

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Vaping and Tobacco Controls

Melbourne – Monday 15 July 2024

MEMBERS

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Nicholas McGowan – Deputy Chair

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WITNESSES

Rachael Andersen, Director, Quit Victoria; and

Todd Harper, Chief Executive Officer, and

Dr Michelle Scollo, Senior Policy Adviser, Cancer Council Victoria.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee. I ask that mobile telephones please be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into Vaping and Tobacco Controls.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside of this hearing may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check, and verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome Rachael Andersen, Director of Quit Victoria. I also welcome Todd Harper, Chief Executive Officer, and Dr Michelle Scollo, Senior Policy Adviser, from Cancer Council Victoria. You are very welcome here this afternoon.

I am going to invite you, Ms Andersen, to start, and then we will go to Mr Harper for an opening statement or presentation of no more than 5 minutes, after which time committee members will just ask you some questions. I will hand over to you, Ms Andersen.

Rachael ANDERSEN: Thank you very much for the opportunity to speak today. I am here to talk about Quit's support for important changes that have happened at the federal level to vaping legislation, aiming to eliminate the addictive fruit-flavoured, brightly coloured and widely available products that have proved so attractive to children. This legislation restricts vapes to their intended purpose as smoking cessation tools available in pharmacy settings only. We were pleased to learn of the medicinal packaging, limited flavours and regulated nicotine concentrations. While the strongest model would have involved people always requiring a medical prescription to access a vape, selling vapes behind the counter ensures would-be consumers are informed of health risks and other nicotine replacement therapies available to them through a conversation with a pharmacist before proceeding to purchase.

In June Quit signed a three-year contract with the Commonwealth government to deliver a new national cessation platform at www.quit.org.au to better meet the needs of all Australians quitting nicotine. This need for a nationally consistent and coordinated platform was determined by the anticipated uptick in cessation off the back of reduced supply of vaping products in retail settings. The selection of Quit as the service to nationalise smoking cessation support recognises our many decades of expert work in tobacco control and the undeniable impact that vaping is having on the rates of nicotine addiction in Australia. It also cements Victoria as the home of that expertise in cessation, policy, public health and education campaigns.

Now is also a crucial window of time for us at Quit to be delivering enhanced services through delivery of cessation tools that meet the needs of people quitting vaping and of course smoking. We know from the 2022 Victorian smoking and health survey conducted by Cancer Council Victoria's centre for behavioural research that most adult Victorians who vape are aged under 30, so we must ensure that quit.org.au tools meet the needs of a younger demographic as they try to quit. New quitting tools may be digital, app-based or easily accessible online or provide a different avenue to the traditional telephone counselling provided by Quitline services.

There is also a strong economic case for continuing strong investment in Quitline. An economic evaluation of the Victorian Quitline service found it is highly cost-effective, improving health and saving costs when delivered in addition to the usual suite of tobacco control initiatives in Victoria. It was estimated that the provision of Victorian Quitline services in Victoria in 2015 cost \$1 million, saving the healthcare system approximately \$1.2 million plus approximately 22,000 life years and 1480 disability life years over the lifetime of Victorian smokers aged 18 and over. For 4400 Victorians who tragically but preventably lose their lives to

smoking-related illnesses each year, there are many more who are burdened by chronic ill health before their often premature death. By continuing to evolve and expand Quitline's services to support more people to make quit attempts sooner in their lives and by ensuring that services meet the needs of younger Australians, the more lives we will save, the more ill health we will prevent and the more money we will save the health system.

Investing in cessation just makes good economic and public health sense, but we must not forget about the vital role that education plays in prevention. At the start of 2024, alongside our partner VicHealth, Quit was proud to deliver the Victorian-first curriculum-aligned school resources for students in years 7 to 10. These modules have rolled out throughout this school year and have since expanded, with work underway to bring anti-vaping education to late primary school years to launch in 2025.

