

Briefing

Smokefree 2025: progressing Coalition Agreement commitments

Date due to MO: 16 February 2024 **Action required by:** 20 February 2024

Security level: IN CONFIDENCE **Health Report number:** H2024035870

To: Hon Casey Costello, Associate Minister of Health

Copy to: Hon Dr Shane Reti, Minister of Health

Consulted: Health New Zealand: Māori Health Authority:

Contact for telephone discussion

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Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Smokefree 2025: progressing Coalition Agreement commitments

Security level: IN CONFIDENCE **Date:** 16 February 2024

To: Hon Casey Costello, Associate Minister of Health

Purpose of report

- 1 This briefing provides a draft Cabinet paper seeking agreement to progress Coalition Agreement commitments, in the context of a broader strategic approach to achieving Smokefree 2025.

Summary

- 2 The Government is committed to the Smokefree 2025 goal of less than 5% of New Zealanders smoking daily by 2025.
- 3 Good progress is being made. In 2022/23, only 6.8% of New Zealanders aged 15 and over smoked daily. However, we have much higher rates of daily smoking for some groups including Māori (17.1% versus 6.1% for European) and lower socioeconomic groups (10.7% versus 3.1%, for the most compared to the least deprived communities). More practical support is needed to help these groups quit smoking.
- 4 This paper focuses on progressing commitments contained in the Coalition Agreements, specifically:
 - a. "amending vaping product requirements and taxing smoked products only" and "reform the regulation of vaping, smokeless tobacco and oral nicotine products while banning disposable vaping products and increasing penalties for illegal sales to those under 18." (NZ First)
 - b. "introduce serious penalties for selling vapes to under 18s, and consider requiring a liquor licence to sell vapes." (ACT).
- 5 These proposals would require legislative change and we recommend that proposed initiatives to implement the Coalition Agreement commitments are consulted on before Cabinet approves final policy proposals for a Bill. A draft Cabinet paper is attached as Appendix A for your consideration and comment. If agreed, the proposals would set the legislative direction the Government is taking towards achieving Smokefree 2025 and better protecting non-smoking youth from access to and use of smoking, vaping, and other regulated/nicotine products.
- 6 The draft Cabinet paper also notes further work will be done to strengthen the Government's approach to achieving Smokefree 2025 through non-regulatory measures. A summary of current non-regulatory measures is included below. We will provide you with a comprehensive plan for strengthening these by May 2024.

- 7 A summary of a rapid review of the evidence for the use of heated tobacco products, snus, and nicotine pouches to support smoking cessation and potential health harms is contained as Appendix B.

Recommendations

We recommend you:

- a) **advise** any changes to the attached Cabinet paper
- b) **agree** to commence Ministerial and departmental consultation, subject to any **Yes/No** changes you may have to the draft Cabinet paper



Dr Diana Sarfati
Director-General of Health
Te Tumu Whakarae mō te Hauora
Date: 16 February 2024

Hon Casey Costello
Associate Minister of Health
Date:

Smokefree 2025: progressing Coalition Agreement commitments

Background

- 1 The Coalition Agreements commit to:
 - a. “amending vaping product requirements and taxing smoked products only” and “reform the regulation of vaping, smokeless tobacco and oral nicotine products while banning disposable vaping products and increasing penalties for illegal sales to those under 18.” (NZ First)
 - b. “introduce serious penalties for selling vapes to under 18s, and consider requiring a liquor licence to sell vapes.” (ACT).
- 2 In February, Cabinet is expected to approve the introduction of the Amendment Bill to repeal the previous government’s smoked tobacco laws [H2024035267 refers].
- 3 This briefing (and the attached draft Cabinet paper) focuses on progressing the Coalition Agreement commitments in the context of a broader strategic approach to achieving Smokefree 2025 that:
 - a. strengthens practical support for people who smoke to quit, including through switching to less harmful nicotine products, and
 - b. better protects young people from accessing vaping products.

Progressing the Coalition Agreement proposals

- 4 The Coalition Agreement proposals would require legislative change and we recommend progressing these through consultation. The outcome of that consultation would then inform final policy proposals for a Bill. A draft Cabinet paper reflecting this approach is attached as Appendix A for your consideration and comment.

Amending vaping product requirements

- 5 There are opportunities to amend vaping product requirements to better support people who smoke to quit and to better protect youth from taking up vaping.

Allow retail staff to encourage those buying cigarettes to try vaping

- 6 To better support smokers to quit, one option is to investigate the feasibility of allowing retail staff to encourage customers buying cigarettes to try vaping. This is likely to require obligations to be placed on retailers, such as training of staff to ensure the consistency and quality of advice.

Require SVRs to have qualified staff and reduced vape visibility

- 7 To reduce youth vaping, requiring specialist vape retailers (SVRs) to have a suitably trained staff member present on site at all times coupled with, setting requirements that will reduce the visibility of available products, may assist in reduced access to, and appeal of vaping and vaping products.

- 8 Proliferation of vaping retailers, combined with colourful and highly visible in-store and window displays, contributes to the attraction and normalisation of vaping, instead of being presented as a harm reduction tool for people who smoke. People are exposed to window displays that function as product advertisements. 'Power walls' within general retailers expose young people to vaping products alongside regular grocery items. Two recent United Kingdom studies found the main appeal of vaping product packaging was the colours, especially for disposables, which contribute to the attractiveness of the bright displays in-store and in shop windows.
- 9 Given that SVRs are intended to be 18+ only spaces, reducing visibility of vaping products from the street would mean SVRs are not reaching out into public spaces, exposing young people to what is effectively advertising. Canada has achieved this with vaping product retailers, by requiring frosted windows.

Require General Vape Retailers (GVRs) to reduce vape visibility

- 10 A further option is that GVRs, such as dairies and petrol stations, be required to follow existing rules for the sale of tobacco (eg, to have all stock in closed cupboards). Signs in-store could still be used to alert adult customers to availability and price, so access for smoking cessation would not be reduced.
- 11 Approximately a third of SVR vaping product sales are made online from about 200 online retailers. Any consideration of a product display ban should therefore also consider these retailers. Any reduction in visibility should also include consideration of any advertising and display material via other mechanisms, that might circumvent the purpose of a display ban, such as online marketing. While youth online purchasing is consistently very low (1.5% of those who have ever tried vaping, 2.3% of daily vapers in 2023), this may change, particularly in response to any other vaping changes.
- 12 **s 9(2)(h)**
- 13 If you wish to proceed, we have included a placeholder section to this effect in the attached draft Cabinet paper. Other options would likely be identified in the process of preparing the consultation paper, as well as by submitters.

Agree to seek Cabinet's direction to consult on:

- | | |
|---|-----------------|
| a. allowing retail staff to encourage customers buying cigarettes to try vaping | Yes / No |
| b. requiring SVRs to always have a suitably trained staff member present | Yes / No |
| c. reducing visibility of vaping products from the street in SVRs | Yes / No |
| d. requiring GVRs to store vaping products out of the public's sight | Yes / No |

Taxing smoked tobacco products only (ie, remove excise tax from smokeless tobacco products)

- 14 Removing tobacco excise tax from smokeless tobacco would make these products cheaper, potentially incentivising people to switch from smoking to use of HTPs or increasing importation of other oral tobacco products, most of which are currently not legally available for sale in New Zealand. This is desirable if HTPs or other oral tobacco products:
- a. are significantly less harmful than smoking, and/or
 - b. are effective in helping people transition to becoming completely smokefree.

Evidence for Heated Tobacco Products

- 15 There is no clear independent evidence that HTPs are significantly less harmful than cigarettes. Industry claims that because the tobacco is heated rather than burned, HTPs are less harmful. However, HTPs contain toxicants at lower levels than cigarettes in some cases, but also contain some toxicants that cigarettes do not.
- 16 There is no evidence to support HTPs as being effective in helping people transition to becoming completely smokefree. Some studies suggest that former smokers that use HTPs are more likely to relapse. Other studies suggest HTP users are less likely to transition away from smoking conventional cigarettes than those users exclusively smoking cigarettes. A summary of a rapid review of the evidence for HTPs is contained in Appendix B.
- 17 Smoked tobacco products are intended to be used in a way that involves ignition or combustion. Smokeless tobacco products include HTPs and oral products such as snus, snuff and chewing tobacco. Of these, HTPs and nasal snuff are legally available for sale in New Zealand. Individuals may import other smokeless tobacco products for their own personal use only.
- 18 There are other smokeless tobacco products on the international market, which are not lawfully able to be sold in New Zealand (eg, snus). These are discussed below (see from paragraphs 32).

Access by youth and non-smokers, and implications for achieving Smokefree 2025

- 19 There is a risk HTPs and other smokeless tobacco products will also become more accessible to non-smokers, and in particular to youth, as removal of the excise tax will likely make these products cheaper than they are currently.
- 20 Vaping has been a key factor in recent drops in New Zealand's smoking rates and there is a stronger evidence base to support the use of vaping products as a quit tool. Incentivising HTPs could divert those switching from cigarettes away from vaping, to a product that has a weaker evidence base for use as a quit tool.
- 21 This proposal could also signal to youth and non-smokers that smokeless tobacco products are safer or less harmful to use compared to cigarettes, when there is insufficient independent evidence to support this currently.

Crown revenue implications

- 22 The excise-equivalent duty on imports of smokeless tobacco products such as HTPs and snuff has been provided by the New Zealand Customs Service (Customs).
- 23 The combined amount is relatively small but rapidly rising from \$3,628,137 in 2022, to \$5,981,638 in 2023.

Implementing removal of excise from smokeless tobacco

- 24 Removing excise would be done through the Customs and Excise Act 2018 (the Customs Act), which administers the legislation for excise duty, including for tobacco. Excise duty rates can be amended in certain circumstances by Order in Council (a type of secondary legislation) under the Customs Act. It is possible that excise rates for smokeless tobacco could be reduced to zero through an Order in Council, although primary legislation may be required. Any subsequent decision to revert excise rates for these products to bring them back in line with other tobacco products would require primary legislation.
- 25 Further work with Customs will be needed to determine the detail of how this policy would be implemented.
- 26 If you would like to additionally take any broader excise tax changes to Cabinet (such as considering taxing vaping products) we can provide a further health report at your request.

Next steps

- 27 If you wish to proceed with this proposal, we have included a placeholder section to this effect in the attached draft Cabinet paper.

Agree to seek Cabinet's agreement to publicly consult on taxing smoked tobacco products only

Yes / No

Reform the regulation of vaping, smokeless tobacco, and oral nicotine products

- 28 A summary of a rapid review of the current evidence base for heated tobacco products and oral nicotine products (snus and nicotine pouches) is contained in Appendix B.
- 29 We consider that further work, including public consultation, is needed before seeking any substantive decisions from Cabinet on reforming the regulation of these products.

