

ENTERPRISE AND LIFELONG LEARNING COMMITTEE

Wednesday 13 February 2002
(Morning)

Session 1

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ENTERPRISE AND LIFELONG LEARNING COMMITTEE

† 7th Meeting 2002, Session 1

CONVENER

*Alex Neil (Central Scotland) (SNP)

DEPUTY CONVENER

*Miss Annabel Goldie (West of Scotland) (Con)

COMMITTEE MEMBERS

*Rhona Brankin (Midlothian) (Lab)

*Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab)

*Marilyn Livingstone (Kirkcaldy) (Lab)

Mr Kenny MacAskill (Lothians) (SNP)

*Mr Kenneth Macintosh (Eastwood) (Lab)

David Mundell (South of Scotland) (Con)

*Tavish Scott (Shetland) (LD)

*Elaine Thomson (Aberdeen North) (Lab)

*Andrew Wilson (Central Scotland) (SNP)

*attended

THE FOLLOWING ALSO ATTENDED:

Dorothy-Grace Elder (Glasgow) (SNP)

Mrs Margaret Smith (Edinburgh West) (LD)

Nicola Sturgeon (Glasgow) (SNP)

WITNESSES

Patrick Browne (Scottish Retail Consortium)

Des Hudson (Scottish Daily Newspaper Society)

James Lowman (Association of Convenience Stores)

Maureen Moore (ASH Scotland)

Tanith Muller (ASH Scotland)

Jim Raeburn (Scottish Daily Newspaper Society)

Mrs Brenda Warrington (Tobacco Workers Alliance)

CLERK TO THE COMMITTEE

Simon Watkins

SENIOR ASSISTANT CLERK

Judith Evans

ASSISTANT CLERK

Jane Sutherland

LOCATION

Committee Room 1

† 6th Meeting 2002, Session 1—held in private.

Scottish Parliament

Enterprise and Lifelong Learning Committee

Wednesday 13 February 2002

(Morning)

[THE CONVENER *opened the meeting at 09:33*]

The Convener (Alex Neil): Good morning. We now have a quorum, so we will start the meeting. We are up against the clock this morning. The meeting has to finish by about 10 minutes to 12 at the latest because proceedings in the chamber start at 12. I therefore apologise to our witnesses, as we must restrict each part of today's evidence taking to a maximum of half an hour. If we can save any time within that, I intend to do so.

Apologies have been received from David Mundell, and Ken Macintosh is to attend the Standards Committee's meeting, but will join us shortly. I welcome Nicola Sturgeon, the proposer of the Tobacco Advertising and Promotion (Scotland) Bill.

Tobacco Advertising and Promotion (Scotland) Bill

The Convener: I introduce Maureen Moore, who is the chief executive of ASH Scotland, and Tanith Muller, who is its parliamentary, press and public relations manager. I invite you to say a few words by way of introduction. We have received your written evidence, for which I thank you. After your introduction, I will invite questions.

Maureen Moore (ASH Scotland): Good morning. ASH Scotland thanks the Enterprise and Lifelong Learning Committee for inviting us to give evidence today. We are delighted to have the opportunity to outline our views on the bill and to answer your questions.

There is strong evidence that a ban on tobacco advertising will, overall, have a positive impact on the Scottish economy, and we are glad to be able to present that evidence to you. The big picture must not be forgotten, however. The economic aspects of the legislation are important and must be considered, but the reason why the bill is vital is because of its effect on Scotland's health if it is passed.

Scotland has the highest rate of tobacco deaths in the United Kingdom and one of the highest rates in the world. Tobacco kills at least 13,000 people in Scotland each year, which is more than 100 times the number of Scots killed by illegal drugs. We urge the Scottish Parliament to send a message that Scotland will not tolerate the promotion of this devastating product. Since 1992, successive Governments—Conservative, Labour and coalition—have prioritised the reduction of tobacco consumption. Banning tobacco advertising is a logical part of that agenda. The evidence that tobacco advertising bans reduce tobacco consumption is clear, especially where additional tobacco control policies are in place, as they are in Scotland.

The tobacco industry has a long track record of using scare tactics in a bid to dissuade legislators from introducing tobacco control policies. Independent studies show that reducing tobacco consumption in countries like Scotland actually increases employment overall and benefits the economy as a whole. We should remember that there are no tobacco manufacturing jobs in Scotland and that there are alternatives for industries that currently do a lot of business with the tobacco industry. In other countries where advertising bans have been introduced, the tobacco industry's claims about cataclysmic job losses have not been realised.

It is important to put the bill in context. Tobacco consumption is in decline in Scotland and

elsewhere in the UK. Banning tobacco advertising will not impact on smoking rates overnight, but it will help accelerate that downward trend.

More Scots smoke than people in any other part of the UK. Reducing tobacco consumption in Scotland will, in the short term, bring Scotland in line with the rest of the UK. ASH Scotland believes that Scottish legislation must be considered in the absence of a UK-wide ban from Westminster. We strongly believe that, both in economic terms and—more important—in terms of the future health of the nation, the benefits of such a measure outweigh any disadvantages.

The Convener: As you will have seen, the written evidence submitted by the other three sets of witnesses from whom we are to take evidence this morning varies. There are those who are relaxed about a UK ban on tobacco advertising and those who are against any ban on tobacco advertising, but they all seem to be saying it is unworkable to ban it just in Scotland. What do you say to that?

Maureen Moore: I do not accept that. As the World Bank would say, the economic questions are not the only questions that should be asked; health has to be taken into account. Tobacco advertising makes it seem normal to people to smoke. Young people think that smoking is not really dangerous, because the Government would not allow tobacco smoking to be advertised if it were. It is vital that Scotland puts out a message about de-normalising tobacco, introducing ad bans and removing advertising at the point of sale. This is an opportunity to show leadership.

Miss Annabel Goldie (West of Scotland) (Con): I was struck by the sentence of your submission that reads:

"Tobacco advertising bans are more effective if introduced as part of a tobacco control strategy."

Your submission also points out that there are health risks from smoking, which nobody would deny. Is it realistic to think that attacking advertising is the appropriate way to deal with what may be—or rather with what is, as probably no one would argue against this—a potential cause of very serious ill health?

Maureen Moore: We know that in countries that have introduced tobacco advertising, such as Norway, Belgium, France and Ireland, the ban supports a reduction in tobacco consumption. Norway has a tobacco advertising ban, but the real price of cigarettes came down there. The ban there was not comprehensive, and the other measures to support the ban were not in place. To have a proper tobacco control strategy in place requires a tobacco advertising ban and increases in taxation in real terms as well as an effective cessation service, multimedia information on the

health aspects of tobacco and passive smoking and community work. An integrated approach is required, of which a tobacco advertising ban has to be part.

Areas of current deprivation have the highest rates of smoking in Scotland, and we need only take a walk in such areas to see all the tobacco advertising on the big hoardings there. If we are putting in so much money to support people stopping smoking—which we are doing—it is counterproductive to let this big industry continue to target new customers. That is what the industry is doing.

Miss Goldie: You used the word "cessation". Is that not at the nub of this? I must confess that one of my concerns is the apparent likelihood that a ban on advertising in Scotland would not stop the import of cheap tobacco products from other countries.

Maureen Moore: That is happening now. I will give examples of what is smuggling, a law and order issue, which should get mixed up—

Miss Goldie: I do not necessarily refer to smuggling. There are legitimate imports from China, for example.

Maureen Moore: Yes, cigarettes are imported, but let me first address the question of smuggling, because that is the issue here. One of the submissions refers to market disorder, and it has been suggested that a ban on tobacco advertising will lead to our getting lots of cheap cigarettes. That argument has not stood up in the countries where tobacco advertising bans have been introduced.

Currently, cheap cigarettes are arriving in this country because of smuggling. Members will know that the Department of Trade and Industry is investigating the tobacco industry, which wants to keep its customers smoking. One in five cigarettes smoked in the UK is smuggled. Smuggling stimulates consumption directly, and the sale of cheap cigarettes is used as a political lobbying tool by the tobacco industry.

I will give a striking example of the export of cigarettes to countries where the brands in question are not smoked. In Andorra, which has a population of 70,000, exports of cigarettes from the UK rose to 1.52 billion in 1997. That meant either that each Andorran, including children and non-smokers, was smoking 60 British cigarettes per day that year or that those cigarettes were being smuggled back into the UK from Andorra. The tobacco industry could not fail to be aware of what was happening to its cigarettes.

We are getting cheap cigarettes on the market now, when there is tobacco advertising. I therefore do not accept the argument put forward.

Tanith Muller (ASH Scotland): We have to be aware of the fact that the tobacco industry uses the threat of smuggling as a major tool with which to lobby Governments. We should be particularly aware of that when bodies that are backed by the tobacco industry are including that argument in their submissions. The evidence from Canada is that the reduction in tobacco tax that resulted from lobbying by the tobacco industry did not solve the smuggling problem but increased smoking, particularly among young people. Since then, the Canadian Government has started to consider legal action against the tobacco companies for their role in facilitating that crisis.

In response to Miss Goldie's point about the legitimate cigarette market in Scotland, I reiterate that we are not aware of any evidence of a problem in that regard in any of the countries where there is an ad ban. We think it incredibly unlikely that tobacco companies would create differential prices within the UK. The argument about cigarettes getting smuggled across the border does not stand. It would be a disaster for the tobacco companies were it suggested that they were artificially holding their prices up in England and Wales.

The other thing is—

Miss Goldie: May I intervene for a moment? I am grateful to you—what you have said explains fully where you stand on that issue. However, I am anxious to get at the kernel of what your organisation has as its ultimate aim. I presume that the ultimate objective of ASH is the cessation of tobacco usage.

Maureen Moore: Given that we are dealing with a legal product, the aim of ASH is to see effective tobacco control policies put in place. If you were to ask what ASH Scotland was against, I would tell you that we are not against smokers, but we are against the tobacco industry. We want effective tobacco control policies to be put in place in Scotland. We know from the experience of other countries that for a tobacco control strategy to be effective, there must be a ban on tobacco advertising.

09:45

Miss Goldie: If the bill were to succeed, would ASH wind up?