If education is one crucial element to population-wide messaging, then evidence-based mass media campaigns which work at a population level are another. While the media landscape is undeniably changing, becoming increasingly fractured, we are confident that media strategy can help best ensure important messages are delivered to Victorians to prevent uptake, to motivate quitting attempts and to sustain quitting. Delivering multichannel campaigns that reach priority populations in digital spaces where they spend time is essential to ensure people are aware of the risks of vaping and smoking and are similarly aware of the cessation support services available to them for free. In the past 12 months Quit campaigns have run across multiple social media sites, have delivered campaign messages via influencers and forged media partnerships with youth publications. We have run ads through streaming and podcast services, gaming sites, YouTube as well as the traditional means of paid radio, TV and print media. We urge the Victorian government to continue their support for the vital work of Quit across cessation and prevention of both smoking and vaping, and we look forward to receiving questions.

The CHAIR: Thank you, Ms Andersen. Mr Harper.

Todd HARPER: Thank you. And thank you very much for the opportunity to be here today. Tobacco use has been declining in Victoria since the early 1980s. Efforts by doctors and public health groups over more than six decades to raise awareness of the dangers of smoking and the unethical behaviour of the tobacco industry have helped drive this decline, as has 40 years of comprehensive action by successive state governments and strong legislation at the national level.

Smoking causes at least 16 forms of cancer and is still the biggest single preventable risk factor for premature death and disease in this country. Disease and consequent health and medical services are not the only social costs of smoking for the Victorian community. People who are addicted to nicotine spend money on tobacco or vapes that they are then not able to spend eating out or shopping at small businesses in their local communities. For many people who smoke or vape heavily this means not investing in social goods, such as saving for a house deposit, taking out insurance or putting away money for retirement. Among people who smoke long term, two out of every three deaths are due to smoking. For every two people who smoke, one will die prematurely, perhaps in their early 60s or even in their 50s. The intense grief of losing a friend, a partner or a parent in middle age is an under-recognised intangible cost of smoking. These premature deaths and the effects on disposable income and the accumulation of wealth are an under-recognised driver of intergenerational perpetuation of poverty.

The rapid increase of young people vaping in Victoria is extremely concerning. Young people who vape are exposed to many harmful substances in e-cigarette aerosols. They are also at greatly increased risk of smoking uptake. Even those that do not take up smoking are using a product with completely unknown long-term health effects and are getting locked into a lifetime of unnecessary spending resulting from the rapid development of nicotine addiction, which we see all too often with young people who start using vapes 'just for fun'.

Illicit tobacco matters for several reasons. From a public health point of view it matters because it can reduce the effectiveness of tobacco tax increases in discouraging smoking. It matters because it reduces revenue from excise and customs duty that has been anticipated for spending on other goods and services. The involvement of crime gangs in illicit tobacco distribution, while not new in Victoria, does appear to have stepped up in recent years. It is a concern for the community and obviously requires the strongest possible action by police and federal law enforcement agencies. We welcome the Victorian government's announcement that it will establish a positive tobacco licensing scheme in Victoria, something the cancer council has been advocating over the last two decades. People involved in crime should not be involved in any way in selling a product that

causes premature death, is addictive and is subject to government excise and customs duty, and a licensing scheme in Victoria will provide the revenue to assess probity of those applying for licences and to employ a badge-and-uniform workforce appropriately empowered, trained and resourced to ensure that licensees adhere to all applicable laws and that no entities sell tobacco without a licence.

The widespread unlawful sale of vaping products throughout Australia has facilitated the vaping uptake we have seen in young people, and Cancer Council Victoria strongly supports the recent package of comprehensive reforms endorsed by the Australian Parliament and currently being put in place throughout the country. About 40 per cent of the world's population live in one of the countries where the sale or use of e-cigarettes is completely banned, and a further 20 per cent live in countries that do not allow general sale of flavoured cigarettes. Youth e-cigarette use is lower in countries that have banned sales. However, illegal sales still do occur in many of those countries. Australia now has amongst the strongest laws in the world in terms of preventing illegal importation and sales to young people while allowing access to people wanting to use vapes to quit smoking or manage nicotine addiction, with mandated quitting advice, medical warnings and monitoring from pharmacists. New laws prohibit the sale of any vaping products to people under 18 unless they have a medical prescription. The measures in place have already reduced importation of vapes destined for the illicit market, and the reforms passed on 27 June will prevent illicit manufacturing from taking off in this country, making it much easier to enforce laws banning the sale of vapes outside the pharmacy chain. But to be effective Victorian agencies are going to need to honour the Victorian government's commitment to help the TGA enforce the laws.

