

— **Exclusive**

# Australian Retailers Association cancels secret tobacco contract

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One of the Australia's largest industry groups has walked away from a contract worth hundreds of thousands of dollars to lobby for e-cigarettes because the money was secretly sourced from Philip Morris International.

The Australian Retailers Association's decision last August to end its relationship with global PR firm Burson Cohn & Wolfe, which had channelled funds from Philip Morris, marks the clearest sign that corporate Australia is distancing itself from Big Tobacco.

"We believe we have made the right decision and have no regrets about taking this position," says [ARA chief executive Paul Zahra](https://www.afr.com/companies/retail/former-david-jones-ceo-paul-zahra-to-lead-retail-peak-body-20200312-p5499h) [<https://www.afr.com/companies/retail/former-david-jones-ceo-paul-zahra-to-lead-retail-peak-body-20200312-p5499h>].

"This position has the full support of the ARA Council, which includes representatives from some of Australia's biggest brands."

Zahra, a former David Jones CEO, was shocked to learn of the contract with Burson Cohn & Wolfe when he took over as head of the ARA, after Russell Zimmerman left the Australian Retailers Association in July.



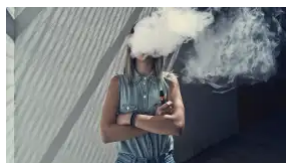
Australian Retailers Association CEO Paul Zahra was shocked to discover a secret money trail from Philip Morris when he joined the ARA. **Photo: Louie Douvis**

The ARA told *AFR Weekend* that Mr Zimmerman signed a six-month contract worth \$250,000 on February 1 last year to lobby the government for e-cigarettes to be legalised, on health grounds. The contract included an option to extend for a further six months, which would have taken total payments to \$500,000 over 12 months.

Burson Cohn & Wolfe began working with the ARA in August 2019, initially under different financial arrangements. It's believed that ARA had earlier contracts directly with Philip Morris. The Burson Cohn & Wolfe contracts were set up after the board expressed growing unease with taking tobacco funding.

The ARA began setting up the Australian Retail Vaping Industry Association in September (ARVIA) in September 2019 to lobby to legalise e-cigarettes, working with another group, Legalise Vaping Australia. The two groups helped trigger a Senate inquiry into e-cigarettes, chaired by Liberal Senator Hollie Hughes.

"BCW worked with the ARA from August 2019 until July 2020 to provide support to one of their committees called ARVIA," a Burson Cohn & Wolfe spokesperson told *AFR Weekend* in a statement. "PMI (Philip Morris International) is no longer our client and we ended our work with them last year."



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The revelations that Philip Morris was secretly funding the push to legalise e-cigarettes undercuts claims by vaping advocates that legalisation would destroy the business model of tobacco companies.

"The tobacco industry has a long history of funding third-party front groups to do their dirty work and help drive ongoing revenue streams, which is what is happening now in Australia," says Tanya Buchanan, CEO of Cancer Council Australia.

The Retailers Association board cancelled the contract renewal on August 20, closing down ARVIA.

"The ARA has taken a strong position on this issue under my leadership," Zahra says. "We don't believe the advocacy of vaping products are in the best interests of

the wider retail industry. Nor is it an appropriate use of ARA resources.”

A Philip Morris spokesman said, “Like many other companies, Philip Morris Australia either has been, or currently is, a member of various representative industry groups, including the ARA and NRA. Philip Morris used to work with BCW, however BCW no longer has a contract with us.”

Days after the Retailers Association cancelled its contract with Burson Cohn & Wolfe last year and closed ARVIA, the smaller, Brisbane-based National Retail Association emerged as a trenchant critic of vaping regulations.

It has set up an arm, the Emerging Business Committee, which will lobby to legalise e-cigarettes, headed by former Australasian Association of Convenience Stores CO Jeff Rogut.

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