

Legislative Council of Tasmania
Government Administration Committee ‘A’
Public Health Amendment (Tobacco-free Generation)
Bill 2014 (No. 40)

Submission of Professor A J Berrick¹

Executive Summary

In view of the Legislative Council discussion leading to Referral to Committee, this report, by the originator of the Tobacco-Free Generation (TFG) research, focuses on practicability and workability of the TFG Amendment. This is interpreted in terms of ease of administration and likelihood of compliance.

Administration.

- By relying on sales by birth-year rather than sales by age, TFG is simpler for Tasmania’s licensed tobacco retailers to administer.
- Details, such as prevention of on-selling and commercial gifting, and provision for proof of birth-year, parallel those already in place.
- The number of post-2000 children already addicted by 2018 will be minimized by prompt announcement of the Government’s intention to adopt the TFG Amendment. In any event, being less than both the number of medical practitioners and the number of licensed retailers, it will be small enough not to disrupt the administration of the measure.

Compliance.

- History shows that one cannot expect compliance from tobacco companies who are notorious for involvement in illicit trade. Their opposition to the TFG Amendment is an endorsement of its probable effectiveness.
- Compliance from the general public is the crucial component. Research indicates that TFG will overcome the defects that the existing under-18 law:
 - (i) makes cigarettes “a badge of the coming of age”; and
 - (ii) suggests that tobacco is acceptable for adults.

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- TFG clarifies that there is no acceptable age of consumption; it grandfathered existing customers only in order to avoid creating a community of deprived addicts.
- With its emphasis on the protection of future generations, TFG is generally popular (even among smokers), and importantly especially so among young adults.
- Recent experience in the USA shows good teenage compliance with laws that are universal in nature rather than seeking to restrain youth only.
- Evidence from NSW shows the effectiveness of reducing tobacco uptake by restricting sales, and that merely advising merchants is not enough to achieve that.
- Just eight licensed tobacconists will be (gradually) adversely affected by TFG; while the incremental diversion of buying power from tobacco to other goods and services will enable the remaining over 800 licensed retailers to adapt without significant detriment, and will be of benefit to the remaining 98% of Tasmania's small businesses.

Conclusion.

TFG is easy to administer, and its clear signalling brings about a cultural change that aids compliance. Meanwhile, (on average) each day of delay in introducing TFG sees three young Tasmanians commence a lifelong addiction to tobacco that will ultimately cost the lives of two of them.

1 Introduction

As originator of the research that led to the 2010 paper in the leading journal *Tobacco Control*^[1] initiating what is now known as the Tobacco-Free Generation (TFG) movement, I have been invited to lecture on the proposal in Singapore, Sri Lanka, USA, Australia, UAE, Malaysia and Scotland. As an Australian, I have a particular interest in seeing this measure achieve success in my home country. When invited to write my 2013 *Tobacco Control* article^[2], and asked to address challenges that had been raised in regard to the measure, I very much had in mind the Australian context for the rebuttal of those challenges. I do not claim that the time is now right for TFG in all countries. However, I strongly believe that Tasmania is a jurisdiction where it is now especially suited.

It has been my privilege to meet, on a number of occasions, Members of both Houses of the Tasmanian Parliament for discussion of TFG, and I would like to express my gratitude for a system – and attitude – of government that makes such meetings not only possible but welcome.

2 Preamble

This submission is guided by the following extracts from the Hansard report of the debate in the Legislative Council on 24 March 2015.

“Mrs TAYLOR (Elwick) - But is this legislation workable and is it practical, and can we make it effective? That is the question and many people around this Chamber today have raised that issue, as well as a number of lobbyists.

I would like to move that this debate stand adjourned so that we could look at clause 4 which is the one that talks about practicability and workability. I would like to let the members know that if this adjournment is successful, I will seek leave to move a motion without notice and if leave were granted, I would move that this amendment bill goes to Government Administration Committee A for further consideration and report, so that everyone could look at the practicality, the practicability, and the workability of this bill.

Mr President, I move -

That the debate stand adjourned.”

...

“Mrs TAYLOR (Elwick)(by leave) - Mr President, I move -

That the Public Health Amendment (Tobacco-Free Generation) Bill 2014 (No. 40) be referred to Government Administration Committee A for further consideration and report.”

...

“Mr PRESIDENT - When the honourable member for Elwick requested the matter be adjourned for a committee to look at the issue, she

stated the major areas she wants looked at. As I understand, the Council voted mainly as a result of what was mentioned by the honourable member for Elwick.”