Smoking has declined in Victoria amongst all social groups thanks to population-wide efforts that affect all sections of the community. However, higher rates persist amongst disadvantaged groups or priority populations. The last stage of the tobacco epidemic in Victoria will require intensive support for people who are highly addicted to nicotine. Quit is pleased to have secured major contracts in recent months to provide important cessation or quitting services to the Victorian community and to the rest of Australia. However, we would welcome the opportunity today to discuss with you major barriers we face in maximising the benefits of that money for Victorians. It has been more than seven years since the Victorian *Tobacco Act* was last amended. In our submission we have brought to your attention several areas where Victoria has fallen behind other jurisdictions, and addressing these will help prevent further uptake and support the Victorians trying to quit and to stay quit.

Now is an important opportunity for the government to support and enable the delivery of quitting media campaigns to educate and inform the public about the harms associated with smoking and indeed vaping. In our submission we point to difficulties we have encountered in getting timely government approval for our life-saving public education campaigns. We think these campaigns are vital in supporting the efforts of governments and parliaments to reduce mortality and morbidity, and we would be pleased to take any questions. Thank you.

The CHAIR: Thank you so much, Mr Harper. Mrs McArthur.

Bev McARTHUR: Thank you, Chair. I will go to Ms Andersen first. What is your contract with the federal government? How much are you getting to roll out your campaign?

Rachael ANDERSEN: We recently received a contract from the Commonwealth government to deliver a national cessation digital platform, and it builds off the quit.org.au webpage that we have. What it will be is a more comprehensive digital platform supporting all Australians no matter where they live in Australia with best practice tools, evidence and supports to quit. The contract is over three years and will help provide that support to all Australians.

Bev McARTHUR: And worth what?

Rachael ANDERSEN: Sorry?

Bev McARTHUR: What is the value of it?

Rachael ANDERSEN: It is \$10.3 million over three years.

Bev McARTHUR: We have just heard from some young people here who think that whenever they have seen anything to do with Quit it is not hitting the mark at all. So are we getting value for money out of your advocacy?

Rachael ANDERSEN: I think what this new funding will provide us – and we have also recently been provided with a commitment to expand our Quitline services as well in light of the new national federal vaping legislation – is the opportunity to really look at the youth market as a new demographic that we need to be supporting to quit. We know that –

Bev McARTHUR: So you have not been looking at them before?

Rachael ANDERSEN: We have, but we have not had the resources to really fully develop digital tools and to really be able to support young people in ways in which they like to engage. We know that young people do not always like picking up the phone and having phone conversations and that they are more likely to engage digitally.

Bev McARTHUR: But what they have seen digitally is not hitting the mark at all.

Rachael ANDERSEN: Yes. We are looking to be able to develop new digital tools, and we will be doing that with a co-design process. It will be very user centric. We will be looking at the needs of young people and other priority population groups as well as young people to be able to really design those tools to be able to meet their needs where they are at.

Bev McARTHUR: Mr Harper, the law enforcement authorities have informed us that they cannot even touch the illegal market, effectively. It is lucky if they get one in 10 shipments that they can track down. There are no real penalties involved, so it is a very lucrative market, brought about really by the increase in excise on tobacco particularly. So we have created a market in the criminal world for this product. Is that a successful model?

Todd HARPER: I do not think we have done enough over the last decade to provide the additional encouragement for people to quit. We have seen the tax increases that have been applied. We have not done enough in terms of education. We have not done enough in terms of a joined-up approach between federal and state around enforcement. Thankfully, I think this committee and the work of the TGA and the federal Parliament in recent times is pointing to a change that we are seeing, which is a very welcome change. I think it is important in this next period to also be stepping up our efforts around education to ensure that we are not just relying – as effective as tax increases can be – on tax increases. But to further expand in response to your question, I might ask my colleague Dr Scollo to make a few comments.