Evidence for vaping, smokeless tobacco and oral nicotine products

Vaping

- 30 Vaping products are an effective quitting tool; more effective than nicotine replacement therapy (NRT). For every 100 people who make a quit attempt using a vaping product, around 8-10 are likely to succeed compared with 6 in 100 who use NRT and 4 in 100 who try to quit without support.¹
- 31 Overall, evidence shows vaping is less harmful than smoking tobacco, but not harmless. For people who smoke, switching to vaping products is highly likely to reduce the risks to their health and the health of those around them. Conversely, use of vaping products

¹ Hartmann-Boyce J, Lindson N, Butler AR, McRobbie H, Bullen C, Begh R, Theodoulou A, Notley C, Rigotti NA, Turner T, Fanshawe TR, Hajek P. Electronic cigarettes for smoking cessation. Cochrane Database of Systematic Reviews 2022, Issue 11. [Art. No.: CD010216. DOI: 10.1002/14651858.CD010216.pub7](https://doi.org/10.1002/14651858.CD010216)

among never smokers is associated with a range of harms, including nicotine addiction, which increases the risk of long-term use.

Smokeless Tobacco

- 32 There is a range of smokeless tobacco products available on the global market, including HTPs (summarised above), oral tobacco products (eg, snus), and nasal products (eg, dry snuff). The risk profiles of these products vary greatly.
- 33 Snus is less harmful than smoking tobacco, with evidence showing that it is similar to vaping. However, there is weak evidence of the effectiveness of snus as a tool for smoking cessation, and weak evidence of an association between using snus and taking up smoking. The risk of feeling addicted may be higher for snus than for smoked tobacco. Use of snus may increase the risk of certain cancers.

Oral nicotine products

- 34 Oral nicotine products are defined as nicotine products that do not contain tobacco, and include nicotine pouches.
- 35 Nicotine pouches are relatively new to the international market and, as such, evidence of their safety and effectiveness to help people stop smoking is limited. Most published data are from industry and show that nicotine pouches have substantially lower levels of toxicants compared to smoked tobacco. Like all nicotine products there is a risk of addiction. There are increasing concerns internationally of their promotion to young people.

Allowing for the sale of a wider range of reduced harm alternatives

- 36 An argument can be made for legalising products with a similar risk profile to vaping (eg, Swedish snus). However, as above, the evidence for its efficacy in helping people to quit smoking is limited. We consider there is scope to better support smokers to switch to vaping, ahead of introducing additional products.
- 37 If more products are introduced, it would be important to have product safety requirements in place (such as those that exist for vaping products). In addition, vaping-style regulatory controls should be applied as appropriate. For instance, prohibition on sales to minors, bans on promotion, advertising and sponsorship (subject to the exemptions that apply to vaping products), and notification of products.
- 38 An additional consideration is that the prohibitions on use of these products in smokefree and vape-free areas would likely not apply as these products do not emit smoke or vapour that affects third parties.
- 39 Other tobacco and nicotine products could be legalised through an amendment to the Smokefree Environments and Regulated Products Act 1990, and product safety requirements set through an amendment to the Smokefree Environments and Regulated Products Regulations 2021.

Next steps

- 40 If you wish to proceed with this proposal, we have included a placeholder section to this effect in the attached draft Cabinet paper.

Agree to seek Cabinet's agreement to consult on legalising the sale of a wider range of reduced-harm products

Yes / No

Ban disposable vaping products

- 41 Disposables have quickly become the most popular vaping product used by young people in New Zealand and internationally, and many jurisdictions have or are taking steps to restrict the sale of these products.
- 42 Previous experience shows industry will respond rapidly to circumvent a ban on disposable vaping products by introducing new products that comply with regulations but are still cheap and attractive to youth. We are already seeing the emergence of new products that fit this description in New Zealand.
- 43 The United Kingdom government has recently announced they will ban disposable vapes but will carry out consultation to identify the most effective way to do this. We recommend carrying out public consultation, including targeted consultation with industry, to identify how to effectively implement this policy.
- 44 **s 9(2)(h)**
- 45 There is little evidence to suggest that this proposal will have any significant impact on those who wish to quit smoking using vaping products. There are a range of other vaping products on the market that are significantly cheaper than smoked tobacco and are good alternatives to disposable vaping products.
- 46 Banning disposable vaping products would reduce waste and pollution, and may also support efforts to limit uptake by young people. Two recent UK studies found the appeal of disposables was perceived to be related to high visibility in stores, small size and lack of long-lasting odour (so therefore convenient and discrete), simplicity of use, and, in one of the studies, also low price.² Some youth may switch to reusables, but these are more expensive, which may reduce uptake.

Next steps

- 47 Should you wish to proceed with this proposal we have included a placeholder section to this effect in the attached draft Cabinet paper.

Agree to seek Cabinet's agreement to consult on prohibiting disposable (single-use) vaping products **Yes / No**

Note we will undertake further analysis, followed by public and targeted industry consultation, to determine how to implement this policy effectively **Noted**

Increase penalties for unlawful sales of vaping and other regulated products to minors

- 48 The attached draft Cabinet paper seeks Cabinet's agreement to consult on:
- increasing maximum fines for body corporates on conviction in court from \$10,000 to \$100,000 and fines for others (eg, sales assistants) from \$5,000 to \$10,000

² See: Moodie, C., Jones, D., Angus, K., MacKintosh A.M., Ford, A., O'Donnell, R., Hunt, K., Mitchell, D., Alexandrou, G., Stead, M., Neve, K., Champion, T., Froguel, A., Davies, A., Cheek, O. "Improving our understanding of e-cigarette and refill packaging in the UK: How is it used for product promotion and perceived by consumers, to what extent does it comply with product regulations, and could it be used to better protect consumers?" Cancer Research UK. 2023; and Thirlway, F., Neve K., Champion T., Froguel A., Davies A., Cheek, O. "E-cigarette appeal in context: a qualitative study in deprived areas into the role of packaging in e-cigarette purchasing and use." Cancer Research UK. 2023.

- b. increasing infringement fees (on the spot fines) from \$500 to \$2,000 for retailers and from \$500 to \$1,000 for sales assistants.

49 The significantly higher proposed maximum fine of \$100,000 better accounts for the range in potential offenders, from sales assistants to large corporates (eg, supermarkets).

50 We propose, should you wish to proceed with increasing penalties, that they apply to the sale of all regulated products (ie, vaping products, smoked tobacco products, smokeless tobacco products, herbal products for smoking).

Next steps

51 Should you wish to allow for stronger penalties for unlawful sales of regulated products to minors and have included a section in the draft Cabinet paper to reflect this.

Agree to seek Cabinet's agreement to consult on increasing penalties for unlawful sales of regulated products to minors as follows:

- a. increase maximum fines for body corporates to \$100,000 and fines for others to \$10,000 **Yes / No**
- b. increase infringement fees (on the spot fines) to \$2,000 for retailers and \$1,000 for sales assistants **Yes / No**

Consideration of requiring a liquor licence to sell vaping products

52 Our previous advice canvassed the implications of combining alcohol and vaping licensing, please see our advice provided on 31 January 2024 [H2024034952].

53 As noted in that advice, there are aspects of liquor licensing that could be used to improve the regulation of vaping, including:

- a. significantly strengthened requirements for operator competence, including duty managers who are trained and present at all times, and suitability of the applicant requirements
- b. 1-year probationary periods for new operators
- c. licenses (for all types of retailers) that expire and must be proactively reapplied for
- d. improving the effectiveness of suspensions and cancellations of licenses as an enforcement mechanism (eg, by extending to all types of retailers and including stand down periods)
- e. strengthened decision-making processes, and opportunity for input from communities or relevant experts.

54 For completeness, we note you have raised the issues of where regulatory responsibilities regarding the sale of vaping products best sits, for example, with local authorities as is the case for alcohol, rather than with the Ministry of Health. We propose this be considered as part of a broader review of the legislation.

Next steps

- 55 Should you wish to proceed with this approach, we suggest prioritising implementation of the Coalition Agreement commitments and undertaking a broader review of the Act at a later date.

Agree to progress a broader review of the Act, including consideration of where decision making about the retail sale of vaping products best sits, to be undertaken after the Coalition Agreement commitments have been implemented.

Yes / No

Complementary non-regulatory measures

- 56 We want to ensure we maintain momentum in the decline in smoking rates, particularly for Māori. Services and programmes will continue to play a vital role in supporting people who smoke to quit, and an increasingly important role in supporting young people to choose not to vape.
- 57 We propose providing a briefing in May 2024 with a plan to strengthen our approach to achieving Smokefree 2025 through non-regulatory measures. This will be evidence-based, focused on those with greatest need, costed where possible, and include implementation timeframes. These measures are summarised below, and this outline will inform the basis of the next briefing.
- 58 Review and refresh our education and communication approach, including:
- health promotion campaigns aimed at encouraging people who smoke to quit and to use stop smoking services³
 - health promotion campaigns aimed to prevent youth vaping⁴
 - comprehensive public information including addressing misconceptions of relative harm for tobacco and vaping products⁵
 - more support for schools to reduce youth vaping.
- 59 Update our insights and research, including:
- refresh qualitative and quantitative data analysis of the current state to support policy development and strategy
 - gather new lived experience insights to guide future policy development (eg, to understand what drives youth vaping, and what the barriers are for priority groups to switch from smoking to vaping).
- 60 Provide practical support to people who smoke:

³ Vape to Quit was initiated in 2021 to encourage Māori women who smoke to switch to vaping. It was intended to also change the national narrative around vaping amongst the wider community – legitimising the use of vaping for smoking cessation purposes. The campaign ran for only one flight before being paused due to increasing concern at youth vaping rates. It was therefore not in field long enough to be evaluated. It could be restarted.

⁴ To ensure young people do not feel encouraged to take up vaping, the existing Protect Your Breath campaign could be extended into a programme of support within schools. Protect Your Breath is a social media campaign that aims to reduce vaping harm among young people and was developed with the Hā Collective of young people.

⁵ One New Zealand study of people who currently or recently smoked showed fewer than half felt vapes were less harmful than cigarettes. Pacific respondents were least likely to view vapes as less harmful than cigarettes. Māori respondents were less likely than European/Other respondents to view vapes as less harmful. E-cigarette use and perceptions among current and ex-smokers in New Zealand, HPA, January 2019 [Final Report - E-cigarette use and perceptions among current and ex-smokers in NZ Jan 2019 0.pdf \(hpa.org.nz\)](#)

- a. consider options to fund vape starter kits through quit smoking services.
- 61 Review and strengthen stop smoking services:
- a. review the effectiveness of current stop smoking services
 - b. strengthen stop smoking guidance for the smokefree workforce to include harm reduction measures including vaping
 - c. strengthen accountability of stop smoking service providers to ensure the programmes offered:
 - i. are comprehensively designed to reflect up-to-date evidence and best practice
 - ii. are focused, designed and delivered to meet the needs of priority groups
 - iii. include the available range of harm reduction products, including vaping products
 - iv. provide support for people to stop vaping.
- 62 In addition, we propose to re-designing workforce training and education packages to ensure they are fit-for-purpose, and to support and monitor community led innovations that support people to quit smoking and prevent youth uptake of vaping.
- 63 We will meet with service providers and other stakeholders in April 2024, to inform the development of this work.

Equity

- 64 Despite smoking rates having reduced for all groups of New Zealanders, daily smoking rates for Māori, low-income earners, adults with disabilities, and people experiencing mental health and addiction issues remain higher than others.
- 65 The Government remains committed to achieving the Smokefree 2025 goal, with a focus on providing people who have the greatest need, with the practical tools and supports to help them quit. The proposals outlined in the paper will help achieve this.