Maureen Moore: That would be nice. I would consider it a great success if ASH did not need to exist any more or if it did not need to be up against a great, big—

Miss Goldie: If this measure succeeds, will ASH wind up?

Maureen Moore: No, because we will still have a tobacco industry that will continually look for

loopholes, as it has done in the past. We can see clearly where it moves—when we brought in a television tobacco advertising ban, in 1967, the industry simply moved its market. I am always amazed that rational, intelligent people believe that the tobacco industry advertises only to get current smokers to switch brands. That is an insult to—

Miss Goldie: That is another issue, convener. I thank Maureen Moore for answering my question.

The Convener: I welcome committee members Marilyn Livingstone and Elaine Thomson. I also welcome Dorothy-Grace Elder, who is a member of the Health and Community Care Committee.

Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab): I refer the witnesses to the gloss that our convener put on the suggestions made in other submissions that implementing a ban only in Scotland would be unworkable. I am particularly concerned about that area.

The ASH submission says that you are looking for a UK-wide ban, which you believe would be the most effective way of controlling tobacco advertising. I was struck by what you said about the evidence that shows that tobacco advertising bans reduce tobacco consumption. Although your submission contains footnotes on the source of that evidence, there is no footnote to suggest that there is any evidence on the effectiveness, or otherwise, of a partial ban in a unified media market. Does such evidence exist?

Maureen Moore: It is important that we are clear about what we mean when we talk about partial bans and comprehensive bans. A partial ban is one that covers one medium, while a comprehensive ban covers different areas. There is no such thing as a comprehensive tobacco advertising ban, because the tobacco industry will continue to look for loopholes.

Brian Fitzpatrick: Perhaps I was not clear—

Maureen Moore: We are very concerned about brand stretching—the companies stretch their brands into other areas. We want to put across a big message about the danger of the product—that is what we are trying to achieve in Scotland with the bill. This is the only—

Brian Fitzpatrick: I am asking about the effectiveness of a partial ban. I do not necessarily disagree with you about sending out messages, but I am not sure that legislation is an appropriate vehicle for that. I would like to tease out a bit more information on the effectiveness of a partial ban. Have you looked at disparities in the legislation of other devolved or federal Administrations? What effect have those disparities had in the circumstances of a single media market? Has ASH undertaken that work?

Tanith Muller: ASH has not done that work and, as far as I am aware, such a study has not been undertaken. Scotland is in an unusual situation that is not replicated in many of the countries that have introduced advertising bans. We could conduct another search of the literature and come back to you—

Brian Fitzpatrick: You mentioned Canada. Have you looked at the situation in Canada?

Tanith Muller: As I understand the position, the tobacco advertising ban in Canada was introduced at a national level and therefore that example does not apply to Scotland. We have looked at Canada, but there was no difference between one part of Canada and another. Although there are constitutional problems in comparing the situation in Scotland with the situation in Ireland, Irish editions of UK newspapers have a reasonable circulation in the Irish market, and there are no reports of those publications having problems filling advertising space even if the UK editions contain tobacco advertising.

Brian Fitzpatrick: I am not really concerned with the interests of the media and whether they manage to fill up the advertising space. I am more interested in whether that sort of ban is thought to be effective. For example in Ireland—where the largest circulation is perhaps 100,000 newspapers—most of the Sunday newspapers come from the UK. Is there any evidence on the situation there?

Tanith Muller: The problem with Ireland as an example is that incremental bans over time have been introduced relatively recently. Ireland is just putting in place the last stand by considering legislation to ban advertising at the point of sale as part of the Public Health (Tobacco) Bill. It is difficult to measure the effectiveness of a comprehensive ban of the type that this bill would bring about, because Ireland does not have that yet.

Maureen Moore: The international evidence suggests that tobacco advertising bans lead to significant reductions in tobacco consumption. We know that.

Brian Fitzpatrick: Can I just tease out—

Maureen Moore: I would like to finish what I am saying. Taking away point-of-sale and billboard advertising will have an effect on sales of cigarettes; it will bring down consumption.

One of the things that the tobacco industry does—which amazes me—is to reassure current smokers. I am making important points. We are not just talking about the effectiveness of a ban in economic terms. We are talking about sending a message in this country about how dangerous tobacco products are. People say that cigarettes

cannot be dangerous because the Government allows them to be advertised.

Brian Fitzpatrick: You said that we know from experiences in other countries that a ban on advertising leads to a reduction in tobacco use and consumption. You mentioned Norway and gave the explanation that the ban by the Norwegian Government had been followed by a reduction in the real price of cigarettes. Is that correct?

Maureen Moore: Yes. When the ban was introduced, the real price of cigarettes came down and that had an effect on consumption. Norway is often used as an example of where cigarette consumption did not come down following a ban on tobacco advertising.

Brian Fitzpatrick: Is it your position that evidence that a ban on tobacco advertising had not reduced tobacco use is not correct?

Tanith Muller: That evidence is not correct, because there is evidence that tobacco consumption in Norway has come down. The issue is that some people say that it has not come down very quickly. We argue that one reason for that is that the rest of the tobacco control strategy was not in place. Incomes in Norway went up, but tobacco taxation did not keep pace with that, so the real price of tobacco dropped.

Brian Fitzpatrick: I would be interested in that evidence and it would be useful if ASH Scotland produced it.

Could I make one final point?

The Convener: If you make it very tight. We are running out of time and two other members want to come in.

Brian Fitzpatrick: I have one final point in relation to the questions that Annabel Goldie asked. I leave issues of smuggling aside; I do not want to go there with this question. We have evidence of concerns, particularly from workers in the tobacco industry, that the legitimate market would be affected by cheap cigarette products coming in from China, for example, if Chinese importers did not need to take up advertising costs. I do not know whether you have seen the submission from the Tobacco Workers Alliance. Will you take us through your position on that?

The Convener: Please make it tight, because I am trying to get other members in.

Tanith Muller: The evidence is basically that brand loyalty among adult smokers is very strong. Peer-reviewed journals have set the instance of adults switching brands at 10 per cent. We also argue that the evidence from countries in which new brands are being introduced is that new brands have to be promoted heavily to convince

people to swap brands. Some people say that 150 per cent of the return over two years must be used for that. Basically, we have serious doubts about the credibility of the evidence on cheap imports following an advertising ban, as we have no evidence of the market being affected in that way elsewhere.

Brian Fitzpatrick: I am obliged, convener. For the avoidance of doubt I refer to my entry in the register of interests in relation to my membership of Amicus.

Andrew Wilson (Central Scotland) (SNP): I am mildly frustrated by the first 25 minutes of evidence. Will you clarify whether we are supposed to be considering the economic impact of a potential ban or whether we are considering the bill more widely, convener?

The Convener: Our primary focus has to be the economic impact of a potential ban, but if members want to ask question on wider issues I will allow them—

Andrew Wilson: Regardless of their relevance.

With the greatest of respect, I cannot see in any of the submissions firm evidence on the economic impact of a ban. It strikes me that, by definition, if a ban has an effect on demand and therefore consumption we are considering who wins and who loses, because people will switch their consumption demand from one product to another.

We need evidence from you and from others on where that demand will go. Who will the winners and losers be? There is a contradiction between the evidence that we have been given by those who argue that a ban will produce a reduction in demand at retail sites and the evidence that we have been given by those who say that it will mainly have a brand-switching effect. Reference has been made to more questionable and unusual impacts that a ban might have vis-à-vis Chinese imports; I find that very strange.

In the final paragraph of your submission, you state:

“the annual cost of employee smoking in Scotland is in the region of £500 million each year”.

I would like to hear where that figure comes from. It is a hard number, but we do not know about its veracity.

Secondly, how long will it take for the impact of a ban to be felt? The negative effects of a ban on the media and advertising markets—which are tangible—will be felt immediately, whereas the economic benefits of a ban are longer term. We need to have an idea of the time scale.

Maureen Moore: The annual cost of employee smoking in Scotland is £500 million each year: £450 million as a result of lost productivity—smoke

breaks—£40 million because of higher rates of absenteeism among smokers and £4 million as a result of fire damage. Those figures are taken from a study by Parrott, Godfrey and Raw published in “Tobacco Control”, which we can supply to members.

Andrew Wilson: I have no idea what status that journal has.

Tanith Muller: “Tobacco Control” is a peer-reviewed journal that is part of the stable of the “British Medical Journal”. It is a specialist magazine for physicians working in the field of tobacco control.

Andrew Wilson: So the journal is peer reviewed.

Tanith Muller: Yes. The economist who worked on that study also worked on the study “Tobacco and Jobs—the impact of reducing consumption on employment in the UK”. There are a handful of economists working in the field—we rang all of them to find out whether they could appear before the committee, but unfortunately they all had teaching commitments. The centre for health economics at the University of York specialises in the impact that tobacco has on the economy in various ways.

The report “Tobacco and Jobs—the impact of reducing consumption on employment in the UK” suggests very strongly that the winners from a tobacco advertising ban would be the service industries. Money that is not spent on tobacco does not disappear from the economy, but is spent on other goods. The authors of the report examine how former smokers spend their money.

Andrew Wilson: What do they say?

Tanith Muller: They say that there will be strong gains in the service sector and in industries such as the leisure and hospitality industries. There may also be gains for the finance industry, because ex-smokers may save more money. That is good news for Scotland, because the Scottish economy is traditionally seen as strong in the sectors to which I have referred.

Andrew Wilson: That is interesting. I have not yet received evidence about the margins for tobacco production. Who is making what profits on the production side, from the primary product right through to the end of the process? As you said, none of the manufacturing takes place in Scotland, so the switch from demand for tobacco would not be felt by the domestic economy. If the extra demand created by a ban on tobacco advertising were channelled into domestically produced products, such as services, the impact of a ban on our economy could be quite positive.

Tanith Muller: That is what we argue. The University of York economists would argue the

same on the basis of their report.