Michelle SCOLLO: Yes. Certainly the federal government has been pursuing tax policy in a very energetic and vigorous way for the past 10 or more years. Until last year virtually no other tobacco control policy in Australia had been implemented since plain packaging was put into force in 2012, so it really was relying almost completely on tax increases – very little funding at the federal level for campaigns. What has happened in the last six months with the legislation that will now come into force federally is very –

Bev McARTHUR: What, having pharmacists become tobacconists?

Michelle SCOLLO: No, I am talking about the restrictions on tobacco under the *Public Health (Tobacco and Other Products) Act* from August last year. International experience suggests that tax increases are very effective in reducing consumption, and in fact –

Bev McARTHUR: But it has led to a massive black market here, hasn't it?

Michelle SCOLLO: Well, in fact the countries with the highest taxes have tended to have the lowest levels of illicit tobacco, and that has certainly been the case in Australia until very recently. Surveys from the national drug strategy household survey show almost no change in the level of people using chop-chop tobacco or cigarette packets without the Australian packaging between 2010 and 2019; but yes, there has been a very big jump between 2019 and 2022–23. That must be partly driven by price, but I think the international experience suggests that it is not just price that is the factor. Australia is a very law-abiding country, and very few Australians are willing to go and buy tobacco products out of a car boot or anything like that.

Bev McARTHUR: But they can go down to the corner shop.

Michelle SCOLLO: But what has happened in the last couple years, for whatever reason, is we are now seeing sale of illicit products from high street shops, whether it is standover tactics from criminal gangs or whatever. So we are at a point now where we need much more serious action at both the federal and state levels. We are really glad that Parliament, in passing the Act last year, insisted on the appointment of an illicit tobacco and e-cigarette commissioner. The appointment of that person was announced last week, and whatever measures they can come up with that will effectively address action at the federal level will be very welcome.

What the international authorities say about illicit tobacco is that the most fundamental thing in controlling it is for the government to have control of the supply chain.

Bev McARTHUR: Well, they certainly have not got that, and according to the authorities they are not likely to get it.

Michelle SCOLLO: We do not have that at the moment, and that stems very largely from the absence of a licensing scheme in Victoria. If we had retail and wholesale licensing in Victoria, it would mean that the federal government could license wholesalers and say, 'Wholesalers must not sell to any retailer that doesn't have a licence.' Once that is in place state governments can say, 'No retailer can buy from any wholesaler who doesn't have a licence,' and then you start to get control of the supply chain. So it is a pretty dire situation at the moment, but we are hopeful if the Victorian government can act very quickly to get these licensing arrangements into place that things should start to improve.

Bev McARTHUR: So you think all the people buying illicit products at the moment, which are a fraction of the price of the legal product, will suddenly switch to a legal product at a much higher price if we regulate and license more retailers?

Michelle SCOLLO: If we regulate and license retailers, then retailers that sell these products will potentially lose their licence and these products will not be available for people to buy.

Bev McARTHUR: But the criminal world will find another way of introducing a product that is dramatically cheaper than the licensed product, right?

Michelle SCOLLO: Obviously the work of a licensing authority has to work hand in glove with work by the police looking at the criminal infiltration of these supply networks, and that needs to happen in concert. The Better Regulation Victoria review was very strong on that point and I think had useful insights about how a licensing authority should work in order to collaborate with police activity.

Bev McARTHUR: Well, do there need to be criminal sanctions of the order of what happens with the illicit drug problem?

Michelle SCOLLO: Certainly the sanctions in Victoria are not very high and do not seem to provide –

Bev McARTHUR: You just get fined.

Michelle SCOLLO: It is just a fine; there is no jail time. And also –

Bev McARTHUR: So do you think there should be?

Michelle SCOLLO: I think that loss of licence is probably the most important factor. If retailers cannot sell anymore, that is a major deterrent to engaging in illicit tobacco.

The CHAIR: Apologies, Mrs McArthur. Mr Galea.

Michael GALEA: Thank you, Chair. Thank you for joining us. Mr Harper, is there a causal link between vaping and the uptake of smoking?