Given this exchange, I have focused below on “practicability and workability”. If the Committee wishes to hear views in relation to other concerns, I should be pleased to respond.

“Practicability and workability” generally has two main ingredients: ease of administration and likelihood of compliance.

3 Administration

An attractive feature of the TFG Amendment is how simple it is to administer – in fact, simpler than present legislation.

3.1 67J

First, in relation to the main provision 67J(2), and its ancillary provisions 67J(3)-(6), recall that in Tasmania all retailers of tobacco products must obtain a licence for that purpose. Over 800 licences are presently issued. Currently, it is incumbent on the licensee to make such checks as are necessary to ensure that the customer is over the age of 18 years. That involves being shown an identity card of some kind and then calculating, from the date of birth shown on the card, the age of the bearer. Under TFG, that will continue to be the practice until 31 December 2017. Thereafter, the licensee will not need to perform a computation of age, but need only check that the date of birth is from last century (that is, the year begins with “1” and not “2”).

Paragraph 67J(1) is designed to avoid on-selling by people born last century to members of the tobacco-free generation, analogous, I believe, to existing legislation to prevent over-18s on-selling to under-18s.

According the Clause Notes, the possibility of tobacco industry representatives other than retailers gifting tobacco products at popular events is precluded by 67J(2): I would recommend that this point be confirmed. It is important to ensure that tobacco industry surrogate organizations also be excluded.

Since members of the public typically carry a card displaying year of birth (e.g. driving licence, firearms licence, Keypass, passport, etc.) the change of the need to produce a card from young adult smokers (at present) to cigarette purchasers born late last century (under TFG) is not burdensome. I foresee the need for very few individuals to obtain a special card for this purpose. In several states (e.g. Victoria), the Registry of Births, Deaths and Marriages supplies a birth card on request. Note that LINC already requires date of birth documentation in order for Tasmanians to be eligible to borrow a book.

3.2 67K

As discussed in the Clause Notes, it may be that fraudulent provision of proof of age is already covered by legislation elsewhere and its inclusion here is largely for expressive purposes. Detection of such fraud can be an administrative issue, and is a matter that it would be appropriate for the 2021 review of the TFG legislation to monitor. Given the record of the tobacco industry, one can imagine websites springing up to offer fake ids; however, it is a fairly simple matter to “sting” such operations.

3.3 Existing TFG addicts

A question that arises concerns those born post-2000 who have already become addicted to nicotine at the time that the intention to adopt TFG is announced by the Government – how likely are they to present problems of administration? Since TFG does not make their post-2018 smoking illegal, but merely less convenient, an estimate of the size of this group gives an indication of the extent of potential pressure on retailers to disobey TFG. Evidently, the sooner such the Government’s announcement is made, the sooner teenagers can respond to its signalling, and so the fewer post-2000 addicts there will be by the beginning of 2018.

According to data prepared for Cancer Council Tasmania^[3], in 2011 2 percent of schoolgoing 12-17 year-olds (about 780 people) self-described as “heavy smokers” which one may take as an indication of addiction. (Virtually all post-2000 children would still be attending school at the time of a 2015 announcement of intention to adopt TFG.) Even under the conservative assumption that the pre-2018 announcement of TFG has no impact on these numbers, this worst-case scenario is easily manageable (via cessation counselling, etc.) when one considers that it is less than both the number of medical practitioners in Tasmania and the number of retailers currently licensed to sell tobacco products.

Ultimately however, the success of TFG depends less on techniques of enforcement than on willingness to comply.

4 Compliance by tobacco companies

As typically happens when a tobacco control measure is proposed, the industry responds by warning that it will lead to an increase in illicit sales. Yet as Dr Margaret Chan, Director-General WHO observed recently: “*The tobacco industry is implicit in illicit trade, and smuggling is a business strategy for the industry*”^[4] – leading to prosecutions and fines in a number of countries. As a specific example of how this strategy is pursued: “*Imperial Tobacco’s apparent reluctance to help Customs tackle smuggling is highly unsatisfactory. They persisted in exporting large volumes to places like Andorra and Kaliningrad when they must have known that the cigarettes could not possibly be for those domestic markets. And when Customs asked legitimate questions about this activity Imperial’s approach was to fob them off.*”^[5]

