumption.

3.52 Proponents of generic packaging did not provide conclusive evidence that the introduction would lead to a decrease in tobacco consumption amongst young people, and the industry disputed the claim that consumption is determined by the pack design. One submission noted that the relevance of branding and packaging is that it is a means by which smokers can make a choice between different tobacco products.<sup>62</sup>

3.53 The industry pointed out to the Committee that the proposal to require cigarettes to be sold in generic packaging would be a threat to the commercial value of brands to manufacturers. It was stated that brands are a valuable commercial asset owned by tobacco manufacturers because of the consumer goodwill and brand loyalty attached to them. Brands are also the means by which the manufacturers differentiate their products and compete for market share. One tobacco company stated that ‘generic packaging would be tantamount to a confiscation of these valuable assets violating the legal and constitutional rights of the manufacturers who own them’.<sup>63</sup> It was also argued by one tobacco company that as the proposal would ‘wipe out’ the value of the Company’s key commercial assets it would have ‘little choice but to pursue a substantial claim for compensation’.<sup>64</sup>

### *Conclusions*

3.54 The Committee received a range of often conflicting evidence on the efficacy of generic packaging. While some evidence suggested that generic packaging would reduce the attractiveness of cigarettes for children, other evidence raised some doubts concerning the effectiveness of this approach. The Committee believes that more research needs to be undertaken into the role generic packaging could play in an integrated strategy addressing the problem of adolescent smoking. The Committee considers that, on the basis of the evidence received, there is not sufficient evidence to recommend that tobacco products be sold in generic packaging.

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61 For a discussion of this issue see *ibid.*, p.7.

62 Supplementary Submission No.45, p.7 (W.D. & H.O. Wills).

63 *ibid.*, p.8.

64 *ibid.*, p.4.

## Recommendation

The Committee RECOMMENDS:

18. That additional research be undertaken into the efficacy of generic packaging of tobacco products as a means of addressing the problem of juvenile smoking.

### Point-of-sale advertising

3.55 Some evidence to the Committee, including submissions from the National Heart Foundation, AMA, ACOSH, and the Centre for Adolescent Health suggested that point-of-sale advertising by tobacco companies should be prohibited.<sup>65</sup>

3.56 As noted in Chapter 2, the *Tobacco Advertising Prohibition Act 1992* has now extended the prohibition of tobacco advertising to almost all forms of direct and indirect advertising and promotion, including sponsorship. Advertising is limited to the right of tobacco companies to place point-of-sale advertising material in retail outlets.

3.57 Point-of-sale material is regulated at both the Commonwealth and State levels. Since 1 October 1993, the Commonwealth has required that point-of-sale material should be within the boundaries of shops, should only be visible from display points within those shops and if placed on windows should face inwards.

3.58 In addition to these minimum requirements imposed by the Commonwealth, a number of States have imposed other restrictions. For example, in New South Wales and Western Australia there are detailed rules governing the location, size, visibility, format and the use of health warnings in relation to this form of advertising.<sup>66</sup> In New South Wales, the area of a tobacco advertisement is limited to 2 000 square centimetres per retail outlet. The maximum width of a tobacco advertisement must be not be less than half and not more than three and a half times the maximum height of the advertisement. In addition, twenty-five per cent of the area of each tobacco advertisement must display one of the four prescribed health warnings, such as 'Smoking Causes Lung Cancer'.<sup>67</sup> It has been argued that New South Wales has the most stringent restrictions on point-of-sale advertising in Australia.<sup>68</sup> Western Australia also has tight controls on this form of advertising, with regulations limiting

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65 Submission No.3, p.3 (National Heart Foundation); *Transcript of Evidence*, p.385 (AMA); Submission No.29, p.14 (ACOSH); *Transcript of Evidence*, p.101 (Centre for Adolescent Health).

66 Supplementary Submission No.45, p.1 (W.D. & H.O. Wills).

67 Letter from NSW Drug and Alcohol Directorate to the Committee, dated 23 November 1995, pp.4-7.

68 Health Department of Western Australia, *Submission to the Review of the Tobacco Control Act 1990*, December 1994, p.13.