Next steps

- 66 A draft Cabinet paper is attached. It is due to be considered by Cabinet's Social Outcomes Committee on 28 February 2024 and Cabinet on 4 March 2024.
- 67 As drafted, the paper seeks Cabinet's agreement to authorise you to consult on each of the proposals. The nature of that consultation (eg, targeted, public, in-person, online) will need to be considered in relation to which proposals you choose to take forward.
- 68 You will need to seek final Cabinet approval to release the consultation document when it is ready. For more limited and targeted consultation, you may be able to approve the release of the consultation document and we can provide further advice to you on this.
- 69 Pending Cabinet agreement, we propose providing you with the following in May 2024:
- a. a consultation document regarding the Coalition Agreement commitments Cabinet agrees to progress (and Cabinet paper if needed)
 - b. a comprehensive plan on non-legislative measures.

70 We will also progress, pending Cabinet agreement, a broader review of the legislation to ensure it is risk-proportionate, consistent and fit for purpose, be undertaken once the Coalition Agreement commitments are completed. This would include consideration of where decision making about the retail sale of vaping products should sit.

ENDS.

PROACTIVELY RELEASED

Minister's Notes

PROACTIVELY RELEASED

Appendix A: Draft Cabinet paper

PROACTIVELY RELEASED

Appendix B: Evidence on heated tobacco products, snus and nicotine pouches

PROACTIVELY RELEASED

Rapid review of evidence of benefits and harms for Heated Tobacco Products

Key Points:

- The table below provides an overview of the existing evidence relating to Heated Tobacco Products (HTPs). The table includes a summary of the current evidence base for the relationship between HTPs and:
 - smoking cessation,
 - smoking initiation,
 - dependency and addiction,
 - any known major health outcomes.
- A critical appraisal of the quality of this evidence has been included in the table. This considers multiple factors such as whether the evidence was produced independently or was tobacco-industry funded, the size and heterogeneity of study populations, methodology design, and replicability of the study.
- Areas which are deemed gaps in the evidence base are stated. These include needing:
 - more independent research with stronger methodology to determine whether HTPs have a role in aiding smoking cessation,
 - further research to substantiate if HTPs can act as a gateway to smoking cigarettes,
 - more longitudinal, independent population-based studies, comparing health outcomes of HTP users, and exposed non-users, with non-users of any tobacco product,
 - specific research into the effects of toxin deposits and accumulation on respiratory, cardiovascular, neurological, and other body systems,
 - an emphasis on independent, peer-reviewed studies on humans investigating impact of HTP use on cancers, cardiovascular disease, chronic respiratory disease, oral diseases, and developmental or reproductive effects.
- This review identified **no compelling evidence of any benefit from the use of HTPs as a smoking cessation tool**. Studies lacked population-level data, had limited information on exposure and health effects, and there was an absence of empirical studies on the complete transition from smoking or nicotine use with HTPs.
- **Some evidence of harm from HTPs was identified**. This included increased risks of dependency and addiction, exposure to toxicants, cardiovascular impacts, chronic respiratory disease, or developmental impacts. Due to the relative newness of HTPs, it is likely that more health outcomes will emerge over time.
- This review process did not identify any relevant data that was specific to Aotearoa New Zealand.
- The data identified in this table are insufficient evidence to provide a fully informed risk assessment for HTPs. As such, given the potential risk to health, it would be advisable to follow a precautionary principal to manage any risks of HTPs against an unknown benefit. This could include:
 - establishing strong monitoring pathways,
 - monitoring international data and evidence as it emerges.

Heated Tobacco Products (HTPs): evidence for their use in smoking cessation, along with potential risks and harms of use

Definition	HTP products (also called as 'heat-not-burn' or tobacco heating products) are those which heat tobacco and deliver aerosolised nicotine to the user through the mouth for inhalation. ¹ HTPs typically consist of two main components: a processed tobacco insert (such as a stick, capsule, or pod), and a device for heating the tobacco. While the heating source is typically electronic, it may also be a carbon tip. These tobacco inserts and devices are intended to be used together as an integrated tobacco product and not separately. ¹ Please note that HTP products are different products to e-cigarettes.	
	Existing evidence	Critical appraisal
Smoking cessation	<p>There is no compelling evidence to suggest HTP uptake is associated with smoking cessation. Laboratory studies indicate that only one out of three of the analysed HTP brands could deliver nicotine at a level comparable to cigarettes.¹ Anecdotal evidence suggests HTPs reduce smoking craving subjectively, though HTPs are not as satisfying to smokers as conventional cigarettes.¹</p> <p>A Cochrane review² investigated a role for HTPs in smoking cessation and reduced smoking prevalence. The review included eleven RCTs* with a median follow up of 13 weeks (all funded by the tobacco industry, eight at risk of unclear bias and three at risk of high bias).</p> <ul style="list-style-type: none"> • Although the studies had been framed as investigating smoking cessation, none of the studies were designed in a way that allowed them to report if HTP had helped people stop smoking cigarettes. <p>A systematic review³ of exposure to HTPs and adverse health effects reported a lack of evidence on the effectiveness of HTPs for smoking cessation. None of the studies provided compelling evidence of smoking cessation.</p>	<p>Overall, there was insufficient evidence identified to support the effectiveness of HTPs as an aid to smoking cessation due to the lack of population-level data, limited information on exposure and health effects, and the absence of empirical studies on the complete transition from smoking or nicotine use with HTPs.</p> <ul style="list-style-type: none"> • The WHO asserts that claims of HTPs as a smoking cessation aid should not be made. Even if future evidence supported HTPs as effective switching aids (i.e., substituting one tobacco product for another), they should never be considered as treatment for smoking cessation, which includes quitting nicotine use.¹ <p>Although a population-level study has been identified, this has been deemed low-level evidence because:</p> <ul style="list-style-type: none"> • A decline in cigarette sales may be influenced by other factors like demographic shifts or delayed effects of tobacco control policies may have contributed. • Decreases in cigarette sales may not necessarily indicate a decline in smoking prevalence, and the data's limited generalisability due to being from a single country (Japan) should be considered.

¹ <https://iris.who.int/bitstream/handle/10665/368022/9789240042490-eng.pdf?sequence=1>.

² <https://www.cochranelibrary.com/cdsr/doi/10.1002/14651858.CD013790.pub2/full>

³ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8296358/pdf/ijerph-18-06651.pdf>

Smoking cessation (continued)	<ul style="list-style-type: none"> One population-level study in this review from Japan did point to a potential decline of cigarette sales after introduction of HTPs, however this evidence alone was deemed extremely weak evidence with several limitations. 	<ul style="list-style-type: none"> Independent research with stronger methodology is needed to determine whether HTPs help people stop smoking and the impact of rising HTP use on smoking rates.
Smoking initiation	<p>There is very limited evidence on the likelihood of HTPs acting as a gateway to conventional cigarettes.</p>	<p>Further research is needed to substantiate any claims of HTPs acting as a gateway to smoking cigarettes.</p>
Dependence and addiction	<p>There is clear evidence that HTP users show signs of nicotine dependence, indicating a potential for addiction.¹</p> <ul style="list-style-type: none"> The levels of nicotine content and emissions can differ between HTPs; however, most studies report comparable levels of nicotine to conventional cigarettes.^{4,5} <p>A systemic review^{5*} comparing findings of nicotine levels in HTPs and cigarettes concluded:</p> <ul style="list-style-type: none"> Single use of HTPs delivered nicotine as quickly as cigarettes but with lower peak concentrations and total nicotine exposure. Nicotine levels in the aerosol of HTPs, when puffed under intense smoking conditions, were found to be comparable to those in conventional cigarettes. 	<p>The observed variations in nicotine content between HTP brands and the complex nature of nicotine delivery both highlight the need for systematic surveillance and reporting.</p> <p>It is important to conduct further research to understand the implications of HTPs on the potential for addiction and toxicity of these products.⁴</p>
Exposure to toxicants	<p>Nicotine:</p> <ul style="list-style-type: none"> Significant variation in nicotine emissions has been observed between different HTP brands with some studies showing similar nicotine levels or greater than that of conventional cigarettes and others showing lower levels. A similar variation in nicotine levels compared to e-cigarettes has also been identified.^{4,5,6} 	<p>International evidence-based reviews based on synthesis of empirical research by groups of subject matter experts (WHO, Public Health England, CDC)*</p> <p>Systematic reviews (3)*</p> <ul style="list-style-type: none"> One review included 31 studies with 20 tobacco industry funded. Studies varied by methods, products, and quality Another contained 97 studies with many industry funded.

⁴ <https://iris.who.int/bitstream/handle/10665/341113/9789240022720-eng.pdf?sequence=1>.

⁵ <https://tobaccocontrol.bmj.com/content/tobaccocontrol/28/5/582.full.pdf>

⁶ https://assets.publishing.service.gov.uk/media/5a981c6740f0b67aa27253cc/Evidence_review_of_e-cigarettes_and_heated_tobacco_products_2018.pdf

<p>Exposure to toxicants (continued)</p>	<p>Harmful and potentially harmful compounds:</p> <ul style="list-style-type: none"> • Some toxicants are in lower concentrations in HTPs than conventional cigarettes (e.g., carbon monoxide, polycyclic aromatic, and carbonyl compounds).^{4,6,7,8} • However, other compounds are higher (e.g., glycerol). While glycerine and propylene glycol are generally considered safe for humans, when heated, they can produce harmful substances such as acrolein (a strong airway irritant), glycidol (a 2A carcinogen) and furfuryl alcohol (classified as 2B carcinogen).⁴ • HTPs have been found to contain some dangerous toxicants that conventional cigarettes do not e.g., aluminium, titanium, strontium, molybdenum, tin, and antimony.⁴ • Compared to e-cigarettes, levels of toxicants, such as, tobacco-specific nitrosamines, carbon monoxide, benzopyrene, and carbonyls, have been shown to be in higher in HTP emissions.⁴ • HTP aerosols may contain unique harmful constituents that are currently unidentified or poorly characterised (e.g., experimental and clinical trials have suggested that there may be unique hepatocellular activity associated with HTP use, not observed with cigarette use).⁴ <p>Particulate matter:</p> <ul style="list-style-type: none"> • Both industry funded and independent studies have found lower concentrations of particles in the mainstream aerosol of HTPs compared to emissions from e-cigarettes and conventional cigarettes.^{4,5} 	<ul style="list-style-type: none"> • The third included 13 studies with 8 of unclear bias. Low certainty. <p>Limited evidence of reduced concentrations of <i>selected</i> toxicants and increased concentrations of others plus identification of concerning toxicants not seen in conventional cigarettes</p> <p>Consistent evidence of reduced particulate matter compared to e-cigarettes and conventional cigarettes</p> <p>Limitations of this evidence:</p> <ul style="list-style-type: none"> • Majority of studies funded by tobacco industry. • Laboratory-based studies with uncertain generalisability to real-world effects. • Significant variations in emissions by brand. • Future iterations of HTPs may have changes in the chemical composition of the aerosols produced.
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⁷ https://www.cdc.gov/tobacco/basic_information/heated-tobacco-products/index.html

⁸ <https://www.cancer.org.nz/assets/Downloads/Vaping-Degrees-of-Harm-Full-Report.pdf>