Todd HARPER: My colleague Dr Scollo will –

Michelle SCOLLO: There is absolutely an association. There is no question of there being an association. Young people who vape are three times more likely to take up smoking. There is debate on both sides of this

argument. Some people say that people that vape might have taken up smoking anyway, but the best studies actually control for the kinds of factors that predict uptake of smoking, and those studies are still showing that there is a significant increase in uptake of smoking among people who vape. There are all sorts of reasons why you might imagine that that might happen, the development of nicotine addiction being the main one. The people that have reviewed the evidence are pretty clear that it is a major factor.

Michael GALEA: Thank you, Dr Scollo. Perhaps on notice if you could point us in the right direction of some of those studies that you were referring to, that would be very useful. Ms Andersen, I might turn to you now. How much of the work of Quit Victoria has shifted from cigarette smoking to vaping and other more modern sorts of forms over the past few years? What has that shift looked like?

Rachael ANDERSEN: Yes, we certainly have seen a shift in our focus, but having said that, we recognise it is equally important to maintain a focus on both smoking and vaping because of the link that Michelle has just spoken to. But we do recognise that vaping is a public health issue and that we do need to respond to it accordingly. Our emphasis continues to be on smoking, both cessation and prevention, but we also have now extended our work into vaping prevention and cessation, very much oriented at priority populations and our youth segment.

Michael GALEA: Thank you. I do not have a lot of time, so I will just lastly ask as well: we heard from VicHealth that Quit Victoria has been using new – I think you were referring to this before, Mrs McArthur – digital ways of engaging with young people. I understand there is a WhatsApp service as well that you offer for tobacco and vaping addiction for younger people. Can I ask you to briefly outline that program and what sorts of trends you are seeing from that engagement?

Rachael ANDERSEN: Yes. We offer a range of different ways that people can access Quitline services currently. That includes, like I said, traditional telephone counselling, but more recently we have offered other ways to be able to connect to Quitline. That is via WhatsApp. It is via online. You can use Facebook Messenger and connect up to our services. What that does is connect people still to qualified counsellors – so accessing support through different means. We are looking to the future and at how we can build AI technology into those digital supports and those digital apps. We have got ambitions really to be able to extend that work beyond our current reach and into new technologies.

Michael GALEA: Terrific. Thank you. If you do have any data on the uptake of those services that you are seeing, it would be great to have that on notice if we can. Thank you.

The CHAIR: Thank you, Mr Galea. Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair. Good afternoon. Do any of you have concerns regarding nicotine pouches, which are seeing significant uptake in other jurisdictions overseas? Are there any concerns from those products that you are identifying that you maybe want to speak to us about?

Michelle SCOLLO: Yes. Certainly nicotine pouches are emerging as a kind of third choice for the industry to maintain a nicotine market, and it seems like they are aimed at situations where you cannot smoke or you cannot vape. You can use a nicotine pouch product surreptitiously. Certainly that is a concern for its role in maintaining community addiction to nicotine and the potential use of other products. It is not an inhaled product, so perhaps there is a lesser risk profile from that point of view. But these things have not been used for very long, and there is just not the long-term data available. Of course we would point to the issue of nicotine addiction being a health effect in itself. That is a concern, particularly for young people.

Aiv PUGLIELLI: Okay – good to get that positioning on the record. How about heated tobacco products, alternate devices that are being pushed by some of the other companies that we have heard from earlier today?

Michelle SCOLLO: Yes, heated tobacco products are not something that we have seen in Australia to any large extent. They are not showing up in our surveys. They are not lawfully sold in Australia, given the various ways the federal regulations work. It still is tobacco being heated. If you talk to a biochemist, the definition of what becomes smoke and what is potentially cancer-causing is not quite so clear cut as harm reduction proponents sometimes portray. So we certainly would not like to be seeing heated tobacco products becoming prominent in Australia.

Aiv PUGLIELLI: Thank you. Any further comments you would like to add at this stage? No? All good. You spoke a bit earlier about possible changes required in terms of enforcement with regard to these products in this country, particularly as the new federal laws come into place. What in your view would be the best enforcement approach?