Readers of the authoritative catalogue of industry conspiracy, corruption and deception, *Golden Holocaust*^[6] (a book which, despite its many hundreds of pages, is commended to Committee Members), will have no difficulty realising that despite protestations of support for the aspiration of enhanced tobacco control (such as Imperial Tobacco’s recent declaration: “*We support sensible, practical and rational regulations*”), industry efforts will be directed towards undermining any measure that threatens to be effective, as witnessed by litigious opposition to standardized packaging. (In the public health community, this is known as “The Scream Test” – the more that the tobacco industry protests about a measure, the greater the likelihood of effectiveness that its own internal research has revealed.) It follows that the success of a measure depends on the general public’s willingness to comply being sufficiently great as to override such efforts.

5 Compliance by the general public

In my 2013 *Tobacco Control* paper, and recent presentation to the Legislative Council, I provided research evidence of two fundamental defects with existing under-age legislation that TFG is designed to overcome, as follows.

(i) In the words of an Imperial Tobacco internal document “*Cigarettes are ... a badge of coming of age, a symbol of the onset of maturity*”. TFG removes the “coming of age”.

(ii) The implication that there is an acceptable age for tobacco use allows industry to claim “*the consumer knows that they’re smoking a product that has been through the right laws and standards*”^[8]. (In response, Dr Becky Freeman of Sydney University said: “*I find that the notion that legal cigarettes have passed some sort of safety standards completely laughable*”.)

5.1 Grandfathering

TFG clarifies that there is **no** acceptable age – tobacco is after all a substance that kills more Tasmanians than alcohol, road accidents, illicit drugs, murders and suicides combined. TFG grandfathers existing customers only in order to avoid creating a community of deprived addicts. It is important that this point is well explained to the public. Grandfathering is an important conventional weapon in a lawmaker’s armoury: “*It is often the transition that trips up politicians rather than the agreement about the end point. ... But changing the status quo is actually often the biggest problem rather than an eventual alternative prescription: how you ‘grandfather’ an existing population.*”^[9]

One consequence of grandfathering has been pointed out by, for example, BAT Australasia. In 2030, “*a shop owner would be able to sell cigarettes to a 31-year-old, but not the 30-year-old next to him or her.*”^[10] (Of course, discrimination already exists, in that the same shop owner is already able to sell to 18-year-olds, but not to 17-year-olds.) How onerous would that discrimination be? The evidence is clear that, on the one hand, there is a “*near-universal*

experience of regret among smokers^[11], with the figure of 90% often cited for adult smokers; on the other hand, far fewer than 1% of 30-year-old nonsmokers commence smoking. Thus, in the situation described by BAT, it is more than 100 times as likely that the regret will lie with the addicted 31-year-old rather than the tobacco-free 30-year-old.

5.2 Popularity

Popularity is an important ingredient of compliance. As Tolstoy observed: “*There are no conditions of life to which a man cannot get accustomed, especially if he sees them accepted by everyone around him.*” (One might add: and even more especially when their logic is clear.) Indications are good that TFG will be widely accepted. Consistent with surveys elsewhere in Australia, and in Singapore and Canada, a recent Cancer Council Tasmania showed support of around 70% for adult Tasmanians in general, with 60% among smokers and, most importantly, approaching 90% among 18-29 year-olds. Work by medical students in Singapore has shown that post-2000 schoolchildren welcome the idea of their generation becoming The Tobacco-Free Generation. I understand that this is consistent with the recent findings of Tasmania’s then Acting Commissioner for Children.

5.3 Leakage

It is common for tobacco industry apologists to claim that whenever anything is forbidden to teenagers, it will inevitably increase its attractiveness – the “forbidden fruit” syndrome. This claim may have some validity when the denial is age-based (Imperial Tobacco’s Project 16: “*The adolescent seeks to display his new urge for independence with a symbol, and cigarettes are such a symbol since they are associated with adulthood and at the same time adults seek to deny them to the young. By deliberately flaunting out this denial, the adolescent proclaims his break with childhood, at least to his peers.*”^[7]) However, when the denial is universal, and not directed exclusively at the young, it is a different story. There are many historic examples to illustrate this, ranging from the tragic to the comic: after the banning of thalidomide (which gave benefit to pregnant women, though not their offspring) there was no rush by young women to source illicit supplies; President Nixon’s 1971 ban on Scottish haggis in USA failed to result in a black market by rebellious youth. (Likewise, acts of vandalism by youth occur on a scale that is enviable by comparison with tobacco consumption; even the popular example of US Alcohol Prohibition yields a different picture when viewed in the light of evidence rather than Hollywood.^[12]) Of particular relevance to TFG is the historic example of the elimination a century ago of opium use (previously a legal product) in Ceylon and Formosa, as discussed in my presentation to Legislative Councillors in February this year.