<p>Exposure to toxicants (continued)</p>	<p>Flavouring agents:</p> <ul style="list-style-type: none"> • The presence of flavours was not found to correlate with certain toxicants such as benzo[a]pyrene or carbon monoxide. • However, slightly higher levels of harmful components such as formaldehyde were detected in aerosols from unflavoured HTPs compared to flavoured HTPs. • On the other hand, some studies have reported slightly higher levels of ammonia, nitrogen oxides, and o-cresol in the aerosol from flavoured HTPs compared to unflavoured HTPs. • Additionally, the use of mentholated IQOS was observed to be associated with higher metal concentrations compared to using IQOS without menthol.⁴ 	
<p>Cardiovascular impacts</p>	<p>A systematic review of the harms and benefits of HTPs identified that cardiovascular disease outcome measures were lower in HTP users compared with smoking tobacco cigarettes.⁹</p> <ul style="list-style-type: none"> • However, adverse levels for all indicators were greater in HTP users compared with non-smokers or persons who abstained from smoking during the trial period. • The review noted that included studies did not run long enough to identify changes to long-term cardiovascular health outcomes. <p>A 2021 WHO international evidence-based review suggests that switching from smoking cigarettes to HTPs does not reduce many cardiovascular biomarkers.</p> <ul style="list-style-type: none"> • Biomarkers CC16, alanine aminotransferase activity and plasma bilirubin increased following HTP usage, suggesting that HTPs have similar or greater cardiovascular toxicity than conventional cigarettes.⁴ 	<p>Publications on cardiovascular disease risk from HTPs present mixed findings, indicating the need for further investigation. There is insufficient evidence to accurately determine the true risk that HTPs have on long term cardiovascular health outcomes.</p> <p>The strength of evidence produced by 2021 WHO report was not reported, and the body of evidence is a synthesis of nine background evidence reviews which does not include a critical appraisal.</p>

⁹ https://www.hrb.ie/fileadmin/2_Plugin_related_files/Publications/2020_publication-related_files/2020_HIE/Evidence_Centre/Harms_and_benefits_of_e-cigarettes_and_heat-not-burn_tobacco_products_Literature_map.pdf

<p>Chronic respiratory disease</p>	<p>Studies in laboratory animals and <i>in vitro</i> indicate HTP exposure leads to expression of RNA indicating cellular injury in respiratory organs.^{4,10}</p> <ul style="list-style-type: none"> • A 2019 study comparing the effects of substances released by smoked cigarettes, e-cigarettes and IQOS on human lung cells found that all three options were toxic to lung cells.⁴ <p>A systematic review of 79 studies on HTP effects on the respiratory system in relation to chronic pulmonary diseases revealed:</p> <ul style="list-style-type: none"> • HTPs share common pathways of damage and impairment with conventional cigarettes and present new potential damage mechanisms related to additives, flavours, and metal nanoparticles.¹¹ • Switching to HTPs may not reduce the risk of chronic respiratory disease associated with tobacco use for addicted adult smokers • Non-smokers using HTPs may have an increased risk of pulmonary disorders, especially those with underlying health conditions.⁴ 	<p>Research findings indicate that while HTPs appear to cause respiratory injury in animal modelling and human <i>in vitro</i> studies there is limited clinical evidence.</p> <p>There is mixed evidence from clinical evidence with some studies reporting improvement of respiratory symptoms in smokers with chronic obstructive pulmonary disease who switch to HTPs, other studies raise concerns about the association between HTP use and increased risk of respiratory diseases. The strength of evidence from these studies was not reported.</p>
<p>Cancer</p>	<p>In 2019, The European Respiratory Society characterised HTPs, regular tobacco smoking and smokeless tobacco for oral or nasal use as all being addictive and carcinogenic to humans.</p> <p>A narrative review conducted by The Cancer Society NZ in 2019 found limited evidence of health impacts from HTPs.¹²</p>	<p>There is evidence that HTPs contain known carcinogens, however there is limited evidence from clinical studies assessing the strength of association between HTP use and cancer outcomes. Internationally, the European Respiratory Society and the UK Health Agency have categorised HTPs as carcinogenic.</p> <p>Industry claims regarding reduced risk of lung cancer outcomes through HTP usage over traditional tobacco cigarettes have been</p>

¹⁰ https://openres.ersjournals.com/content/5/1/00159-2018?platform=hootsuite&utm_source=TrendMD&utm_medium=cpc&utm_campaign=ERJ_Open_Res_TrendMD_0.

¹¹ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8070637/pdf/ijerph-18-04079.pdf>

¹² <https://www.cancer.org.nz/assets/Downloads/Vaping-Degrees-of-Harm-Full-Report.pdf>

	The tobacco industry has made claims of ‘reduced risk’ from tobacco-attributable deaths including lung cancer if smoking was completely replaced by HTPs. ⁴	disputed by the WHO due to the failure to include key observations and conflating reduced exposure with reduced risk .
Neurological and developmental impacts	Nicotine is known to have adverse effects on reproductive health, which is thereby expected to be observed in HTP users. ^{Error! Bookmark not defined.}	Evidence extrapolated from nicotine in other nicotine products. More research and monitoring are needed to understand the impact of HTPs on neurological or developmental health impacts.
Overall evidence of health harms and strength of evidence	<p>At this stage, we do not have adequate data to accurately assess the long-term health outcomes in users who switch to HTPs or use them in combination with conventional cigarettes, e-cigarettes, or other tobacco or nicotine products.⁴</p> <ul style="list-style-type: none"> • Health concerns include high levels of certain harmful constituents in HTPs, pulmonary and immune toxicity, and hepatotoxicity. • While emissions from HTPs contain lower levels of some harmful ingredients than regular cigarettes, they also contain many harmful substances not found in regular cigarettes. • Independent reviews and assessments by WHO, PHE, and others suggest that while HTPs may reduce exposure to some harmful constituents, they do not necessarily reduce the overall risk of harm. 	<ul style="list-style-type: none"> • There is a need for longitudinal, independent population-based studies, comparing health outcomes of HTP users, and exposed non-users, with non-users of any tobacco product. • Specific research areas that need thorough examination include the effects of toxin deposits and accumulation on respiratory, cardiovascular, neurological, and other body tissues.^{Error! Bookmark not defined.} • There is a need for independent, peer-reviewed studies on humans investigating impact of HTP use on cancers, oral diseases, and developmental and reproductive effects.^{Error! Bookmark not defined.} • Most of the current studies are sponsored by the tobacco industry, emphasising the need for independent, high-quality, and long-term data.

* Tobacco industry involvement or sponsorship

Methodology

ISK undertook a rapid review of literature in December 2023 to identify existing publications and grey literature relating to Heated Tobacco Products (HTP) use. The literature review involved systematically searching and analysing published literature, including systematic reviews, randomised control trials, case-control studies, and other relevant academic publications related to HTPs. Multiple databases, including PubMed, Medline, Scopus, Web of Science, and Google Scholar, were searched using specific terms such as "heated tobacco products," "heat-not-burn," "tobacco heating products," "IQOS," "glo," and other keywords.

All studies on HTPs were considered, particularly those relating to prevalence/patterns of use, exposure and risks, and efficacy as a smoking cessation tool. The included studies were assessed on reliability and credibility, and prioritised systematic reviews, independent studies, studies with high confidence findings and utilising reputable sources such as the WHO. Data synthesis involved the extraction and analysis of key findings from the included studies and an assessment of the risk of bias of the included studies was performed, where possible, but note that some international reports did not report the appraisal of the included studies. The assessment of study quality included in any systematic review or report was accepted. Efforts were made to mitigate publication bias by including diverse sources of evidence and conducting a comprehensive search across multiple databases.

Strengths and limitations

This review was conducted rapidly, which could lead to studies or other information being missed. Many of the studies identified are at risk of bias, including several with a conflict of interest due to tobacco industry funding or involvement in the study. There is some evidence available in the literature about potential harms and benefits of HTPs however there is a paucity of independent studies. In addition, there is considerable heterogeneity in methods, results, and conclusions as well as the products tested. There remain serious limitations around the strength of evidence.

The scarcity of evidence around potential harms or benefits of these products should not be taken to mean there is no harm, only that more evidence is needed before conclusions can be drawn.

Further information is needed to confirm:

- whether HTPs have a role in aiding smoking cessation,
- substantiate if HTPs can act as a gateway to smoking cigarettes,
- determine the effects of toxin deposits and accumulation on respiratory, cardiovascular, neurological, and other body tissues,
- compare health outcomes (particularly cancers) of HTP users, and exposed non-users, with non-users of any tobacco products.

Rapid review of evidence of benefits and harms for snus and nicotine pouches

Key Points:

- The table below provides an overview of the existing evidence relating to snus and nicotine pouches. The table includes a summary of the current evidence base for the relationship between snus and nicotine pouches and:
 - smoking cessation,
 - smoking initiation,
 - dependency and addiction,
 - any known major health outcomes.
- A critical appraisal of the quality of this evidence has been included in the table. This considers multiple factors, such as whether the evidence was produced independently or was tobacco-industry funded, the size and heterogeneity of study populations, methodology design, and replicability of the study.
- Areas which are deemed gaps in the evidence base are stated. These include needing:
 - more independent research with stronger methodology to determine whether snus or nicotine pouches have a role in aiding smoking cessation,
 - specific research into the effects of toxin deposits and accumulation on respiratory, cardiovascular, neurological, and other body systems,
 - an emphasis on independent, peer-reviewed studies on humans investigating impact of snus and nicotine pouch use on cancers, cardiovascular disease, chronic respiratory disease, oral diseases, and developmental or reproductive effects.
- This review identified **no compelling evidence of any benefit from the use of snus or nicotine pouches as a smoking cessation tool**. Studies lacked population-level data, had limited information on exposure and health effects, and there was an absence of empirical studies on the complete transition from smoking or nicotine use with these products.
- **Some evidence of harm from snus or nicotine pouches was identified**. This included increased risks of dependency and addiction, exposure to toxicants, cardiovascular impacts, chronic respiratory disease, or developmental impacts. Due to the relative newness of nicotine pouches and the lack of studies on snus, it is likely that more health outcomes will emerge over time.
- This review process did not identify any relevant data that was specific to Aotearoa New Zealand.
- The data identified in this table are insufficient evidence to provide a fully informed risk assessment for snus and nicotine pouches. As such, given the potential risk to health, it would be advisable to follow a precautionary principle to manage any risks of these products against an unknown benefit. This could include:
 - establishing strong monitoring pathways,
 - monitoring international data and evidence as it emerges.