Michelle SCOLLO: The best enforcement approach for vaping products?

Aiv PUGLIELLI: Yes. That could be in terms of resourcing – I think police you touched on earlier. What approach should we be seeing across the country or particularly in Victoria?

Rachael ANDERSEN: We note that there are no immediate amendments that are required to Victorian legislation that need to be made to implement the federal vaping laws.

Aiv PUGLIELLI: None, did you say?

Rachael ANDERSEN: That is correct.

Aiv PUGLIELLI: Okay. Good to know.

Rachael ANDERSEN: But we do note that to ensure the effectiveness of the federal reforms we need support right across state and federal governments in a number of different areas, and that includes coordinating the shutdown of retail vaping sales. That really is about a coordinated approach across all jurisdictions, and the implementation of the reforms will be closing down the sale of vaping products in specialist vape retailers, convenience stores and other general retail settings. There needs to be collaboration across Commonwealth and state and territory governments to ensure a structured and well-planned approach to the retail shutdown. There needs to be a comprehensive statewide communications plan, and this is really important for retailers being aware of what their obligations are under the new laws and how day-to-day enforcement activities are going to operate. That collaboration should occur right across all states so there is consistency. But we also really want to see strong and swift enforcement and action against parties found to be importing or manufacturing noncompliant products, and that is essential. The penalties for noncompliance with the new laws must be significant to ensure they are not viewed by the industry as an acceptable cost of doing business.

Aiv PUGLIELLI: Thank you. Just to pick up on some of the points we were just going through earlier regarding concerns around nicotine prevalence across the community, be it via the products we have in Australia or other products we are seeing overseas, earlier this morning we spoke about what we are aiming for here. What is success? What does that look like in our context? Is success, for you, eradication of these products? What should we be aiming for in the long term?

Todd HARPER: I think we want to be focusing on the harms. We want to be reducing the harms, as I mentioned earlier, the significant burden associated with these products. So that would be the focus, and one of the pathways that have been exploited for so long now has been that of an addictive product and strategies put in place by industries to maintain that addiction. So that has been a very, very successful pathway that industry has used, and it has often been young people, vulnerable groups in our community that have been in the sights of industry that perpetuate those harms. For us I think it is certainly around the harms and particularly around the cancer aspects.

Aiv PUGLIELLI: Do you think there is at the state level enough public health spending each year to address the harms associated with these products?

Todd HARPER: No. No, there is not. So public health always, for strange reasons, attracts a small share of health budgets despite the enormous potential it has from a health and an economic perspective. So we as a state, as a country, do not value sufficiently investment in prevention to prevent these harms that we see. As I mentioned in my introductory comments, one of the concerns that we have at the moment is the difficulty we have in getting approvals through government to invest in these life-saving campaigns to use the funds that we do have at our disposal. We certainly think there is an opportunity to address that so that organisations like ours are as well placed as we can be to support the governments and support Parliaments in reducing those harms that we spoke about earlier.

Aiv PUGLIELLI: Thank you. Thank you, Chair.

The CHAIR: Thank you, Mr Puglielli. Mr Hilakari.

Mathew HILAKARI: I know we are well over time, so maybe we can even take this on the record, Dr Scollo. I hope I heard you correctly in mentioning that those high-tax jurisdictions also have low illicit markets. I am just hoping you can provide some evidence that backs that statement from some other jurisdictions. Thank you so much for your extensive submissions. They are really thorough and go to the price sensitivity of those people who are smokers – so that would be really appreciated – and also understanding the connection with the licensing structure that you have talked to in that submission. Thank you.

The CHAIR: That was very quick – getting us back on track. Thank you, Mr Hilakari. Mr Harper, Ms Andersen and Dr Scollo, thank you very much for coming and talking to us this afternoon. We could talk to you all day; we would have so many questions, but as the Chair I am, unfortunately, the timekeeper. The committee is going to follow up on any additional questions or questions taken on notice in writing, and responses are required within five working days of the committee's request.

The committee is now going to take a very short, short break before recommencing the hearing. I declare this hearing adjourned.

Witnesses withdrew.