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TAYLOR VENDING & WHOLESALE



INCORPORATING
Red 2/15/85
STANLEY HENDERSON
WHOLESALE CONFECTIONERS & TOBACCONISTS

Mr John Glen
Scottish Executive Health Department
Tobacco Control Division
3E(R)
St. Andrews House
Regent Road
Edinburgh
EH1 3DG

20TH May 2005

Dear Mr Glen,

THE SMOKING, HEALTH AND SOCIAL CARE (SCOTLAND) ACT 2005 (PROHIBITION OF SMOKING IN CERTAIN PREMISES) REGULATIONS 2005.

I am writing to you to express our concerns on the above Bill and the effect it will have on our business.

Taylor Vending and Wholesale is an independent cigarette machine operator based in Montrose operating in the North East of Scotland. We are a family owned business and have been trading for 24 years under the above name. We currently employ 12 local people and operate around 400 machines. Over the years the company has invested substantial amounts of time and capital in our machinery and staff.

The proposed Bill will prohibit smoking in enclosed public places. With the vast majority of our customers being in the hospitality trade this will obviously have a major effect on our turnover and profitability(on a national level this figure will be insignificant). I am sure you will be aware of the statistics being quoted by the cigarette machine operators in Ireland, we are logically assuming our initial downturn will be of a similar figure or worse should the Bill come into effect. Taylor Vending currently operate on an average pack sale of 20 packs per machine per week. Quite obviously any loss in sales from this minimal figure will have devastating effects to our business. In addition to loss of sales, our customers with their reduced earnings through commissions will likely request us to remove our machines from their premises further reducing our sales potential. This loss of income will not cover our machinery costs and most definitely will not cover the related labour costs of servicing our machines.

Our business position has most definitely been weakened since the introduction of the proposed smoking Bill. In Scotland we are now competing in an uneven market. The national English based companies are able to offer our customers rates of commission (based on UK sales figures not Scottish figures) and new machinery, which we can not, as it is not financially viable for our company to invest in new machinery. This is

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already taking effect with Taylor Vending losing a number of our better sites to the national players for the above reasons.

In the UK the cigarette vending machine accounts for less than 3% of UK cigarette purchases. What the percentage of tobacco sales through Scottish cigarette machines must surely be insignificant? It seems to be totally unfair that we are likely to receive different restrictions on smoking to the proposed Bill in England.

Four years ago Taylor Vending diversified into wholesaling and vending soft drinks and confectionery. This is where we now wish to invest our time and energies in the future. Just over a year ago we had an estate of just under 400 cigarette vending machines all sited and contributing to our business. These machines then had a substantial value had we wished to sell them. Now we have over 35 redundant machines in our warehouse and the value of our machines is now very limited.

To this end how does the Executive propose to assist us (Taylor Vending and Wholesale) with the pressures the proposed Bill will put on our business. The economic loss to our business is two fold, the value of our business that had been built up legitimately over nearly 25 years and to our future loss of earnings. In this 25 years we made substantial contributions to the Inland Revenue and the Customs and Excise We request financial assistance that has been made available to other industries and businesses when legislation has been enforced (e.g. fishing , farming etc) and look forward to hearing your proposals. Any compensation may well help us maintain our current staff levels whilst we diversify into other avenues that can offer us a future.

Yours sincerely,



Martyn Simpson
Manager
Taylor Vending and Wholesale.