Snus and nicotine pouches: evidence for their use in smoking cessation, along with potential risks and harms of use

	Snus		Nicotine pouches	
Definition	Type of moist snuff, either loose or in small pouches for oral use. Pasteurised but not fermented. May be flavoured. Mostly used in Sweden and is the most common tobacco product in Norway.		Small pouches for oral use. Do not contain tobacco leaf. Contains nicotinic salts, microcrystalline cellulose, various other salts (including sodium bicarbonate), citric acid and other flavours.	
	Existing evidence	Critical appraisal	Existing evidence	Critical appraisal
Smoking cessation	<p>There is weak evidence of the effectiveness of snus as a tool for smoking cessation.¹</p> <ul style="list-style-type: none"> • Meta-analysis of four longitudinal studies: RR = 1.38; 95% CI 1.05 to 1.82; p=0.022 • Meta-analysis of five cross-sectional studies: OR = 1.87; 95% CI 1.29 to 2.72; p=0.001 • Comparators were either no snus use or other forms of NRT. • Longitudinal studies included individuals enrolled in a study of substance use risk factors in army recruitment centres in Switzerland, school-based cohorts in Norway, and community samples in Sweden. <p>Rutqvist et al. 2013, review^{2*}</p> <ul style="list-style-type: none"> • All included studies also included in Stjepanović et al. 	<p>Stjepanović et al. 2023¹</p> <ul style="list-style-type: none"> • Few studies (two to seven) in each meta-analysis. • Most studies had some risk of bias (the two studies showing association between Swedish snus and smoking cessation were manufacturer funded).* • Many included studies did not account for confounding in analysis. • Meta-analysis of longitudinal data driven by single study. • Lack of biologically verified outcomes. • Significant heterogeneity in cross-sectional studies. • Possible role of culture. • Follow-up duration ranged from 6 weeks to 10 years. 	<p>No evidence of smoking cessation effectiveness.^{3,4}</p>	<p>No literature was found and cited literature has stated the same, that they have not found any literature or evidence.</p>

¹ <https://pubmed.ncbi.nlm.nih.gov/35197366/>

² <https://www.cambridge.org/core/journals/journal-of-smoking-cessation/article/systematic-review-of-swedish-snus-for-smoking-cessation-based-on-primary-subject-data-from-randomised-clinical-trials/64E2C1836218DCCC1E8E98429120BBA>

³ <https://tobaccocontrol.bmj.com/content/tobaccocontrol/29/e1/e145.full.pdf>

⁴ <https://www.nature.com/articles/s41415-023-6383-7>

	Snus		Nicotine pouches	
Smoking initiation	<p>Weak evidence for the association between users of snus and taking up smoking (compared to non-users) – gateway hypothesis.</p> <ul style="list-style-type: none"> 7% of the boys and 2% of the girls aged 15 report snus use at least once a week; combined smoking and snus use is more common among boys.^{5,6} 	<p>Joffer et al. 2014⁵</p> <ul style="list-style-type: none"> Longitudinal cohort study over 4 years (one survey per year). Cites Swedish study from a report that is written in Swedish.⁶ Indirect evidence. 	<p>No direct evidence of smoking initiation; use of snus identified as a risk factor in smoking uptake.⁵</p> <ul style="list-style-type: none"> ~10% of university students were active users of oral nicotine pouches.⁷ Marketing of nicotine pouches can be expected to blur the distinction between smoking cessation and regular consumer products.⁸ 	<p>Khan et al. 2022⁷</p> <ul style="list-style-type: none"> Small study size, preprint article. <p>Kostygina et al. 2016⁸</p> <ul style="list-style-type: none"> Commentary article.
Dependence and addiction	<p>Multiple sources of evidence for snus leading to nicotine dependence and addiction.</p> <ul style="list-style-type: none"> Risk of feeling addicted to tobacco was 2-5x higher for exclusive snus users and for dual users compared to exclusive smokers.⁹ The adolescents became aware of being addicted, and once they were addicted, it was difficult to stop using snus.¹⁰ 	<p>Post et al. 2010⁹</p> <ul style="list-style-type: none"> Self-reported nicotine dependence and withdrawal symptoms. Unable to assess funding source. <p>Edvardsson et al. 2012¹⁰</p> <ul style="list-style-type: none"> Qualitative study. 	<p>Multiple evidence sources for nicotine pouches to lead to dependence and addiction.</p> <ul style="list-style-type: none"> Pouches may deliver nicotine at rates equal to or higher than some snus or moist snuff products¹¹ or cigarettes.¹² Children, adolescents, and non-smokers are considered at high risk of dependence.¹² Usage has been estimated at 8.6 pouches per day¹² 	<p>Lunell et al. 2020^{11*}</p> <ul style="list-style-type: none"> Small sample sizes. <p>Bundesinstitut für Risikobewertung 2022¹²</p> <ul style="list-style-type: none"> This is a health risk assessment done by the German Authorities with limited broad relevance.

⁵ <https://bmcpublihealth.biomedcentral.com/articles/10.1186/1471-2458-14-1296>

⁶ <https://www.folkhalsomyndigheten.se/contentassets/43e0aa5b34a544fa999d9be7d04afe31a/svenska-skolbarns-halsovanor-2001-2002.pdf>

⁷ <https://www.researchsquare.com/article/rs-1693288/v1>

⁸ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4984756/>

⁹ <https://pubmed.ncbi.nlm.nih.gov/20148785/>

¹⁰ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3515430/>

¹¹ <https://pubmed.ncbi.nlm.nih.gov/32319528/>

¹² <https://www.bfr.bund.de/cm/349/health-risk-assessment-of-nicotine-pouches.pdf>

	Snus		Nicotine pouches	
Cardiovascular impacts	<p>Inconclusive evidence overall.</p> <p>Snus use was associated with increased risks for total (HR = 1.52; 95% CI 1.01–2.30) and ischaemic stroke (HR = 1.63; 95% CI 1.05–2.54) in never smokers.¹⁵ No other increased risks were identified.</p> <p>Association between fatal CHD and snuff use (includes snus) OR = 1.37; 95% CI: 1.14-1.61.¹³</p> <p>Physical changes to cardiovascular system found in snus users including increased arterial stiffness and endothelial dysfunction compared with non-tobacco controls.Error! Bookmark not defined.</p> <p>Statistical models suggest snus and age only account for 17.5% of pulse wave velocity and 35.4% of heart rate corrected augmentation index.¹⁴</p> <ul style="list-style-type: none"> • 24 male snus users and 26 age-matched controls. 	<p>Tivova et al. 2021¹⁵</p> <ul style="list-style-type: none"> • Large cohort study over 8 years. • Survival bias. • Small proportion of snus users. • Duration of snus use not available. • Some outcomes had too few events (e.g., Fatal CVD). <p>Hajat et al. 2021Error! Bookmark not defined.*</p> <ul style="list-style-type: none"> • Snus is grouped with smokeless tobacco products in the analysis. <p>Gupta et al. 2019¹³</p> <ul style="list-style-type: none"> • Comparators included never chewers or no smokeless tobacco user as well as never smokers/tobacco users. • Found evidence of publication bias and heterogeneity. • Unclear where funding source is from but no competing interest from authors. • Only 4 studies included for fatal CHD with snuff. 	<p>Limited direct evidence on nicotine products suggests nicotine dependent heart rate increase.¹²</p> <p>Indirect evidence is based on nicotine, where people with cardiovascular disease are considered at risk.¹²</p>	<p>Bundesinstitut für Risikobewertung 2022¹²</p> <ul style="list-style-type: none"> • This is a health risk assessment done by the German Authorities. • Assessment is partly based on nicotine. • Citations were from manufacturers. • Nicotine evidence was not referenced.

¹³ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6941711/>

¹⁴ <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0268746#sec016>

¹⁵ <https://bmcmedicine.biomedcentral.com/articles/10.1186/s12916-021-01979-6#Sec11>

	Snus		Nicotine pouches	
	<ul style="list-style-type: none"> Endothelial function affected by sex hormones. 			
Cancer	<p>Cancer risk for snus use compared with no tobacco use:</p> <ul style="list-style-type: none"> Pancreas: RR=2.1 (95% CI 1.2 to 3.6) in one observational study; HR=1.07 (95% CI 0.77 to 1.50) one observational study. Oesophagus: HR=3.5 (95% CI 1.6 to 7.6) one observational study Stomach: HR=1.4 (95% CI 1.1 to 1.9) one observational study. Suggestive of increased risk for cancer-specific mortality and overall mortality after a cancer diagnosis.¹⁶ Comparator was no use of tobacco. 	<p>Valen et al. 2023¹⁶</p> <ul style="list-style-type: none"> Very low to moderate confidence in the risk estimates. Validity of exposure bias was the main bias. 	<p>No evidence of mutagenic properties, or carcinogenic properties, for nicotine in nicotine pouches reported.^{12,17}</p>	<p>RIVM: Nicotine products without tobacco for recreational use¹⁷</p> <ul style="list-style-type: none"> RIVM is the National Institute for Public Health and the Environment. They are an independent agency of the Dutch Ministry of Health, Welfare and Sport (VWS). The report is in Dutch.
Neurological and developmental impacts	<p>Snus consumption increases the risk of a stillbirth during pregnancy, compared to non-tobacco users¹⁸</p> <ul style="list-style-type: none"> Risk was higher for preterm (<37 weeks) stillbirth aOR = 2.1; 95% CI: 1.3–3.4 Snus: aOR=1.6 95% CI: 1.13-2.29 	<p>Wikström et al. 2010¹⁸</p> <ul style="list-style-type: none"> Strengths of study – nationwide population-based design. Limitations – self-reported information on smoking, but lacked validation studies with respect to snuff use, or information on potential 	<p>Evidence for nicotine pouches is through surrogacy by showing increased risk of stillbirth for smoking or snus users.^{12,18}</p>	<p>Bundesinstitut für Risikobewertung 2022¹²</p> <ul style="list-style-type: none"> This is a health risk assessment done by the German Authorities. Assessment is partly based on nicotine.

¹⁶ <https://onlinelibrary.wiley.com/doi/10.1002/tjc.34643>

¹⁷ <https://www.rivm.nl/bibliotheek/rapporten/2020-0152.pdf>

¹⁸ https://journals.lww.com/epidem/fulltext/2010/11000/maternal_use_of_swedish_snuff_snus_and_risk_of.5.aspx

	Snus		Nicotine pouches	
		confounders – e.g., consumption of alcohol and other drugs.		
Oral health and dental disease	<p>Strong evidence that snus affects the oral mucosa.¹⁹</p> <p>No evidence that snus use is associated with periodontal disease and gingivitis.²⁰</p>	<p>Kallischnigg et al. 2008¹⁹ *</p> <ul style="list-style-type: none"> 100% of snuff/snus users had oral mucosal lesions but this may not translate to long-term health implications. <p>Hugoson et al. 2011²⁰</p> <ul style="list-style-type: none"> Three independent cross-sectional studies across 20 years. 	No evidence has been found.	No study has been found.
Overall evidence of health harms and strength of evidence	<p>As a tobacco product, switching to snus does not enable one to become tobacco or nicotine free. Evidence for smoking cessation is also weak.</p> <p>Snus is potentially less harmful than cigarettes, but the magnitude of risk reduction is unclear overall.</p>	<p>Evidence is weak.</p> <ul style="list-style-type: none"> Use is largely limited to Scandinavian countries (Sweden and Norway). They are commonly grouped with other tobacco and nicotine products for analysis. Much of the research is led by tobacco companies and by their funded entities. 	This is a relatively new product that does not have a large market share. It is not possible to state with any certainty if there are benefits for smokers and if the risks of health harms are substantially reduced.	There is a lack of evidence. Research into the benefits and harms are lacking and risk assessments are based largely on nicotine as a compound or on other nicotine products.