A more recent example concerns legislation in USA obliging youth to wear helmets when riding motorcycles. Several states have at different times adopted both universal laws and underage laws. Whichever form of the law is used,

youth are required to wear helmets. However, their compliance with the law is considerably greater when the requirement applies equally to all motorcyclists. For example, Texas data from 1986 to 1991 show a fall in under-18s' noncompliance from 71 percent to 7 percent when an under-18 law was changed to a universal law in 1989.^{[13],[14],[15]}

Most recently, in 2005, Needham Massachusetts became the first jurisdiction in USA to raise the minimum age for legal cigarette consumption from 18 to 21 years. “*Before fully implementing the measure, the town had a smoking rate among high school students of 12.9%, as compared with 14.9% in surrounding towns, according to the Youth Risk Behavior Surveillance System. By 2010, the youth smoking rate in Needham had fallen by nearly half, to 6.7%, while the rate in surrounding communities decreased to 12.4%. The percentage decline in Needham was nearly triple that of its neighbors — contradicting the hypothesis that young people will simply shift their purchases to surrounding towns.*”^[16] “*This was true despite the fact that the youth population in Needham is very mobile, and closely neighboring suburban communities maintained a minimum sales age of 18 throughout the study period.*”^[17] Following the success of this initiative, similar measures have been introduced elsewhere in Massachusetts, as well as in Alabama, Alaska, California, Hawaii, New Jersey, New York and Utah. Given that TFG has the further advantage that it also overcomes the under-age drawback noted in (ii) above, this experience is a strong indicator of the likely success of TFG.

6 Compliance by retailers

Reviewing experiences of attempts to limit youth smoking via sales restrictions, DiFranza concludes that “*all available evidence indicates that interventions that successfully disrupt the sale of tobacco to minors can be expected to reduce the rate of tobacco use among adolescents*”, while “*There is no evidence that merchant education programmes, in the absence of law enforcement, have any impact on smoking by youth older than about 12 years of age.*”^[18] In other words, it’s important to restrict sales, and merely advising merchants is not enough to achieve that. An instructive example he provides is from the NSW Central Coast in the 1990s, where a decade-long programme of test purchases and \$1000 fines to violators led to a reduction in the proportion of youth attempting to purchase cigarettes from 22% to 6%, with smoking among youth correspondingly falling from 26% to 13%. Importantly, he observes “*Initially, a decrease in smoking was evident only in the youngest adolescents, with declines among the older adolescents being evident only as a birth cohort effect as youths who did not initiate smoking during early adolescence did not take it up later. With fewer older adolescents smoking, subsequent birth cohorts had fewer smoking role models and social sources of tobacco.*” Such a “birth cohort effect” aligns perfectly with the goals of TFG.

As with previous effective measures such as prevention of point-of-sale displays and standardized packaging, the tobacco industry has attempted to mobi-

lize local retailers to oppose TFG. The reality is that just eight licensed tobacconist shops will suffer from TFG, as it inhibits the number of new smokers to replace those dying or quitting. However, in contrast to the recent government clampdown on tanning salons, where Tasmania's six salons found the value of their equipment suddenly slashed, the tobacconists will have years to run down their stocks.

The remainder of the over 800 licensed tobacco retailers will find that their sales of non-tobacco items rise as the new cohorts of non-smoking youth direct their spending to other items. Because of its gradual nature, the effect on these retailers is surprisingly mild. For example, a calculation of the impact on Tasmania's 105 newsagents who are licensed to sell tobacco products indicates an average weekly loss of gross profits from tobacco sales of around \$10 in 2018, with a similar further loss in each succeeding year – before the effects of alternative spending are taken into account (see Appendix).

Meanwhile, the other 98% of Tasmania's 36,000 small businesses (according to TSBC^[19]) – those who do not purvey tobacco – will only **benefit** from the diversion of spending away from tobacco.

This logic for the small business community, together with broad public support for TFG, should make it easy to enforce promptly a policy of testing and publicly punishing violators of TFG's sales restraints, as DiFranza advocates.