Since we were asked to give evidence, we have been trying to work out where the profits from tobacco manufacture go. Obviously, information of that sort is regarded as commercially sensitive. We can say that the tobacco industry in the UK has lost something like 85 per cent of its staff since 1981. At the same time, it has increased its productivity by 3 per cent, by targeting the export market. Even in a declining domestic market, the UK tobacco industry is still producing tobacco for export. Despite the fact that there is no tobacco manufacturing in Scotland, it could be argued that industries in Scotland still feed into the tobacco factories based in England.

Andrew Wilson: What are those industries?

Tanith Muller: Companies producing products such as packaging, paper and the materials that go into cigarettes.

The Convener: As we have two minutes left, I will take questions from Rhona Brankin and from Dorothy-Grace Elder. I would like you to answer both questions, as we must stick to our timetable this morning.

Rhona Brankin (Midlothian) (Lab): I am interested in the effects of introducing a ban on tobacco advertising in Scotland in advance of the rest of the UK. Some of the written evidence that has been given to us suggests that introducing a ban in Scotland could have an adverse economic impact—obviously, there will be further discussion on that point.

I am interested in your comment that the ban in Norway had a limited effect because the rest of the tobacco control strategy was not in place. You say in your written evidence that it takes a while for the effect of a ban on tobacco advertising to kick in. If that is the case, why is it a particular problem to wait for the ban to be implemented at the UK level?

10:00

Maureen Moore: We are concerned about that because the Labour party said in its 1997 manifesto that it would bring in a tobacco advertising ban, but that bill fell. We saw no evidence that the Government's ban was going to go ahead, and a European bill also fell at the same time as the UK bill was not pushed forward. We were greatly concerned about that and thought that Scotland had to take action. That is why we support the Scottish bill. If we do not get a ban from Westminster, Scotland must act—that is what the Scottish Parliament is for. This is an extremely important public health issue for the people of Scotland.

The Convener: I ask Rhona Brankin to keep her supplementary question very tight.

Rhona Brankin: All right.

You said that it takes a while for the effect of a ban to be felt. What time scale are you talking about? Would you answer my question about the limited impact that a ban has had in Norway because of the lack of a tobacco control strategy?

Maureen Moore: This is a long game—introducing a tobacco advertising ban is only one part of a long-term strategy that involves other tobacco control measures. I cannot give you a time scale, but we know from the experience of other countries that a tobacco advertising ban that is brought in with a comprehensive tobacco control strategy reduces tobacco consumption.

Rhona Brankin: Therefore, waiting for a couple of years might not have much impact.

Maureen Moore: It will have an impact.

The Convener: I will allow Dorothy-Grace to ask a very quick, sharp question and I ask the witnesses to give us a sharp answer.

Dorothy-Grace Elder (Glasgow) (SNP): The witnesses may have noticed that the Westminster Government has been advertising recently the recruitment of as many as 900 extra customs officers to fight the smuggling of cigarettes into Britain. The Government has not engaged 900 extra customs officers to fight illegal drugs—it has not engaged even just a handful of extra customs officers for that work. What does that indicate to you about what you are up against? You are fighting not only the tobacco lords but the Government, because it needs £7.5 billion in tobacco tax and it is happy to use that tobacco tax. Is that not a little hypocritical?

The Convener: I ask for a short, sharp reply, please.

Maureen Moore: I cannot get into whether the Government is hypocritical or not. I am delighted that it is taking on—

Dorothy-Grace Elder: How much does ASH get from the Government to fight against tobacco?

Maureen Moore: As I told you at the Health and Community Care Committee, we receive a core grant of £120,000 a year, plus other money for specific pieces of work. We do not get money from the Government alone—we get money from other sources to support our work. We are only a small voluntary organisation. ASH was set up to make sure that effective information is given out. We lobby to ensure that proper tobacco control strategies are in place. However, what we do is only one part of what you—and everyone else in society—should be doing. Everyone must care about tobacco control, not just—

Dorothy-Grace Elder: Perhaps you could get the Government to care more and to give you

more of a grant.

Maureen Moore: That is what I want to happen. That is why I am here, talking to this Parliament.

The Convener: Unfortunately, as I said earlier, we are running a very tight timetable this morning. I thank the witnesses for their written and oral evidence, which has been helpful.

While the next set of witnesses is getting prepared, I welcome Margaret Smith, who is the convener of the Health and Community Care Committee. Three members of that committee have joined us today. I will explain the ground rules so that there is no dispute. The proposer of the bill has the same rights as members of the Enterprise and Lifelong Learning Committee to ask questions. The other members of the Health and Community Care Committee who are in attendance will be invited to ask questions at my discretion. I will adopt my usual practice of giving priority to members of the Enterprise and Lifelong Learning Committee. If any of the non-Enterprise and Lifelong Learning Committee members indicate that they want to ask a question but we run out of time, I am sorry, hard cheese—this is the Enterprise and Lifelong Learning Committee. However, Nicola Sturgeon has the same rights as members of the committee.

I welcome Des Hudson, president of the Scottish Daily Newspaper Society, and Jim Raeburn, its director. I invite you to give a short introduction. We will then move on to questions.

Des Hudson (Scottish Daily Newspaper Society): I would be delighted. I am grateful for this opportunity to address the committee. I will start by making three brief points. First, the members whom I represent clearly have an economic interest in the outcome of the consideration of the bill. I recognise that, and say it with some hesitation, bearing in mind the public health interests that affect everyone in our community.

Secondly, we are uncertain of the persuasiveness or availability of clear empirical evidence as to the efficacy of advertising bans. Our final point, and our major concern, is about the workability of a partial advertising ban. In the United Kingdom, we have a unified media market. To introduce a ban such as that proposed in the bill in some sections of the media within that single market raises serious concerns about the efficacy and practicality of such legislation.

If the bill as introduced were passed, the following would be the case in terms of three types of publication that are available in newsagents anywhere in Scotland. First, an edition of, say, *The Scotsman*, *The Press and Journal* or *The Herald*, would clearly be caught by the ban as those newspapers are printed and published in Scotland.

Tobacco advertising in those publications would be unlawful. Secondly, in the case of newspapers published in England, questions would arise about whether they are mainly or especially produced for the Scottish market. *The Independent* effectively produces a unified edition structure for the UK, and tobacco advertising may or may not be unlawful in it. Thirdly, magazines such as *FHM* also have a unified edition structure for the UK. According to my reading of the bill as introduced, tobacco advertising would be lawful in such magazines. Our concern is that if the bill as drafted became legislation in what, I suggest to you, is a unified media market, the ban would be ineffective and partial in its application and would rebound to the economic disadvantage of the media in Scotland.

Finally, I offer some statistics. Based on returns for the financial year ending in 2001, we estimate that indigenous Scottish newspapers received about £600,000 from tobacco advertising. If we were to consider the advertising for the Scottish market, as opposed to the UK market, that was carried by all UK newspapers available in Scotland, we think that that figure would rise to about £1.5 million for that year. We are concerned about the effectiveness of introducing partial restrictions in a unified UK media market.

Andrew Wilson: Thank you for that evidence. I had better declare an interest, as I have an income from a weekly newspaper in Scotland.

I want to explore further the assertion that there is a "unified media market". What proportion of the Scottish daily newspaper market is taken up by editioned UK newspapers, in other words, *The Guardian*, *The Independent* and the *Financial Times*?

Des Hudson: I would guess that about 50 to 60 per cent of daily copies sold are what I would term indigenous Scottish newspapers.

Andrew Wilson: What percentage?

Des Hudson: Round about 50 per cent.

Andrew Wilson: Fifty per cent? Are you sure?

Des Hudson: I would guess so. I am trying to work it out. The number of copies of *The Guardian* sold in Scotland on an average day is about 12,000. The average daily sale of either *The Scotsman* or *The Herald* is greater than the sum of the sales of all English broadsheets. However, we have to consider the interplay of tabloid or mass market newspapers such as the *Daily Record*.

Andrew Wilson: That is my point. The volume of newspapers sold must be, at a ballpark figure, 1.5 million a day, of which *The Guardian*, the *FT* and *The Independent* cannot account for more than 5 per cent.

Des Hudson: Indeed, but if we consider—

Allan Wilson: How can you call it a unified media market when Scottish editions and domestic Scottish newspapers, ostensibly selling in the Scottish market, account for more than 90 per cent of the market?

Des Hudson: We can call it a unified media market if we have regard to the overall income for a newspaper. That is made up of two primary elements: cover price income and advertising income. I can assure you that we operate predominantly in a unified media market in the battle both for advertising revenue and for readers.

Andrew Wilson: With the greatest respect, that is a quite separate question. The market for the media is the demand for the product. You are talking about where you are taking your supply of advertising. Before you go on to the advertising, on which, incidentally, I agree with you, I would like to pin down what share of the market you are talking about. It seems to be absolutely minimal. If anyone can figure it out, you guys can. I can never figure it out, because no one is honest about their circulation figures. What is the truth? It would be helpful if you could come back to us on that figure.

The Convener: I am sure that the *Sunday Mail* is the exception to that, Andrew.

Andrew Wilson: Quite.

Des Hudson: We would be happy to come back to you with those figures. We have real problems with the definition of an indigenous title, a UK edition and so forth.

Andrew Wilson: My final question is, what share of your members' advertising revenue comes from cigarette advertising? You said that it was £600,000. What is the share overall?

Jim Raeburn (Scottish Daily Newspaper Society): I think that it is less than 1 per cent.

Des Hudson: In the case of my newspapers, 0.75 per cent of our advertising income last year was from tobacco advertising.

Jim Raeburn: We have to acknowledge that that share varies from title to title. Some newspapers attract a quite substantial volume of advertising; others attract less.

Miss Goldie: I gather from your submission that you distinguish between what may be a health issue and what you consider to be the legitimate commercial activity of advertising a product that is not proscribed—not banned by law. Is it your view that if products in the marketplace are lawful there should be freedom of commercial activity to advertise them?

Des Hudson: Yes, it is.

Jim Raeburn: That is an unqualified yes. We are talking about freedom of commercial expression. If a product is legal, there should be freedom to advertise it.

Miss Goldie: I presume that advertising revenue is a significant part of newspaper income, regardless of how the advertising revenue subdivides into component advertisers. If we have a legislative regime that is split between Scotland and the rest of the UK, is it likely that competing newspapers south of the border could enjoy larger revenue receipts and be priced more competitively for consumers?