* Tobacco industry involvement or sponsorship

¹⁹ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2390522/>

²⁰ <https://onlinelibrary.wiley.com/doi/10.1111/j.1600-051X.2011.01749.x>

Methodology

ISK staff undertook literature searches between 9-11 January 2024 to identify existing published and grey literature on related to snus and nicotine pouch use. Reviewers conducted independent searches twice, using different search methods (to maximise the probability of finding all relevant studies, using key words “snus”, “nicotine pouch”, “smokeless tobacco” in conjunction with “cessation”, “initiation”, and harms listed in the table above), and used a range of databases (including PubMed, Medline, Scopus, Web of Science, and Google Scholar) and other sources of literature. Reviewers sought out systematic reviews, as well as primary studies and national reports published in the last 20 years. Reviewers then checked reference lists of relevant articles, and reports were also searched for additional literature, screening for studies that examined the effects of snus and/or nicotine pouches. The screening did not limit studies on the type of effect, so all located studies both about potential harms (e.g., risk of cancers, risk of smoking initiation) and potential benefits (e.g., effect on smoking cessation) were included. Reviewers prepared lists of articles and reports, which were then combined and re-duplicated. An epidemiologist then extracted and checked data found in searches for accuracy.

Strengths and limitations

This review was conducted rapidly, which could lead to studies or other information being missed. Many of the studies identified are at risk of bias, including several with a conflict of interest due to tobacco industry funding or involvement in the study. There is some evidence available in the literature about potential harms and benefits of snus and nicotine pouch use, however, there is a paucity of independent studies. In addition, there is considerable heterogeneity in methods, results, and conclusions as well as the products tested. Serious limitations around the strength of evidence remain.

The scarcity of evidence around potential harms or benefits of these products should not be taken to mean there is no harm, only that more evidence is needed before conclusions can be drawn.

Further information is needed to:

- confirm whether snus or nicotine pouches have a role in aiding smoking cessation,
- substantiate if snus or nicotine pouches can act as a gateway to smoking cigarettes,
- compare health outcomes (particularly cancers) of snus or nicotine pouch users, and exposed non-users, with non-users of any tobacco products.

Briefing

Next iteration of Cabinet paper - Smokefree 2025: progressing Coalition Agreement commitments

Date due to MO:	23 February 2024	Action required by:	N/A
Security level:	IN CONFIDENCE	Health Report number:	H2024036601
To:	Hon Casey Costello, Associate Minister of Health		
Copy to:	Hon Dr Shane Reti, Minister of Health		
Consulted:	Health New Zealand: <input type="checkbox"/> Māori Health Authority: <input type="checkbox"/>		

Contact for telephone discussion

Name	Position	Telephone
Dr Andrew Old	Deputy Director-General, Public Health Agency Te Pou Hauora Tūmatanui	s 9(2)(a)
Jane Chambers	Group Manager, Policy and Regulation, Public Health Agency Te Pou Hauora Tūmatanui	s 9(2)(a)

Minister's office to complete:

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|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Next iteration draft Cabinet paper - Smokefree 2025: progressing Coalition Agreement commitments

Security level: IN CONFIDENCE **Date:** 23 February 2024

To: Hon Casey Costello, Associate Minister of Health

Purpose of report

1. This report provides you with the next iteration of the draft Cabinet paper *Smokefree 2025: progressing Coalition Agreement commitments*. The attached draft (Appendix 1) is updated to reflect confirmation received from your Office (Appendix 2) in relation to matters raised in an earlier briefing [H2024036577 refers].

Recommendations

We recommend you:

- a) **Indicate** whether further changes are required to the attached draft Cabinet paper, **Yes/No** prior to departmental and ministerial consultation.



Jane Chambers
Group Manager, Policy and Regulation
Public Health Agency
Date: 22 February 2024

Hon Casey Costello
Associate Minister of Health

Date:

ENDS.

Minister's Notes

PROACTIVELY RELEASED

Briefing

Cover brief for draft Cabinet paper - Smokefree 2025: progressing Coalition Agreement commitments

Date due to MO:	22 February 2024	Action required by:	N/A
Security level:	IN CONFIDENCE	Health Report number:	H2024036577
To:	Hon Casey Costello, Associate Minister of Health		
Copy to:	Hon Dr Shane Reti, Minister of Health		
Consulted:	Health New Zealand: <input type="checkbox"/> Māori Health Authority: <input type="checkbox"/>		

Contact for telephone discussion

Name	Position	Telephone
Dr Andrew Old	Deputy Director-General, Public Health Agency Te Pou Hauora Tūmatanui	s 9(2)(a)
Jane Chambers	Group Manager, Policy and Regulation, Public Health Agency Te Pou Hauora Tūmatanui	s 9(2)(a)

Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Cover brief for draft Cabinet paper - Smokefree 2025: progressing Coalition Agreement commitments

Security level: IN CONFIDENCE **Date:** 22 February 2024

To: Hon Casey Costello, Associate Minister of Health

Purpose of report

1. This report provides you with an updated draft Cabinet paper (Smokefree 2025: progressing Coalition Agreement commitments), in accordance with your feedback. The paper includes the changes provided by your Office on 20 February 2024, as well as some technical updates and additional text as requested.
2. This report also outlines several areas for consideration and/or clarification.

Points for consideration

3. The timeframes for amending the regulation commencement dates and excise changes are challenging. s 9(2)(h) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
4. We note the split recommendations (recommendations 12 and 13) regarding the banning of disposable vapes. You may wish to raise this matter directly with the Minister for the Environment prior to taking the paper to Cabinet. Pending the outcome of these discussions, we can amend the recommendation prior to lodging.
5. We note that Clause 15 of Schedule 5 of the Smokefree Regulations (relating to the maximum allowable nicotine concentration) is subject to an appeal from 3 related vaping companies namely, Alt, VEC, and Myriad Pharmaceuticals Ltd. Deferment may have an impact on the outcome of the appeal. s 9(2)(h) [REDACTED]
[REDACTED]

Points for clarification

6. We have listed all the vaping product regulations that are coming into force on 21 March in paragraph 29 of the draft Cabinet paper. Can you please confirm which of these are intended to be deferred until 21 March 2026. We will update the paper accordingly.
7. Can you also please confirm that all requirements for disposable vapes remain (as referenced in paragraph 31 of the draft Cabinet paper).

Other considerations

8. We have deleted reference to the number of infringements issues in paragraph 52.3 (as it did not accurately capture the whole picture of compliance activities).

9. We have updated the excise section wording to reflect Customs feedback, specifically that:

"The Excise and Excise-equivalent Duties Table (EEDT) has not previously been amended by Order-in-Council to remove excise duty for specific products, and there is a risk that amending the EEDT in that way could be successfully challenged. The relevant powers to amend the EEDT have only ever been used for short term or periodic reduction of excise duty rates, or for periodic increases in response to CPI changes.

In order to meet the 1 April deadline, a short-term suspension of excise duty could be achieved by way of Order-In-Council. A permanent change to the EEDT could then be made by way of primary legislation. A further Order-in-Council could continue to give effect in lieu of a permanent change from 1 January 2025 (date next tobacco indexation is due to occur) noting the risks above. Using primary legislation to remove the excise duty would reduce the risk of challenge."

10. We have made some other minor and technical wording changes for clarity and accuracy.


Next steps

11. The Ministry will update the draft Cabinet paper based on your feedback, prior to circulating to departmental agencies for feedback, prior to lodging.

Recommendations

We recommend you:

- a) **Confirm** the vaping product regulations that are intended to be deferred until 21 March 2024 (as referenced in paragraph 29 in the Cabinet paper). **Yes/No**
- b) **Confirm** that all requirements for disposable vapes remain (as referenced in paragraph 31). **Yes/No**
- c) **Approve**, subject to any changes, the release of the draft Cabinet paper for departmental consultation. **Yes/No**


Dr Andrew Old
Deputy Director-General
Public Health Agency

Date: 22 February 2024

Hon Casey Costello
Associate Minister of Health

Date:

ENDS.

Minister's Notes

PROACTIVELY RELEASED

Briefing

Cabinet paper for departmental consultation and draft letter to Attorney-General

Date due to MO:	27 February 2024	Action required by:	N/A
Security level:	IN CONFIDENCE	Health Report number:	H2024036688
To:	Hon Casey Costello, Associate Minister of Health		
Copy to:	Hon Dr Shane Reti, Minister of Health		
Consulted:	Health New Zealand: <input type="checkbox"/> Māori Health Authority: <input type="checkbox"/>		

Contact for telephone discussion

Name	Position	Telephone
Dr Andrew Old	Deputy Director-General, Public Health Agency Te Pou Hauora Tūmatanui	s 9(2)(a)
Jane Chambers	Group Manager, Policy and Regulation, Public Health Agency Te Pou Hauora Tūmatanui	s 9(2)(a)

Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Cabinet paper for departmental consultation and draft letter for Attorney-General

Security level: IN CONFIDENCE **Date:** 26 February 2024

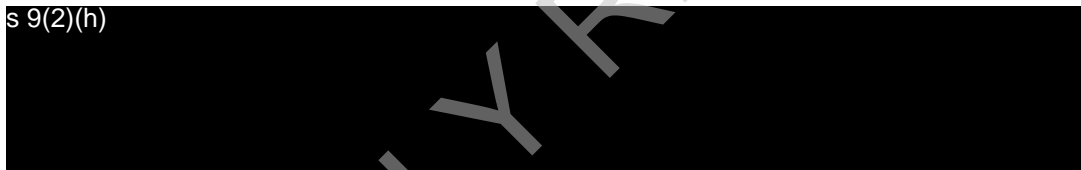
To: Hon Casey Costello, Associate Minister of Health

Purpose of report

1. This report provides you with:

- a copy of the draft Cabinet paper *Smokefree 2025: progressing Coalition Agreement commitments* that has been sent out for departmental consultation. The paper is updated to reflect feedback received from your Office on 26 February 2024.

- s 9(2)(h)



Recommendations

We recommend you:

a) **Finalise and sign** the draft letter

Yes/No



Jane Chambers
Group Manager, Policy and Regulation
Public Health Agency

Date: 22 February 2024

Hon Casey Costello
Associate Minister of Health

Date:

ENDS.

PROACTIVELY RELEASED

The draft letter is withheld under S 9(2)(f)(iv) of the Official Information Act 1982 to maintain the constitutional conventions that protect the confidentiality of advice tendered by Ministers and officials.

Minister's Notes

PROACTIVELY RELEASED

Briefing

Departmental feedback on Cabinet paper *Smokefree 2025: progressing Coalition Agreement commitments*

Date due to MO: 29 February 2024 **Action required by:** 4 March 2024

Security level: IN CONFIDENCE **Health Report number:** H2024036808

To: Hon Casey Costello, Associate Minister of Health

Copy to: Hon Dr Shane Reti, Minister of Health

Consulted: Health New Zealand: Māori Health Authority:

Contact for telephone discussion

Name	Position	Telephone
Dr Andrew Old	Deputy Director-General, Public Health Agency Te Pou Hauora Tūmatanui	s 9(2)(a)
Jane Chambers	Group Manager, Public Health Policy and Regulation, Public Health Agency Te Pou Hauora Tūmatanui	s 9(2)(a)

Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Departmental feedback on Cabinet paper *Smokefree 2025: progressing Coalition Agreement commitments*

Security level: IN CONFIDENCE **Date:** 29 February 2024

To: Hon Casey Costello, Associate Minister of Health

Purpose of report

1. This report provides you with a summary of key issues raised by departments regarding the draft Cabinet paper *Smokefree 2025: progressing Coalition Agreement commitments* and indicates where your decision is needed to finalise the paper so that it can be late lodged on Monday 4 March 2024 for consideration by the Cabinet Social Outcomes Committee (SOU) next week.