7 Conclusion

It should be remembered that each day of delay in introducing TFG is a day in which, on average, three young Tasmanians will commence a lifelong addiction to tobacco that will ultimately cost the lives of two of them.^{[20], [21]} Because of its incremental impact while bringing about a cultural shift, its ease of implementation and its wide community support, TFG has the capacity to be a real force for positive change in the lives of future generations of Tasmanians.

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Appendix

Effect of TFG on gross profits of licensed newsagents

Calculations below are based on the most recent period for which sufficient data are available, namely 2010-11. Subsequent trends are for higher excise duty leading to lower consumption and lower profit margins, and, in combination, lower profits from sale of cigarettes, and hence lower profits foregone with the introduction of TFG.

1. The 2011 Census statistics showed that there were around 65,000 children and youth aged between 10 and 19 years in Tasmania.

http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/6?opendocument&navpos=220

That would mean roughly 6,500 **children at each age cohort**, ie. Aged 10,11, 12, 13, 14, 15, 16, 17, 18,19.

2. 2011 Cancer Council survey^[3]

17% of 17-year-olds are current smokers (smoked within past week). (Data for 18-year-olds are not provided.)

$17\% \times 6,500 = 1,105$ **17-year-olds smoking each week.**

3. On average, 12- to 17-year-old current smokers consumed 19 cigarettes per week.

Since 12-year-old current smokers are likely to smoke much less than 17-year-old current smokers, let's suppose that the average 17-year-old current smoker smokes 50 cigarettes per week.

$1,105 \times 50 = 55,250$ **cigarettes consumed per week by 17-year-olds.**

4. According to Tobacco in Australia Facts & Issues^[22], of those under 18 who purchased cigarettes, purchases were from:

36% petrol stations

22% pubs & clubs

15% supermarkets

13% newsagencies.

Also, 62% obtained from a friend, 20% had someone buy for them, 4% obtained from parents.

"about half of all readymade cigarettes were purchased at supermarkets"^[22]

For 18-year-olds, the proportion of purchases at newsagents is likely higher than 13%, say 20%.

$20\% \times 55,250 = 11,050$ **cigarettes purchased per week by 18-year-olds at all newsagents.**

5. World Cost of Living Survey. Economist Intelligence Unit (London, 2011) – as reported in *World Tobacco Atlas 2012*.

Packet of 20 cigarettes costs USD12.14.

At 2011 exchange rate of AUD1 = USD1.05, this equates to $\$12.14 / (1.05 \times 20) = \0.578 per cigarette.

Total sales by all newsagents weekly to 18-year-olds = $\$0.578 \times 11,050 = \$6,387$.

6. “Different retail outlets generally set different profit margins on tobacco products, with the average margin being 14.5%.”^[23]

Gross profit = 14.5% x \$6,387 = \$926 **gross profit on weekly sales by all newsagents to 18-year-olds.**

7. www.linkedin.com/groups/Tasmanian-Life-4164102 - Proxy - Highlight

“The magazine will also be sold in 175 newsagents around Tasmania.”

However, Tasmanian Department of Health and Human Services reports that only 102 newsagents are licensed to sell tobacco.

Gross profit per newsagent = \$926/102 = **\$9.08 profit per week per licensed newsagent on cigarette sales to 18-year-olds.**

Notes.

According to Euromonitor^[23], retail volume sales of cigarettes declined by 4% in 2013 to account for 17.9 billion sticks. “Retail value sales of cigarettes are expected to decline at a CAGR of -2% (at constant 2013 prices) over the forecast period [2013-2018] as smoking prevalence in Australia continues to decrease. Volume sales of cigarettes are also forecast to decline over this period at a CAGR of -9%. This can be linked to a decline in the smoking population, anti-smoking campaigns, the rising costs of cigarettes and a growing trend towards health and wellness.” Thus, the calculation above probably overestimates the profit foregone.

Moreover, the above figure (\$9.08 profit per week per licensed newsagent) likely overestimates the impact, because:

(i) already legislated tax increases will reduce demand (significantly, according to projections);

(ii) gross profit ignores cost of labour (selling, stocktaking, paperwork), store space, insurance, working capital, etc.;

(iii) money that young adults are not spending on tobacco is available for other expenditure.

In the other direction, the calculation above is only for cigarettes, not loose tobacco. There is also the possibility that the signalling sent by TFG will depress tobacco sales more broadly than Euromonitor predicts above.



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