Des Hudson: I agree with the first part of your point. I am not so sure that the additional revenue that newspapers could obtain would be sufficient for them to reduce their pricing. We have to acknowledge that tobacco advertising provides a very small proportion of newspaper revenues. I accept the point that English titles—if I can refer to them that way—would have an advantage and might gain that revenue. However, I do not think that the revenue would be sufficient to enable them to reduce cover prices.

We already have differential pricing in the UK. A copy of *The Sunday Times* bought in Manchester is more expensive than a copy bought in Edinburgh. A copy of *The Times* is priced differently in the same way. We already have that competition in place. I do not think that the change in publishers' access to income from tobacco advertising would make a real difference in that regard.

Miss Goldie: Your main concern is that a split legislative regime would be unmanageable or possibly unenforceable.

Des Hudson: I certainly think that there would be problems with it.

One further factor to which we refer in our written submission to the committee is that it is already difficult for indigenous Scottish newspapers to compete in what I argue is a unified media market. It is so much easier for a London-based decision maker to say, "I can promote this product simply by laying down a media campaign using UK national titles. Why do I need to bother about these quaint little papers up there in Scotland or Wales?" The difficulty of continuing to promote and compete effectively when there is a mindset of taking the easiest course—carrying out media planning using national titles—is a matter of concern to SDNS members.

Nicola Sturgeon (Glasgow) (SNP): I have two quick questions. The first relates to your previous point. You have expressed concerns about the effect of introducing a ban on tobacco advertising in Scotland alone, given the unified newspaper

market in the UK. It strikes me that we are not really operating in the dark. We do not have to make assumptions. We can look to the experience of Ireland to see whether such concerns have been realised. A ban on tobacco advertising in newspapers has been in force in Ireland for a couple of years. News-stands in Dublin display Irish editions of the *Daily Mail*, *The Mirror* and UK editions of *The Guardian* and *The Independent*. Do you have any evidence of the concerns that you have expressed today being realised in Ireland? I have not heard of that happening.

10:15

Des Hudson: I do not think that concerns arise from the Irish experience. However, I contend that the Irish experience argues in favour of the effectiveness of a UK-wide restriction, rather than a restriction that applies only to Scotland. As I understand it, under the relevant Irish legislation, any newspaper that is available for sale in Ireland is caught by the restrictions. I said earlier that there are certain newspapers that would without doubt be unlawful under the bill as proposed if they carried tobacco advertising. There are others on which the position is less clear. Under the proposed legislation, a single UK edition of *FHM* magazine would lawfully be able to carry tobacco advertising on copies sold in Scotland.

Nicola Sturgeon: If an amendment were lodged at stage 2 to bring the bill more into line with the Irish ban and to ensure that it covered any newspaper or publication that is distributed in Scotland, would you be more comfortable with it?

Des Hudson: That would remove many of my concerns. That is the logic of our argument. Our only remaining concern is that such a provision would further exacerbate the problem of Scottish titles competing for UK-decision-based advertising spend against UK national or English titles.

Brian Fitzpatrick: I refer to the second page of your written submission, in which you refer to the experience of countries such as Norway that already have tobacco advertising bans in place. You heard the evidence that we were given by ASH. Do you want to comment on that?

Jim Raeburn: If we chart sales of tobacco in Norway, we see that those increased quite significantly but have since dipped. However, advertising cannot be divorced from pricing. It is well known that price, rather than advertising, is the biggest single influence on tobacco sales. In 1965, when tobacco advertising on television was banned in the UK, expenditure on tobacco advertising fell by something like 50 per cent, but over the next eight or nine years tobacco consumption increased, to reach its peak around 1974.

Since 1974, there has been a steady decline in tobacco consumption of something like 40 per cent. About 11 million people have given up the smoking habit. Price is undoubtedly the single biggest influence on tobacco consumption. If prices are pushed up by high Government taxation, cigarette consumption is reduced. If prices fall, people smoke more cigarettes. Some figures have been produced to show that cigarette smuggling is leading to an increase in smoking.

Brian Fitzpatrick: I want to pursue with you the issue of real price. You have made an assertion about the experience of countries such as Norway. We have heard from ASH that there may be evidence to support the claim that the real price of cigarettes in Norway has gone down and that that explains the lower rate of decline in tobacco consumption there. That supports what you have said about price, but suggests that we should not make too much of the assertion contained in your submission.

Jim Raeburn: The evidence that we have collated shows that there is no real indication that tobacco advertising bans result in a reduction in smoking. No hard evidence is coming through from reports such as the Smee report of 1992. Government assessments have been based on illustrations using the figure of a 2.5 per cent reduction in tobacco consumption resulting from advertising bans. Those illustrative figures are not based on any hard evidence.

Rhona Brankin: You said in your written evidence that serious public health issues are at play here—they clearly are. You obviously accept the link between tobacco and ill health, as everybody here would do. You have limited the basis of your evidence to what you think would be the damaging effect on Scotland. You do not deny that serious public health issues are at play.

Des Hudson: No, not at all. We sought to make that clear at the outset. Our primary concern is the introduction of a restriction in only one part of what we contend is a unified media market. A restriction on the whole market would be more effective in our view in terms of the mischief at which the legislation is directed. It would not create the distorting economic effects that we think would affect Scottish newspapers if the bill were passed.

Jim Raeburn: The Scottish Executive health department issued a letter in August 2001 at the time that the Department of Health in England issued a consultative document on the proposed European Union directive on advertising and sponsorship of tobacco products. That letter says:

"The Scottish Executive is committed to a ban on tobacco advertising. However, we recognise that tobacco advertising does not respect national borders and that comprehensive action must be taken at both UK level and international level if a ban is to be effective."

We are not arguing against an EU ban. We are challenging any benefit that might flow from a Scottish ban.

Mrs Margaret Smith (Edinburgh West) (LD): Mr Raeburn made the passing comment that some newspapers attract a greater amount of tobacco advertising than do others. Will he give us figures of what that spread of tobacco advertising would be? Will he make conjectures regarding why certain newspapers attract greater amounts of tobacco advertising? I suggest that that might be because certain newspapers are targeted at certain parts of the market.

The evidence given to the Health and Community Care Committee is that tobacco advertisements are targeted specifically at the young, because 90 per cent of people who smoke begin in their teenage years. They are also targeted at those who can least afford the products—those who live in the poorer and more deprived areas of our country.

Will you tell me what the spread is? You said, for example, that your newspapers get less than 1 per cent of their advertising revenue from tobacco advertising. If you do not have figures at the moment, will you give them to the committee? Will you guess at why certain newspapers attract a greater amount of tobacco advertising?

Jim Raeburn: It would be improper of me to reveal figures for specific newspaper titles, because the information has been given to me in confidence. We have been happy to disclose the total advertising income this morning.

Certain newspapers attract advertising and any media planner will ask which newspaper will suit his advertising client. That is still all about how the advertising can influence particular brands that people smoke—it is entirely to do with that. Smoking has declined by 40 per cent over the past 25 to 30 years. Advertising is about promotion of brands.

You raised the question of targeting advertising at the young. That is strictly against the cigarette code that is agreed between the Department of Health and the tobacco industry. The code says that there should be no targeting of people younger than 18 and the people used in advertising should not be younger than 25.

Mrs Smith: The evidence given to us by Professor Hastings and Dr MacFadyen from the University of Strathclyde, who are experts—

The Convener: I am sorry to interrupt, but by “us” do you mean the Health and Community Care Committee?

Mrs Smith: Yes, and I am happy for colleagues in the Enterprise and Lifelong Learning Committee to have access to that evidence, which seems to

suggest that the voluntary code to which you refer is being flouted by advertising agencies in the targeting of their adverts, whether it is on billboards or in publications. The work that has been carried out at the University of Strathclyde would suggest that the voluntary code is not working in that respect.

While I understand what you are saying about commercial confidentiality, without going into details would it be fair to say that the bulk of the tobacco advertising in Scottish newspapers is targeted at the tabloid end of the market rather than the broadsheet end?

Des Hudson: Yes.

The Convener: Would the loss of tobacco advertising space in newspapers in Scotland have any impact on whether advertisers from south of the border continued to use Scottish outlets for advertising?

Des Hudson: We argue that it would have an impact. It would be less to do with scarcity of space and more to do with whether media planners and media buyers would continue to take the trouble to plan media campaigns, beyond the easy approach of saying, “I’m just going to stick this advert in these two or three mid-market tabloids that cover the entire UK.” That is likely to happen; it is not based on restriction of space.

The Convener: For non-tobacco advertising?

Des Hudson: We think that it could spread beyond tobacco advertising because it is already difficult to obtain the appropriate share of an advertising campaign for Scottish indigenous titles. That process is already under way, and its acceleration would be one of the unfortunate consequences of the legislation.

Jim Raeburn: If we were to consider a schedule drawn up by a media planner in a London-based agency to promote something on a UK basis, and if we were to look at the list of newspapers that the planner is using, we would think, “How can they justify the figures that they are trying to reach in Scotland without using the Scottish press?”

The Convener: Presumably, any impact on the Scottish press would be temporary until Westminster introduced a wide ban. There is a commitment from Westminster to do that in this Parliament. Presumably, we are talking about any impact lasting only a short period.

Des Hudson: That is right. If the legislation at Westminster followed, the impact would be short-lived.

Andrew Wilson: What share of overall revenues for newspapers is taken up by advertising?

Des Hudson: It depends on the type of

newspaper we are talking about. If it is the red tops, I would guess that their revenue split would be something like 50 per cent cover price and 50 per cent advertising. If we are talking about a regional title such as *The Scotsman*, *The Herald* or *The Press and Journal*—

Andrew Wilson: They will have you for that.

Des Hudson: My apologies. I would guess that about 75 per cent would be advertising and about 25 per cent would be cover price.

Dorothy-Grace Elder: Having earned my living in the newspaper industry for 30 years, I know very well how delicately the books are balanced. If a London-based paper wishes to get rid of the Scottish offshoot title, which might have a much smaller circulation than the main title, does it not first consider the advertising? In the months leading up to the announcement of a closure it sometimes does not credit the Scottish share of the UK advertising. Advertising is extremely important for those offshoot papers, which, without naming names, have “Scottish” in the title.