Summary

2. On 27 February the draft Cabinet paper was sent to departmental agencies for comment. Due to the intended timeframe for lodging this paper, we requested a rapid 24-hour period turnaround for any feedback.
3. The overarching nature of the feedback was identifying potential risks, particularly legal and financial, to the Crown and noting that further work was needed across a range of issues to ensure the potential impact of the proposals was understood.
4. We understand you would like to submit the paper so that it can be considered at SOU on Wednesday 6 March and, on that basis, we have amended the paper where possible to mitigate identified risks. A tracked copy of these changes is attached to this briefing along with a clean version (refer to **Appendix 1** and **Appendix 2**, respectively).
5. Due to the compressed timeframes, there are some matters raised which we have not been able to address. These include completion of a regulatory impact analysis, Treaty of Waitangi analysis of each proposal, and a thorough assessment of the financial implications.
6. We will work closely with your office to confirm further changes to the paper, and/or whether you would like to proceed with lodging the Cabinet paper with a view to late lodging on Monday 4 March 2024 as currently intended.

Recommendations

We recommend you:

- a) **Note** the feedback received on the draft Cabinet paper via departmental consultation **Yes/No**
- b) **Advise** officials of any further changes needed to the revised draft Cabinet paper (clean version is attached as **Appendix 2**) **Yes/No**
- c) **Confirm** that the paper be lodged on Monday 4 March 2024 **Yes/No**



pp
Dr Andrew Old
Deputy Director-General
Public Health Agency | Te Pou Hauora
Tūmatanui
Date:

Hon Casey Costello
Associate Minister of Health

Date:

Departmental feedback on Cabinet paper *Smokefree 2025: progressing Coalition Agreement commitments*

Context

1. On 26 February 2024 we provided you with a copy of the draft Cabinet paper *Smokefree 2025: progressing Coalition Agreement commitments* that was then sent out for departmental consultation. The paper had been updated to reflect feedback received from your Office on 26 February 2024.
2. The following departments provided feedback that has immediate implications for the technical workability of the draft Cabinet paper, or raised legal or financial implications: Crown Law, New Zealand Customs, Department of the Prime Minister and Cabinet, Ministry of Foreign Affairs and Trade, Ministry of Justice, Ministry for the Environment, and the Treasury. We have summarised that feedback and sought your approval as required below.
3. We understand you wish to lodge a final version of the Cabinet paper this week so that it can be considered by SOU next week. On this basis, we have updated the draft Cabinet paper considering the departmental feedback received (A copy with tracked changes is attached to this briefing along with a clean version at **Appendix 1** and **Appendix 2**, respectively).

Summary of substantive feedback on draft Cabinet paper

§ 9(2)(h) [Redacted]

§ 9(2)(h) [Redacted]

4. § 9(2)(h) [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

§ 9(2)(h) [Redacted]

5. § 9(2)(h) [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

6. § 9(2)(h) [Redacted]
[Redacted]
[Redacted]
[Redacted]

§ 9(2)(h) [Redacted]

7. § 9(2)(h) [Redacted]
[Redacted]
[Redacted]

8. § 9(2)(h) [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

§ 9(2)(h) [Redacted]

9. § 9(2)(h) [Redacted]
[Redacted]

§ 9(2)(h) [Redacted]

10. § 9(2)(h) [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

11. § 9(2)(h) [Redacted]
[Redacted]
[Redacted]
[Redacted]

12. § 9(2)(h) [Redacted]
[Redacted]
[Redacted]
[Redacted]

§ 9(2)(h) [Redacted]

13. § 9(2)(h) [Redacted]
[Redacted]
[Redacted]

§ 9(2)(h) [Redacted]

14. s 9(2)(h) [Redacted]

Feedback from the Department of the Prime Minister and Cabinet (DPMC) - *[legally privileged]*

s 9(2)(h) [Redacted]

15. s 9(2)(h) [Redacted]

s 9(2)(h) [Redacted]

16. s 9(2)(h) [Redacted]

17. s 9(2)(h) [Redacted]

18. s 9(2)(h) [Redacted]

19. s 9(2)(h) [Redacted]

20. s 9(2)(h) [Redacted]

- a. s 9(2)(h) [Redacted]
- b. s 9(2)(h) [Redacted]
- c. s 9(2)(h) [Redacted]

21. s 9(2)(h) [Redacted]

s 9(2)(h) [Redacted]

22. s 9(2)(h) [Redacted]

23. s 9(2)(h) [Redacted]

s 9(2)(h) [Redacted]

24. s 9(2)(h) [Redacted]

Feedback from Ministry of Foreign Affairs and Trade - [legally privileged]

s 9(2)(h) [Redacted]

25. s 9(2)(h) [Redacted]

s 9(2)(h) [Redacted]

26. s 9(2)(h) [Redacted]

27. [REDACTED]

[REDACTED]

28. [REDACTED]

[REDACTED]

29. [REDACTED]

Feedback from New Zealand Customs Service (Customs)

[REDACTED]

30. [REDACTED]

Proposed change to Cabinet paper

31. We have updated the recommendations in the paper to reflect Customs advice.

Operational issues

32. Customs identified several key operational issues from its perspective. These are set out below.

33. The first is requesting the addition of the following sentences:

- a. Paragraph 35 (end): *"This would create a risk of importers mis-declaring smoking products as smokeless alternatives to avoid paying duty. More assurance and investigative work by Customs may be required to prevent undermining the collection of revenue."*
- b. Paragraph 44 (end): *"This includes adding them to the permit regime to import tobacco products, to allow for visibility over any changes in the market behaviours."* (This presumes seeking a permit is desired; see discussion in following paragraph)

34. Customs note that snus was excluded from the import permit regime as it was not considered a problem at the time (2020), along with some of the other tobacco products that are smoked (cigars and cigarillos). There is a risk of inconsistency as the other proposed new product (nicotine pouches) will be counted as "manufactured tobacco" by default under [section 95A\(1\)](#) of the Customs and Excise Act 2018. This means a permit would be required to import it.

35. As the permit regime has an important risk management function and would enable monitoring of changes in the market, Customs recommends that it should generally apply to the import of items containing tobacco. Ministers will need to make an explicit

decision if nicotine pouches will not require a permit to import them if the new smokeless products are to be placed outside of the permit regime.

36. A legislative amendment to add them to [section 95A\(2\)](#) would be required. If snus are to be added to the permit regime (which would to treat them consistently), this would also require a primary legislation change - they would need to be removed from section 95A(2).
37. In terms of the proposed ban on disposable vapes, Customs note this does not seem to cover restricting import (whether for sale or personal use). Consideration will also need to be given to the wider issues of any control regime, including possession (for your own use), distribution (other than for sale) and manufacture or export. Given the intent is to reduce vaping by young people, and that young people (collectively) are very comfortable ordering materials online, restricting retail sales in New Zealand may not necessarily limit their access if they can simply import it.
38. If import restrictions are required, Customs would have to consider and advise on the desired mechanisms to put in place. Customs note that an import ban would be very difficult to practically enforce, given the low-weight and low value of these products, and that its current tools are not well designed to detect them (particularly through the mail stream). Also, given the way these items and their components are currently classified in many different ways for import purposes, it will be a complicated process to effectively identify the items that might be subject to the ban.

Proposed change to Cabinet paper

39. We have updated the paper to include the additions requested to paragraphs 35 and 44. We have also noted in the paper that further work will need to be undertaken with Customs regarding the permit regime and its application to any new products such as snus and nicotine pouches – Cabinet decisions will need to be sought as part of this work. We have also noted that further work with Customs will be required regarding the issue raised around disposable vapes and potential for any ban to be thwarted via import.

Feedback from the Treasury

Financial implications

40. The Treasury raised concerns regarding the financial implications of removing excise tax from certain smokeless tobacco products and the introduction of additional new nicotine products to market.

41. s 9(2)(g)(i)

Proposed change to Cabinet paper

42. The following comment from the Treasury has been inserted into the paper under the financial implications section:

"The Treasury has had little time to consider the proposals in the paper, due to the limited consultation period. Our comments therefore are focused on areas of immediate concern in relation to fiscal impacts and health outcomes.

The paper does not provide a clear picture of the fiscal impact of these changes, which are likely to far exceed the loss of revenue currently derived from excise on smokeless tobacco products (\$5.970m in 2023) due consumers shifting away from consuming nicotine through tobacco with excise. Further work is needed to understand this impact, and the interaction with expected tobacco excise revenue. Cabinet's decision in December 2023 to amend the Smokefree Environments and Regulated Products Amendment Act enabled \$1.5 billion across the forecast period to be made available for the Budget 2024 Operating Allowance. We understand that Budget Ministers are factoring the availability of the full \$1.5 billion in to decisions about Budget 2024 package development. If Cabinet does not charge the impacts of this paper against the Budget 2024 Operating Allowance, as is best practice, the fiscal impacts of these policies will have a direct impact on fiscal indicators, unplanned for in the fiscal strategy.

We are also concerned about the health impact of these proposals. Research suggests that smokeless/heated tobacco products may generate harm through exposure to toxicants, cardiovascular impacts, and chronic respiratory disease. It is unclear how the proposed changes are likely to impact cohorts with greater levels of nicotine dependence, such as Māori, Pacific, and disabled communities, or how a greater range of nicotine products at cheaper prices could impact youth consumption."

Regulatory impact analysis

43. The Treasury noted that both the in-principle and more fulsome policy decisions in this paper trigger the Regulatory Impact Assessment (RIA) requirements. The lack of RIA will constitute a failure to meet the RIA requirements. Cases of non-compliance are recorded by the RIA team and are also reported to the Minister for Regulation. This reporting typically occurs prior to the planned Cabinet date for the proposal.

Proposed change to Cabinet paper

44. The upcoming Cabinet paper progressing Coalition agreement commitments will not have an accompanying RIS given the timeframes under which the policy decisions need to be made. We have included the following text (supplied by the Treasury RIA team) in the Cabinet paper:

"Cabinet's impact analysis requirements apply to the proposals to progress a new legislative direction towards achieving Smokefree 2025 but there is no accompanying Regulatory Impact Statement, and the Treasury has not exempted the proposal from the impact analysis requirements. Therefore, it does not meet Cabinet's requirements for regulatory proposals.

The Regulatory Impact Analysis team at the Treasury and the Ministry of Health have agreed that supplementary analysis or a post-implementation assessment will be developed and provided to Cabinet later in the year."

Feedback from Ministry of Justice

Penalties

45. The Ministry of Justice note the proposed penalty increases are significant and would benefit from consultation. Consultation would give opportunity to consider whether these changes will have the intended effect, whether they are proportionate, and whether they will disproportionately impact some groups.