Des Hudson: Advertising is important for all newspapers. I would suspect that the advertising pages in the offshoot titles to which you referred—which the London-based papers would regard as the Scottish pages—are sold far more cheaply than the UK pages. That has a distorting effect on competition vis-à-vis how indigenous Scottish newspapers might price their advertising pages.

Jim Raeburn: We have been talking largely about newspapers. Most magazines are UK magazines. Under the bill, tobacco advertising would not be banned in most of the magazines that I read. The penetration of that advertising into the Scottish market would still be quite significant.

10:30

I wear another hat: I am director of the Scottish Print Employers Federation, which covers a related industry. I made a brief submission in that capacity. Some of the federation's member companies print magazines. Those companies might have a defence to argue if they do not know about the advertising contents of the magazines that they print, but it would be nonsense to make it an offence to print a magazine that contains one cigarette advertisement. The printing industry in Scotland is in dire straits and cannot afford to be penalised in such a way.

The Convener: Thank you very much for your written and oral evidence. I remind members who have just joined us that we are subject to a very tight time scale this morning. I will give preference to members who have not yet asked questions if they indicate early enough during the next evidence that they wish to speak.

I also draw members' attention to the two sets of written evidence that relate to the oral evidence that we are about to hear. We will hear from representatives of two organisations: the Association of Convenience Stores and the Scottish Retail Consortium.

I remind members, especially those who have arrived late, that three members of the Health and Community Care Committee are present, one of whom is Nicola Sturgeon, who introduced the bill. She has the same rights as Enterprise and Lifelong Learning Committee members, but otherwise I will give preference with respect to time allocation to members of the Enterprise and Lifelong Learning Committee.

I welcome James Lowman, who is from the Association of Convenience Stores, and Patrick Browne, from the Scottish Retail Consortium. Please make some brief introductory remarks, after which I will invite members to ask questions.

James Lowman (Association of Convenience Stores): I thank the committee for the opportunity to present evidence on a subject that is important to our members. Our organisation, the Association of Convenience Stores, is exactly what its name suggests. Our members are convenience store operators throughout the UK. They might work in small grocers' shops, in forecourt stores, in more developed modern convenience stores, in off-licences or as newsagents. We represent about 25,000 outlets in the UK, about 1,000 of which are in Scotland. Tobacco represents a significant part of our overall sales mix—25 per cent is a finger-in-the-air average figure. The gross margin on tobacco sales is very low, at 5 or 6 per cent.

Tobacco sales generate sales of other goods; people come into stores to buy tobacco and buy newspapers and other products. Therefore, any legislation concerning tobacco is important to us.

We are neutral on the question whether there should be regulation of tobacco advertising per se. It is not so much a question of the economic impact of lost sales as of the impact of regulations on retailers' costs. We believe that regulation should proceed on a UK-wide basis. We are aware that that point has been made several times today. It would be a great deal simpler for retailers to administer their relationships with manufacturers and their point-of-sale advertising arrangements if regulations were introduced throughout the UK. On that basis, we encourage members to work with colleagues in Westminster and Whitehall—we note that Robin Cook MP has been asked to present evidence.

Section 3(2) would give ministers the power to exclude advertising in stores from a ban. We think that that proposal should proceed and assurances have been made that it will. We would welcome

the publication of draft regulations on that as soon as possible.

There is some confusion over the sections that relate to tobacco advertising in newspapers and magazines, and over the due diligence defence that retailers could invoke if they inadvertently sold newspapers or magazines that contain tobacco adverts. That needs to be clarified.

Patrick Browne (Scottish Retail Consortium): I thank the convener and the committee for giving the Scottish Retail Consortium the opportunity to address members today. The SRC represents a number of retailers on whom the bill would impact.

Our members include the National Federation of Retail Newsagents, which accounts for about 2,500 stores, and the Scottish Grocers Federation, which covers about 2,000 outlets. Our organisation represents many off-licence chains, which would also be affected by the bill, and about 85 per cent of the 700-odd multiple food retailers and supermarkets on which the bill would impact.

I will not go through the SRC's detailed written submission; however, I will touch on a few of our main concerns. I have discussed the bill's proposals with our members and I can safely say that they would prefer any legislation that would ban tobacco advertising to be UK-wide. The Scottish Parliament clearly has the competence to pass the bill, but a Scotland-only ban is not a sensible option at this time. It could lead simply to the revenue from banned advertising being displaced to other parts of the UK.

If the Parliament is minded to proceed with the bill, we ask it not to prohibit point-of-sale promotion which, in our opinion, is designed to reinforce brand awareness and availability; it is not intended to encourage people to take up smoking in the first instance. The SRC is concerned that up to 7,000 stores that currently sell tobacco products could lose revenue if the bill were to prohibit point-of-sale promotion. The retail sector might also lose tobacco companies' payments for such promotion.

Category management agreements between tobacco companies and retailers typically generate £500 a year in revenue for each outlet that is part of a multiple chain. Those payments allow brands to be displayed more prominently on in-store tobacco gantries at the point of sale. Such agreements are fairly standard in the retail industry. They apply to a range of products, one of which happens to be tobacco.

Banning point-of-sale promotion could also force retailers to incur additional costs in that they will have to replace tobacco gantries that are currently the subject of point-of-sale agreements. The impact of the additional costs and lost revenue would vary among individual retailers, but it is likely that they would result in the loss of some

jobs in multiple chains that operate exclusively in Scotland.

We will do our best to answer the committee's questions.

Marilyn Livingstone (Kirkcaldy) (Lab): In Patrick Browne's opening statement and in the SRC's written submission, mention was made of the additional costs and operational complications for retailers that operate in Scotland. It was mentioned that it would be difficult to comply with a Scotland-only ban without additional costs and upheaval. Will Patrick Browne expand on that?

Patrick Browne: Many retailers that operate in Scotland are not indigenous but are based outside Scotland. They also operate in the rest of the UK, so if the ban were to go ahead, it would make a difference to them. Inevitably, that would introduce additional costs.

We are especially concerned about the distribution of magazines and newspapers. Most businesses that have arrangements with wholesalers place orders specifying the number and type of each product that they want, but the process is not quite so simple for magazines and newspapers. What tends to happen is that, after the retailer has placed an order, the magazines that were ordered will be delivered but perhaps not in the right quantity. The retailer might also get additional magazines that were not ordered. That means that every time a retailer receives an order from a wholesaler, the magazines have to be checked. If any additional magazines had been sent, the retailer would need to check that they did not include tobacco advertising.

It seems likely from the defences in the bill that—in the example that I mentioned—the publisher would, in the first instance, be prosecuted. However, we are concerned that some retailers will feel obliged to check any magazines that they receive in-store, but which have not been legitimately ordered, to ensure that they do not break the law.

Tavish Scott (Shetland) (LD): In your opening remarks, you mentioned that point-of-sale promotions are

"not intended to encourage people to take up smoking in the first instance".

Do you have any evidence to support that?

Patrick Browne: I cannot claim to have any research evidence that proves that point-of-sale promotion does not lead people to take up smoking. Walking up to a tobacco kiosk in a supermarket to look at the fascia on a tobacco gantry is unlikely to make someone decide to start smoking. I do not think that it happens like that. Other factors influence the decision to take up smoking in the first instance.

Point-of-sale promotion is about making people aware of other brands and aware that a particular brand is available at a particular outlet. I do not believe point-of-sale promotion is about encouraging people to smoke.

Tavish Scott: I have heard marketing people make the opposite case.

James Lowman: The situation is similar in other product categories. Chillers are sponsored by Inn-Bru. Such sponsorship is designed not to grow the soft drinks market, but to make people aware that the brand is on sale in that outlet. The same applies to tobacco advertising, particularly with lit signs above gantries. Those signs are not adverts and are not trying to communicate messages about brands, but say simply that a brand is available at that point of sale. The signs are not developed advertisements. That is valuable to marketing, but that is as far as it goes.

Tavish Scott: I take it that the point-of-sale agreements that Patrick Browne mentioned are financial arrangements between either a group of retailers or an individual retailer and a tobacco company. Will you go into any more detail on that? If, as you suggested, those point-of-sale agreements would end under the proposed legislation, what would be the commercial impact on the sector or on individual retailers?

Patrick Browne: I have spoken to a range of retailers, so I think that the impact would vary. There are stand-alone outlets that have agreements with tobacco companies to supply and regularly update gantries. Multiple retailers that operate a number of stores also have agreements that cover their gantries and there is a financial aspect to those agreements. The figure that has been quoted to me is £500 per year for an outlet that is part of a multiple chain. Four hundred Scottish outlets are part of multiple chains that are based in Scotland, so that amounts to £200,000—a fairly significant amount. If we consider that those agreements are repeated in the newsagent and off-licence sectors, we are talking about considerable sums of money. That will have an impact on those retailers' bottom lines. I suggest that the figure is about £300,000 in relation to only 600 convenience store outlets. That is a significant sum.

James Lowman: There are two sides to the issue. Organised multiple retailers can reach financial agreements with tobacco companies to display brands. For independent outlets, tobacco companies usually square off that bit of investment in the store. Gantries are supplied to those retailers. Clearly, a gantry is not rocket science—it is not an enormously technical bit of kit—but it is spring-loaded and attractive display units have to be made bespoke for each store. If point-of-sale promotion and gantries were not allowed, there

would be significant additional costs for independent retailers because they would have to make that investment themselves. They would also lose the revenue that Patrick Browne talked about.

Tavish Scott: For the avoidance of doubt, do both your organisations believe that there should be UK-wide legislation rather than the proposed Scottish legislation?

James Lowman: Yes.

Andrew Wilson: We have heard good quality evidence, although the witnesses are going slightly beyond their remit on to the wider question of the bill itself, where the evidence is weakest.

I have a question about tobacco margins. Each organisation's answer will probably be different. What is the contribution of tobacco products to profit in your outlets?

James Lowman: The gross margin is about 5 per cent to 6 per cent.

Andrew Wilson: Is that gross?

James Lowman: It is a very low-margin product because it is heavily taxed.

Andrew Wilson: What about Patrick Browne's organisation?

Patrick Browne: I agree with James Lowman that 5 or 6 per cent is the gross margin. The net margin would probably be about one third of that: about 2 per cent once the costs of operating the business have been taken into account. The figure might be slightly higher for a supermarket—perhaps 6 or 7 per cent—because of higher volume sales.

James Lowman: The product is seen as a footfall driver. Regular smokers go into stores to make planned purchases and often buy the same products from the same place every day.

Andrew Wilson: I understand that. However, it is not clear from your evidence what your position would be if a ban—UK or Scottish—were put in place. Would it have an impact on volume demand?

James Lowman: I do not know. Evidence from other organisations could tell you what the effect might be. Our concern is the costs that will accrue and the loss of revenue to our members.

Andrew Wilson: What you argue about points of sale is sensible. There will be transition costs of getting equipment in and out of shops. You say that there are cost implications whether or not people switch brands. That is clear and can be agreed.

However, what evidence do you have about the change in demand among people who no longer

put a portion of their income into tobacco products as a result of bans? Would that money be spent on other products in your stores?

James Lowman: That question can be considered in two ways. On the one hand, tobacco is a low-margin product, so if people spent on other products the money that they would have spent on tobacco, margins would be greater. On the other hand, tobacco is often purchased from local stores—it is a regular, planned purchase that drives footfall. The proof of the pudding will be in the eating.

Andrew Wilson: Broadly speaking, you oppose an advertising ban because tobacco is important to your business.

James Lowman: We are against a ban on advertising at the point of sale.

Andrew Wilson: The evidence that has been submitted deals with a ban in Scotland rather than a UK-wide ban. I am open-minded about the issue, but it strikes me that that evidence is relatively weak, because its motivation is to delay a ban. What does Patrick Browne mean by advertising revenue being displaced?

10:45

Patrick Browne: I referred to UK magazines that are sold in the Scottish market. I think that advertising revenue would simply move from Scotland-based magazines to UK magazines that would then be sold on the Scottish market.

I would like to return to some points that were made earlier. The issue of a tobacco ban is difficult—I apologise, convener, but I have lost the thread of what I was going to say.

Andrew Wilson: Are you saying that the effect of a ban on advertising is irrelevant to your members?

Patrick Browne: A ban would not be irrelevant. A complication is that if a tobacco ban were introduced in Scotland overnight, there would be an overnight impact on our members. We would lose agreements unless there were provisions in the bill to extend a transitional period for change. Our members would have to bear immediate costs. The health benefits and possible impact of substitution would perhaps occur over 20 years, but I argue that the economic impacts on our sector in the short term and medium term would be fairly significant.

James Lowman: There are two ways of looking at the economic impact of a Scotland-only ban. First, Scottish companies might be at a competitive disadvantage in respect of the revenue that gantries bring in. Secondly, such a ban would make things more difficult for UK-wide

companies. They would have to renegotiate UK-wide contracts for England and Wales only. If there were a UK ban, they would have to negotiate the contracts again.

Andrew Wilson: Who are the Scottish companies competing against? You said that Scottish companies could be at a competitive disadvantage.

James Lowman: They would lose revenue that other companies would not.

Brian Fitzpatrick: I would like Mr Lowman to deal with a point in the evidence that caused me concern. On page 2, his submission states:

“The Bill would make it an offence for anyone to publish or cause to be displayed a tobacco advert in a Scottish publication.”

You seem to say that a retailer might unwittingly stock publications and have to go through not only his top shelf, but his middle shelf and his bottom shelf to check whether he has magazines or products that offend against the ban. Are you concerned that a retailer will have to do that to meet the test of due diligence?

James Lowman: The bill can be read in a way in which the defences for the retailer are adequate and the primary offence would be by the publisher if the retailer had no reason to suspect that a publication contained a tobacco advert. However, there should be clarification by guidance alongside or in the bill on due diligence and the process that a retailer needs to go through to conclude that he has no reason to suspect that a publication has tobacco adverts. The ultimate nightmare is that products arrive at 5.30 am and a retailer has to go through them to check whether they contain tobacco adverts. The bill can make the process much easier, but there is a potential nightmare scenario that we must flag up.

Brian Fitzpatrick: So the onus should not rest on the hard-pressed retailer. If anybody is to pick up the legislative burden, the publisher should—

James Lowman: Or the wholesaler. That makes more sense when one looks further up the chain. Wholesalers stock fewer products. A retailer might stock well in excess of 200 magazines. I do not need to describe the nightmare of having to go through each publication, even in a fairly narrow range.

Miss Goldie: I notice that your submission does not mention points that appear in the Scottish Retail Consortium's submission—in particular, the SRC submission expresses concern about delegated legislation being a feature of the bill. In other words, point-of-sale regulations would not be in the bill. Does that concern you?

James Lowman: It does. We have interpreted

what are now historical commitments that were made in the Scottish Parliament as meaning that section 3(2) would be used and that regulations would be drafted. We are concerned, however, that we have not seen those regulations and that we have not recently received such a commitment. A renewal of the commitment to use that section to exempt points of sale, and sight of draft regulations on the issue would allay our fears.

Nicola Sturgeon: I would like to clear up the rather bizarre point about retailers being under some obligation to check every magazine that comes into their shop. The bill contains a number of defences for anybody who is charged with an offence under the bill that any retailer could take advantage of. Those defences include such things as not knowing, or having “no reason to suspect”, that a publication contains an advert. I am trying to put it as politely as possible, but your point is rather bogus.

I would like to pick up on what has been said about a Scotland-only ban versus a UK ban. I did not agree in every respect with the evidence that we heard from the Scottish Daily Newspaper Society, but I could follow its logic. Its submission was that a UK ban would be okay but that a Scotland-only ban would cause problems. I cannot follow the logic in your case. Perhaps you could explain it further.

It strikes me that any economic impact that retailers would suffer—whether loss of retail sales, loss of advertising revenue or a transitional impact caused by having to change displays in shops—would be suffered regardless of whether the ban was effective only in Scotland or throughout the UK.

The witnesses have mentioned competitive disadvantage. Scottish shops do not compete directly with shops south of the border. Even if advertising revenue were displaced, that would not put Scottish retailers at a competitive disadvantage. What you are actually doing today is arguing against a ban, because you believe that it would reduce your retail sales and profitability, but your point about competitive disadvantage, like the other point that I remarked on, is rather bogus. Will you clarify what you mean?

Patrick Browne: There is an issue about competitive disadvantage. If the bill is enacted, we would in effect have two categories of retailer in Scotland. Scotland-based retailers would have to accept the consequences of the bill, and their scope for doing anything about that would be pretty limited. Retailers operating in other parts of the UK would be in a position to go back to the tobacco companies and say, “We operate throughout the UK, but we have a problem in Scotland. Any chance of renegotiating a category management agreement for other parts of the

UK?” That way, they could make up their lost revenue. Retailers operating in Scotland would have to try to make up the revenue that was lost from their bottom lines because they had lost those agreements. They would do that either by cutting jobs or by putting up prices, which would be difficult for them, because food retailing is a very competitive market. There is a problem for indigenous Scottish retailers, because their room for manoeuvre is limited.

Nicola Sturgeon: That strikes me as a triumph of imagination over reality; it seems that you are clutching at straws.

Patrick Browne: I do not accept that at all. I think that a ban would work as I have described. Retailers who operate throughout the UK market would try to renegotiate their category management agreements in other parts of the UK to compensate for any losses resulting from a tobacco ban in Scotland.

James Lowman: Our members operate on net margins of 1 per cent to 2 per cent. They would have very little scope for manoeuvre if such additional costs were imposed on their businesses. They would have to take decisions on increasing prices or on cost-cutting measures. Another argument is that it is simply more efficient, especially for UK-wide companies, to negotiate once with tobacco manufacturers on a UK basis, rather than three or four times as legislation comes into place in Scotland and then UK-wide, to ensure that they comply with regulations and get maximum commercial advantage from that relationship.

Brian Fitzpatrick: The committee, and eventually the Parliament, will determine whether your concerns are bogus. I would like to ask about your members’ concerns. I take it that you seek the removal of retailers’ obligation to go to the expense, inconvenience and worry of setting up a due diligence procedure, because it would be quite simple to exclude retailers from that obligation, and to put that obligation elsewhere. Is that right?

James Lowman: As I said in answer to the first question, the defences in the bill appear adequate. Clarification of the exact due diligence procedures that retailers must carry out would allay some of the fears that some of our members have communicated to me.

Brian Fitzpatrick: Your members will have experience of other due diligence offences and of the extensive investigation and expense that are involved in setting up due diligence procedures.

James Lowman: Our members have such experience in many other areas.

The Convener: I thank the witnesses for their

written and oral evidence, which has been helpful.

The final witnesses are from the Tobacco Workers Alliance. The agenda states that there is only one representative, but we have two—I assume that the committee has no objection to that. The witnesses are the chair of the TWA, Mrs Brenda Warrington, and the co-ordinator, Gary Follis. I ask Brenda Warrington to make her introductory remarks.

Mrs Brenda Warrington (Tobacco Workers Alliance): I will just have some water before I begin.

The Convener: I am sorry that we do not have gin and tonic.

Mrs Warrington: I thank the committee for inviting me to give evidence on behalf of the Tobacco Workers Alliance, of which I am the chair. I have worked in the tobacco industry for 30 years, during which time I have held various elected positions in trade unions and have represented tobacco workers of all job groups and skills, at local, national and international levels. I am currently a national executive member of my trade union, Amicus MSF.

Workers in the UK tobacco industry have a proud history of trade union organisation. For more than 100 years, almost 100 per cent of workers have been trade union members. As a result of our negotiations with tobacco industry employers, the unions have secured for their members excellent terms and conditions of employment. Jobs in the industry are highly sought after; we do not believe that those jobs should be sacrificed for ideals.

According to studies, the proposals are unlikely to reduce or eliminate the consumption of tobacco in Scotland. The TWA recognises that risks are associated with the consumption of tobacco products and we fully support reasonable and responsible regulation. People should be properly informed and allowed to make an informed choice. We do not believe that the bill, which would ban tobacco advertising in Scotland, would achieve its intended outcome. However, it would, most definitely, put our members' jobs at risk, not only in Scotland, but in the rest of the UK.

Although there are no longer any tobacco manufacturing bases in Scotland, the industry employs—directly and indirectly—a number of people in Scotland. For example, 135 people work for Imperial Tobacco Group plc in sales, marketing and distribution in Scotland; 120 people work for the suppliers Interbobbin (UK) Ltd at a site in Alva in Clackmannanshire; and 214 people work at the Alcan site in Glasgow. Just south of the border, at Wigton in Cumbria, 1,000 people work for a company that makes cellophane for cigarette packaging. The company is not in Scotland, but a

considerable number of the employees live in Scotland and commute to their place of work.

We do not consider the proposed legislation to be reasonable. It would put our members' jobs at risk by banning virtually all forms of tobacco advertising, thereby removing a major barrier to entry to the Scottish market by foreign competitors with more competitive prices. UK tobacco manufacturers control 93 per cent of the Scottish tobacco market; our members work in that manufacturing base. If the ban is put in place, that base would be greatly eroded and our members' jobs would be at risk.

We do not consider the proposed legislation to be responsible, because manufacturers would compete on price. Foreign-based manufacturing plants would have an advantage over their UK counterparts and would definitely be able to sell at a much lower price, thereby jeopardising our UK factory bases.

A reduction in price would probably lead to an increase in consumption. That point is demonstrated by the current high incidence of smuggling into the United Kingdom, which considerably undercuts legal prices and has led to a marked increase in the consumption of tobacco products in the UK for only the second consecutive year in the past 20 years.

A price reduction would not be responsible. Consumers would be totally uninformed about the origin, quality and legality of the product that they were purchasing. It would be difficult for the consumer to differentiate between products licensed for sale in the UK and unregulated counterfeit products. Counterfeit products are available at Sunday markets in Scotland and in the rest of the United Kingdom. Many such products are sold in packaging that is similar to branded products' packaging, but without the brand name and at a much-reduced price. A ban on advertising would remove brand name recognition in the longer term and lead to a sales structure that would be determined only by price.

11:00

We maintain our conviction that we work in an industry that is providing a legal product and that, as long as people are properly informed of the risks associated with tobacco products and choose to consume them, there should be a British industry that provides jobs for British people, manufacturing goods for British consumers. If, because of legislation in Scotland and the rest of the UK, the industry was, in effect, driven out of Britain, that would not have any effect in persuading even one person to stop smoking. Tobacco products would simply be wholly imported into the UK, while our jobs would be exported elsewhere. Can legislators really afford

to disregard the legitimate concerns of ordinary workers, especially in the current climate of job losses in many of our industries?

The Tobacco Workers Alliance is concerned that high-quality tobacco manufacturing and related jobs would be under threat if Scotland introduces a ban on all forms of tobacco advertising.

Elaine Thomson (Aberdeen North) (Lab): I declare that I am a member of Amicus MSF.

I want to ask about penetration of the Scottish market by smuggled products. You say that around 93 per cent of the Scottish market is controlled by UK manufacturers. Do you have any evidence that that figure is changing due to the influx of smuggled tobacco products? What is the impact of smuggled products on the tobacco market in Scotland?

Mrs Warrington: Those are not easy questions for me to answer. We have not been directly responsible for such a study. Of course, we are aware that HM Customs and Excise is trying to put a figure on the amount of smuggled products. No doubt members have received submissions on what the level is said to be, but we believe that it is probably far higher. I understand that smuggling cigarettes is quite lucrative and is big business in the underworld. The number of smuggled cigarettes that are seized and confiscated is the tip of the iceberg; a lot more get through. My evidence is gained from living life as a normal individual. I know from the cigarettes sold in most pubs, in many clubs, at school gates—which really offends me—on street corners and out of white vans in marketplaces that people have gone into the business of smuggling tobacco products. Whatever the official figures are, they are just the tip of the iceberg.

I would not be comfortable offering a figure for the amount of smuggled products. We understand that studies have been done in Scotland. An employer at a football ground in conjunction with HM Customs and Excise went round after a football game and picked up discarded cigarette packets to determine the amount of legal and illegal cigarettes. The level of illegal products was alarming. I think that it was as high as about 25 per cent—my colleague Gary Follis has just told me that it was 22 per cent. A quarter of the product is declared as having been smuggled, but I think that that figure is low.

The Convener: Five members want to ask you a question; you are very popular this morning. However, we are running out of time, so I ask you to keep your answers a wee bit shorter so that we can get through all the questions.

Miss Goldie: Point two in paragraph three of your submission states:

“The Government admits that a fall in the consumption of tobacco does not necessarily lead to a reduction in the number of smokers.”

Will you expand on that?

Mrs Warrington: We get rather confused when we listen to Government statements on tobacco. The statement that a fall in consumption may not lead to a reduction in the number of smokers seems to be in conflict with itself. The Government possibly believes that, rather than giving up smoking, some people might reduce their consumption. We must also consider whether we are considering the legal figures—what is perceived to be consumed—or the greatly expanded figures that take into account the smuggled product syndrome. I do not think that the Government really knows. I do not say that with any disrespect; it is all a bit of a shot in the dark, because so much is not known about the effect of smuggled products. We do not know how many people smoke; we know only the level of legal sales. We can get that information, as workers, and we ask for it quite regularly, because we are interested in how our product is doing in the marketplace.

Miss Goldie: Is it your belief that even if there were a ban on advertising the net effect on consumption might not be dramatic?

Mrs Warrington: We believe that a ban on advertising would have the reverse effect; it could allow a rise in consumption.

Miss Goldie: The underground market would thrive.

Mrs Warrington: Exactly. That belief is based on what I said before.

Marilyn Livingstone: Earlier, we heard in evidence that price is one of the major factors in determining whether people choose to smoke. In the submission you talk about a price war. Such a war would reduce the price of smoking, which is a concern. Your submission also states:

“We believe that the Bill will remove a major barrier to entry into the Scottish market by overseas manufacturers.”

Will you comment on both those points?

Mrs Warrington: The popular brand names are what we term a barrier. There are best seller leagues, which show where each brand for each company fits into the league table. Although there is loyalty—let us call it that—among consumers towards particular brands, that is very much determined by price. A lot of foreign imports entering the Scottish market would have an effect. Even now there are brands that people have never seen before and people will sometimes say, “How much is that compared with my normal brand?” If it is considerably cheaper, it is highly probable that the person will switch to that brand. In the UK, the

market is made up mostly of what we, in the industry, term premium brands. Our consumer base has not tended to be in the cheap import market. We feel that because we seek to sell premium brands, we would be disadvantaged from a price point of view. If the consumer is not able to differentiate between brands, they will go for the cheapest.

It is fair to say that the previous Government's policy of a continuing steady increase in tobacco taxation, which made price a determining factor, had the effect of reducing consumption in the United Kingdom. That was evident in our workplaces, because it affected the amounts that we were required to produce. There was a steady decline—one might even say a manageable decline.

Since different principles have come into being, the change has been great. Whereas before it was possible to manage the decline, which was controlled by prices, the situation is now all over the place. In effect, the price has come down as a result of imports with which we cannot compete and the smuggling scenario. We find that people are smoking more, not less. Price definitely has an impact in controlling the level of smoking.

Andrew Wilson: I congratulate you on the statement that advertising keeps demand in check, which will go with me to my grave. That is one of the most amusing pieces of evidence that I have ever heard.

More seriously, it seems that your basic case is that a ban on advertising will not affect the volume market—obviously, you cannot argue that—but will have an effect on brand switching. A concomitant impact of that will be a switch to imported tobacco. I want to focus on that. What share of the price of a cigarette is taken up by advertising costs?

Mrs Warrington: You would need to raise that with the tobacco employers. I am not privy to that information.

Andrew Wilson: That is fair enough. However, you have just outlined your belief that there will be a switch because of the loss of advertising. You also said that demand is heavily price sensitive, which is self-evident. A producer in China has to transport the product into the UK market—the transport costs for UK producers are zero—and pay the tax, which must account for the vast bulk of the cost of a cigarette. I do not know whether there are European Union tariffs on tobacco—I would be interested to hear about that.

It strikes me as curious to assert that, as a result of the lack of a need to advertise, a producer in China would be able to undercut the price of a UK firm, which would need to obtain brand loyalty and secure demand through advertising. To prove that,

you need to prove that advertising makes up a huge chunk of the costs, which outweighs transport costs from China and any potential tariffs.

Mrs Warrington: We are not suggesting for one minute that advertising makes people smoke or not smoke. We do not believe that. Advertising allows the consumer to choose in a market situation. The cost of advertising is not something that we would get involved in.

I will comment on the cost of production within the UK, although I would not like what I say to go outside the room, because I do not want our employers to think that we are terribly happy with our terms and conditions—

The Convener: Before you say anything, I must warn you that the meeting is being broadcast live. You should be careful of what you say, because it will also go in the *Official Report*.

Mrs Warrington: I take the point. In the industry, we enjoy very good terms and conditions of employment relative to comparable jobs in other industries. Nevertheless, there is always room for improvement. That cost is transposed on to the cost of the product. Between 75 and 80 per cent of the cost of a cigarette is tax—pure tax. The cost of production and materials is, let us say, just over 20 per cent. Labour costs make up by far the biggest slice of that cake.

We are trying to compete with the far east, where labour costs are minimal. I do not need to quote figures. Producers in the far east can compete on labour costs. They might pay a similar amount for materials, but the labour costs are so much lower that, even taking on board the cost of transportation and other costs, they can export cigarettes or tobacco products that are significantly cheaper than the products that we make in the UK.

Andrew Wilson: Numbers on the relative costs would be helpful.

Mrs Warrington: I am sure that we could provide those.

Andrew Wilson: I want to extend your logic to its conclusion. You have said that advertising affects only the demand for specific products. Given that you are talking about brand switching, are you in favour of a ban on advertising high-tar products as opposed to low-tar ones?

Mrs Warrington: No. My off-the-cuff answer would be that consumers are entitled to be properly informed of the products available to them.

11:15

Tavish Scott: It seems that Andrew Wilson has met his match.

You made two interesting points about price, Mrs Warrington. I take your point about tax. If I understood your comments about the black market, they say some profound things about HM Customs and Excise. However, those are matters for colleagues down the road.

You said that you accept that there are risks associated with tobacco consumption, but that you would support a different approach to regulation. I presume that you mean health promotion and preventive work, organised by health authorities. Has your union done any work on that?

Mrs Warrington: Yes. My trade union represents members working in the tobacco industry—we represent a density of workers in that industry—but we also have a large membership who work in the national health service. One might consider that their interests conflict, but we—the workers in the industry—have always accepted that there are risks associated with tobacco use and we agree that promotion and education about those risks must be made available to the British population. We would actively encourage that work. We would try to influence our employers to ensure that they conform to that requirement.

I simply say that while people choose to smoke tobacco products, workers in the UK should provide that legitimate product.

Tavish Scott: Has your union—or group of unions—set up programmes with the employers to promote health information on that topic?

Mrs Warrington: At this stage, we have not embarked on specific programmes. That is not our immediate focus. Our immediate focus is to protect the jobs that are already under threat. However, given an opportunity, we would be prepared to participate in such programmes.

Mr Kenneth Macintosh (Eastwood) (Lab): You are taking a position against a UK-wide ban. I want to focus on the Scottish context specifically. You said that, UK-wide, there are more than 9,000 jobs in the industry and 136,000 people who are employed indirectly. I assume that we could take a percentage of the whole and work out how many jobs in Scotland would be affected. I am not clear about the way in which the market is divided and how many Scottish jobs would be affected by a Scottish ban.

Mrs Warrington: Sadly, we have lost our major factories in Scotland over the years. Throughout Scotland, Imperial Tobacco employs 135 people in sales, marketing and distribution. They are not based in one specific area of Scotland. There are factories in Alva and Glasgow producing packaging material; one employs 120 people and the other employs 214 people.

Mr Macintosh: Are they producing the material

specifically for the Scottish market or is it for the British and worldwide markets?

Mrs Warrington: They would not be producing material for the Scottish market because there is no tobacco manufacturing in Scotland. What is produced in those factories is being used in the rest of the UK.

Rhona Brankin: Do you accept that there is a link between tobacco consumption and ill health?

Mrs Warrington: I accept that health risks are associated with the consumption of tobacco.

Rhona Brankin: Do you dispute the Department of Health statistics that a UK advertising ban would reduce consumption by 2.5 per cent, or the World Bank's estimation of a 7 per cent reduction in consumption?

Mrs Warrington: Yes. I dispute that advertising has an effect on whether a person chooses to smoke in the first instance or, in the second instance, decides to stop smoking if they do not see an advertisement for tobacco. Advertising does not have an impact on encouraging someone to smoke; it informs the consumer of the products that are available.

Rhona Brankin: Right. Does that mean that you disagree with the Department of Health statistics?

Mrs Warrington: Yes.

Rhona Brankin: Do you accept that politicians are faced with the difficult decision of how to balance the benefits that accrue to tobacco workers with saving 330 lives on a daily basis throughout the UK?

Mrs Warrington: Politicians take many difficult decisions every day on many different subjects. In representing my members—the people who work in the industry and who rely on the industry for their livelihood day in, day out and week in, week out—I would say that they have every right for their concerns to be heard, considered and, I hope, taken on board. I accept that politicians have to balance difficult considerations.

Mrs Smith: The previous two questioners have asked my questions. However, I will take the issues a bit further. Kenneth Macintosh asked about Scottish jobs. You replied that workers at Imperial Tobacco are involved in many different aspects of the business. Are you saying that if a ban on tobacco advertising were to come into effect, all 135 jobs at Imperial Tobacco would be lost?

You mentioned two factories and then went on to talk about packaging. We are not debating a ban on the product, but a ban on advertising. Perhaps you will say how many jobs are at risk.

Mrs Warrington: The initial proportion of job

losses at Imperial Tobacco would fall on the people in sales and marketing. A ban on advertising would have an effect on whether those people would continue to be needed. I cannot give you a breakdown of how many of the 135 jobs would be lost. Some of the jobs are on the distribution side, and one would assume that those people would continue to be required. I can get the figures for the committee—we will provide them.

I have forgotten the second part of the question.

Mrs Smith: I may have also. I asked whether, as the product would continue to be required, the packaging jobs would remain.

Mrs Warrington: The packaging jobs are dependent on the rest of the UK continuing to produce product that requires packaging. If we no longer produce anything in the UK, packaging jobs will no longer be required—those jobs would be done elsewhere in the world.

Mrs Smith: My point is that we are not talking about a ban on a product. The product will continue to be produced and consumed. That means that there will continue to be a requirement for packaging.

Mrs Warrington: Yes, but with respect—

Mrs Smith: With respect—if the impact will be as significant as you are saying, that contradicts what you said about the Department of Health figures. Every other group of people who want to see controls on tobacco advertising has challenged those figures as being too low. Those groups of people say that the impact on consumption would be greater than 2.5 per cent. What you said about the impact on jobs suggests that you believe the cut in consumption could be greater than 2.5 per cent. However, a 2.5 per cent cut in consumption would not have the devastating effect on jobs that you have suggested would take place.

Mrs Warrington: Workers in the industry are well aware of the decisions that are made by our employers, who have a five or 10-year rolling programme of what they are going to do next.

Our employers have to take into account what is happening in the country where their manufacturing is based. We are extremely concerned. There is already evidence of what happens in our industry—factories have been closed and our employers have chosen to take production out of the UK and, in some cases, outside Europe. They have set up production units elsewhere in the world. They continue to make the product and it continues to be brought into the UK for sale and consumption, but it is not made by UK workers—we lose our jobs. As I said, our jobs are what are exported—the product is still available. We fully accept that there is no suggestion at this

stage that the product is made illegal or not available, but the impact on the decision that our employers may make in relation to whether they continue to operate in the UK is something that frightens us. We want to be sure that we are still able to operate on a manufacturing basis in the UK.

Mrs Smith: The point that Rhona Brankin made was that we must strike a balance between livelihoods and lives. You are saying that you disagree that advertising has an impact. That means that you disagree with the British Medical Association, the royal colleges, the directors of every public health group in Scotland, the University of Strathclyde, the Royal Pharmaceutical Society, the World Health Organisation—

The Convener: Et cetera.

Mrs Warrington: I have read the list. I disagree in principle with the simple suggestion that advertising will persuade someone who does not already smoke to start smoking and that if people do not see any adverts they will be persuaded not to smoke. That is the point with which I disagree. I accept that there are risks associated with the consumption of tobacco.

Brian Fitzpatrick: When you give us the figures on the workers who you are concerned might be affected, could you also provide us with information on locations and the percentages of women affected?

Mrs Warrington: Of course. Do you want specific figures for Scotland?

Brian Fitzpatrick: Yes. I am also interested in the implications for jobs immediately to our south.

Mrs Warrington: In Cumbria.

Brian Fitzpatrick: I was interested in the point about union involvement in health promotion. You will be aware of the Trades Union Congress's work on the promotion of healthy living. I am sure that you will be aware of the excellent brochure on healthy living produced by our union—Amicus.

Mrs Warrington: Yes. I am involved in that work.

The Convener: Thank you. That was extremely helpful.

We are about to move into private to consider our report to the Health and Community Care Committee, but before we do that I invite Nicola Sturgeon to make any comments.

Nicola Sturgeon: I will not take up too much more of the committee's time. Thank you for the opportunity to be here today and for the work that the committee has done on the bill. My principal motive in introducing the bill is health

improvement. The evidence that a ban on tobacco advertising will reduce tobacco consumption is overwhelming. A brief glance at the evidence submitted to the Health and Community Care Committee backs that up. The assertions that have been made by the tobacco industry—that advertising is designed to encourage brand switching, rather than to increase consumption—do not bear scrutiny. That idea is not credible, even at an intuitive level.

An industry that is losing 13,000 customers a year through death alone has difficulty arguing that it is prepared to fight over a shrinking market. The evidence does not bear out that assertion. Before the committee agrees its report, I urge members to read a publication called “Keep Smiling: No one’s going to die”, which is an analysis of confidential papers from the tobacco companies about their marketing strategies. The papers show that the tobacco companies target what they see as growth markets—young people and those living in deprived communities.

There has been much discussion about the effectiveness of a Scottish ban compared with a UK ban. I have said all along that my preference is for a UK ban. In fact, my preference is for a Europe-wide ban, but in the absence of either of those two, Scotland has an obligation to take the lead. The worst thing that can be said about a Scotland-only ban is that it would be less effective. But it would not be ineffective. There is a clear and recognised dose-response effect associated with tobacco advertising. In other words, the removal of some aspects of advertising has a beneficial effect, even if other forms of advertising remain in place. If we get rid of billboards, point-of-sale advertising and some advertising in publications, it will have a good effect, even if some publications continue to allow tobacco advertising. It would also de-normalise smoking, which is an important step.

My final point is about the economic impact, which is what the Enterprise and Lifelong Learning Committee must consider carefully. Andrew Wilson said, rightly, that if we ban the advertising of a particular product and thereby reduce consumption, there will be an economic impact. I have not heard much evidence this morning to suggest that that impact would be huge. The figure that struck me most forcibly was that less than 1 per cent of the advertising revenue for newspapers comes from tobacco advertising.

There are several questions for the Enterprise and Lifelong Learning Committee to consider. First, the committee must decide whether any short-term economic disadvantages would be outweighed by the long-term benefits in the form of demand switching and the reduced burden of smoking-related illnesses on the health service and employers. I urge the committee to read some

of the background research referred to by ASH, which provides more information on all those things. Finally, the committee should consider whether the long-term health benefits make any short-term economic impact a price worth paying. I am convinced that they do and I hope that the committee will consider those arguments constructively.

The Convener: I thank Nicola Sturgeon and Margaret Smith for attending our meeting.

11:30

Meeting continued in private until 11:50.

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