Proposed change to Cabinet paper

46. We have not made any change to the paper.

Feedback from Ministry for the Environment

Disposable vapes and relationship to other reform

47. s 9(2)(f)(iv)

Proposed change to Cabinet paper

48. s 9(2)(f)(iv)

Other substantive changes we have made

Heated tobacco products

49. Paragraphs 33-37 are updated to reflect your decision to remove excise on HTPs only (and not snuff).

Snus

50. Paragraph 41 is edited to better reflect the evidence brief on snus previously sent to you.

Penalties

51. Paragraph 62 is added to clarify that penalty increases apply to all regulated products (ie, vaping products, smoked tobacco products, smokeless tobacco products, herbal products for smoking), as per your previous agreement (H2024035870).
52. Recommendation 22.2 is reworded to align with the body of the paper (by referring to manufacturer, importer, distributor and by adding retailer to this category (as previously agreed H2024035870), rather than using the wording of body corporate) so as to avoid drafting issues.

Equity

53. Justice noted the significant increase in penalties may disproportionately affect young employees on low to medium wages. We have reflected this in the Cabinet paper. They also note reducing access to vapes may have disproportionate impacts on groups such as youth, Māori and Pacific communities, which may engage section 19 of the New Zealand Bill of Rights Act (NZBORA) (freedom from discrimination). An increase to penalties for strict liability offences may also trigger section 25(c) of that act (the right to be presumed innocent). Any legislation required as a result of the decisions will be scrutinised for its consistency with NZBORA before introduction. At this point where any of the rights are engaged an analysis will be undertaken to determine whether this is justifiable in terms of section 5 of NZBORA.

54. The Ministry for Pacific Peoples note that Pacific peoples are disproportionately impacted by smoking and vaping, and question how we will ensure the most disadvantaged groups are not disproportionately impacted by these proposals. They note that Pacific peoples have not been included as a target group for the plan on non-legislative measures, and request that they be added.
55. The Ministry for Social Development recommend the addition of comparative data expanding on the inequities between different populations, and description of the stage in life course at which health harms accrue to various population groups. They recommend discussion of the likely impacts on disabled people (which is echoed by Whaikaha), and are concerned that the paper acknowledges the potential of the proposal to disproportionately impact Māori and Pacific people without careful consideration of the significant effects.

Next steps

56. Once you have indicated your preferences, we will finalise the Cabinet paper.
57. We will work closely with your office to confirm whether you would like to proceed with lodging the Cabinet paper with a view to late lodging on Monday 4 March 2024.

ENDS.

PROACTIVELY RELEASED

Minister's Notes

PROACTIVELY RELEASED

Briefing

Updated Cabinet paper

Date due to MO:	1 March 2024	Action required by:	N/A
Security level:	IN CONFIDENCE	Health Report number:	H2024036944
To:	Hon Casey Costello, Associate Minister of Health		
Copy to:	Hon Dr Shane Reti, Minister of Health		
Consulted:	Health New Zealand: <input type="checkbox"/> Māori Health Authority: <input type="checkbox"/>		

Contact for telephone discussion

Name	Position	Telephone
Dr Andrew Old	Deputy Director-General, Public Health Agency Te Pou Hauora Tūmatanui	s 9(2)(a)
Jane Chambers	Group Manager, Policy and Regulation, Public Health Agency Te Pou Hauora Tūmatanui	s 9(2)(a)

Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Updated Cabinet paper

Security level: IN CONFIDENCE **Date:** 1 March 2024

To: Hon Casey Costello, Associate Minister of Health

Purpose of report

1. This report provides you with an updated draft Cabinet paper *Smokefree 2025: progressing Coalition Agreement commitments*.


Context

2. Following departmental consultation, a briefing outlining feedback received and an updated draft Cabinet paper, *Smokefree 2025: progressing Coalition Agreement commitments* was provided to you on 29 February. A copy was also sent to the Minister of Health, Hon Dr Shane Reti's, office.
3. We have briefly summarised the changes made to the draft Cabinet paper below, following further discussions with your Office today.

Summary

4. We note your office has indicated the proposals in the paper be reordered along with the following additional changes:

s 9(2)(g)(i)





5. We also made the following changes that the Ministry identified as necessary:
 - a. Removed reference to the Smokefree Environments and Regulated Products Amendment Act 2024 coming into force which was a [tbc] placeholder given the timeframes
 - b. Reworded the statement regarding technology to more accurately reflect the impact technology has had in supporting people who smoke to quit
 - c. Deleted the extra conflicting recommendation in the paper regarding the product safety requirements regulations to ensure the recommendations reflected the substance of the paper.

Recommendations

We recommend you:

- a) **Agree** to lodge the updated Cabinet paper on Monday 4 March 2024, subject to any **Yes/No** final changes as advised by your office.



Jane Chambers
Group Manager, Policy and Regulation
Public Health Agency
Date: 22 February 2024

Hon Casey Costello
Associate Minister of Health
Date:

ENDS.

PROACTIVELY RELEASED

Minister's Notes

PROACTIVELY RELEASED

Briefing

Updated Cabinet paper for lodging

Date due to MO:	4 March 2024	Action required by:	N/A
Security level:	IN CONFIDENCE	Health Report number:	H2024036996
To:	Hon Casey Costello, Associate Minister of Health		
Copy to:	Hon Dr Shane Reti, Minister of Health		
Consulted:	Health New Zealand: <input type="checkbox"/> Māori Health Authority: <input type="checkbox"/>		

Contact for telephone discussion

Name	Position	Telephone
Dr Andrew Old	Deputy Director-General, Public Health Agency Te Pou Hauora Tūmatanui	s 9(2)(a)
Jane Chambers	Group Manager, Public Health Policy and Regulation, Public Health Agency Te Pou Hauora Tūmatanui	s 9(2)(a)

Minister's office to complete:

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| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Updated Cabinet paper for lodging


Security level: IN CONFIDENCE **Date:** 4 March 2024

To: Hon Casey Costello, Associate Minister of Health

Purpose of report

1. This report provides you with an updated draft Cabinet paper *Smokefree 2025: progressing Coalition Agreement commitments* that incorporates changes sent through from your Office today, 4 March 2024.

Summary

2. s 9(2)(g)(i) 
3. We have added additional text on Te Tiriti o Waitangi, as requested (refer paragraphs 90-92). We note that further and more substantive Te Tiriti analysis will be undertaken before Cabinet makes policy decisions on other matters later in the year.
4. The Treasury has expressed concerns that their feedback has been edited for the purposes of the paper (specifically removing the health impact comment). We have not changed the current edited wording.
5. We have clarified technical wording with Customs and have updated para 56 accordingly. We have also made editorial changes, as requested by your Office.

Recommendation

We recommend you:

- a) **Agree** to lodge the updated Cabinet paper.

Yes/No



Jane Chambers
Group Manager, Policy and Regulation
Public Health Agency

Date: 22 February 2024

Hon Casey Costello
Associate Minister of Health

Date:

ENDS.

PROACTIVELY RELEASED

Minister's Notes

PROACTIVELY RELEASED

Briefing

Budget 2024 initiative: agreement to submit heated tobacco template

Date due to MO: 27 March 2024 **Action required by:** 8.00am, 28 March 2024

Security level: BUDGET SENSITIVE **Health Report number:** H2024038305

To: Hon Casey Costello, Associate Minister of Health

Copy to: Hon Dr Shane Reti, Minister of Health
Hon Matt Doocoy, Minister for Mental Health and Associate Minister of Health

Consulted: Health New Zealand: Māori Health Authority:

Contact for telephone discussion

Name	Position	Telephone
Maree Roberts	Deputy Director-General, Te Pou Rautaki Strategy, Policy & Legislation, Manatū Hauora	s 9(2)(a)
Caleb Johnstone	Group Manager Strategy, Te Pou Rautaki Strategy, Policy & Legislation, Manatū Hauora	s 9(2)(a)

Minister's office to complete:

- Approved Decline Noted
 Needs change Seen Overtaken by events
 See Minister's Notes Withdrawn

Comment:

Budget 2024 initiative: agreement to submit heated tobacco template

Security level: BUDGET SENSITIVE **Date:** 27 February 2024

To: Hon Casey Costello, Associate Minister of Health

Copy to: Hon Dr Shane Reti, Minister of Health
Hon Matt Doocey, Minister for Mental Health and Associate Minister of Health

Purpose of report

1. This report provides you with the proposed template for the heated tobacco initiative, which Cabinet agreed to consider as part of Budget 2024 (CAB-24-MIN-0084 refers). This is provided for your direction and agreement ahead of formal submission to the Treasury by 10.00am tomorrow (28 March 2024).

Background

2. On 18 March 2024, Cabinet agreed to consider, as part of Budget 2024, removing excise duties on heated tobacco products (HTPs) under Customs codes 99.67 and 24.04 in Parts A and B of the Excise and Excise-equivalent Duties Table [CAB-24-MIN-0084 refers].

Approach to developing initiative

Modelling

3. The initiative template sets out our best estimate, in the time available, of the fiscal impact of the proposed policy change, as developed in partnership with Treasury and informed by the limited data and research available at this time. It does, however, involve several assumptions and considerable uncertainty. As such, complementary scenarios are provided to demonstrate that the impact could be higher or lower.
4. The fiscal impact of removing excise tax on HTPs on total tobacco excise tax revenue is modelled by scaling the shares of aggregate tobacco consumption attributable to HTPs in the four years following their introduction in Japan (2016-2019)¹, as estimated in Cummings et al (2020)², by the assumed price change in domestic HTPs after removing

¹ Whilst HTPs were approved for sale in Japan in 2014 they comprised a negligible share of tobacco sales prior to 2016.

² Cummings, K. M., Nahhas, G. J., & Swenor, D. T. (2020). What Is Accounting for the Rapid Decline in Cigarette Sales in Japan?. *International journal of environmental research and public health*, 17(10), 3570. <https://doi.org/10.3390/ijerph17103570>

excise tax and the estimated own-price elasticity of demand for HTPs as estimated in Dauchy and Shang (Forthcoming)³. However, this comparison has some limitations given the different regulatory contexts (for example, Japan has no legalised vaping). In addition, we account for the expected change in excise tax revenue from substitution from cigarettes to HTPs, which is due to the latter having less tobacco per stick relative to a cigarette. This estimated difference in the demand for total tobacco is then input into Treasury's existing Custom and Excise model to estimate the dollar impact of this policy.

Key risks and constraints

5. In developing this template, we have drawn on your stated policy objectives as outlined in the Cabinet paper Smokefree 2025: Cracking down on youth vaping [CAB-24-MIN-0084 refers]. We have also included relevant evidence, noted limitations and possible implications. This reflects advice previously provided to you [H2024035870 refers], namely that there is no clear independent evidence that HTPs are significantly less harmful than cigarettes, nor is there evidence to support HTPs being effective as a smoking cessation tool.
6. We also note that vaping has been a key factor in recent drops in New Zealand's smoking rates and there is a stronger evidence base to support the use of vaping products as a cessation tool, with significantly reduced exposure to harm compared to smoked tobacco. Incentivising HTPs could divert those switching from cigarettes away from vaping, to a product that has a weaker evidence base both for use as a quit tool and in terms of harm reduction.
7. Additionally, as a signatory to the World Health Organization (WHO) Framework Convention on Tobacco Control (FCTC), New Zealand has an obligation under article 5.3 in "setting and implementing public health policies with respect to tobacco control... to protect these policies from commercial and other vested interests of the tobacco industry." Removing duty from HTPs may be viewed as in the interests of the tobacco industry, particularly as this proposal is out of step with the WHO recommendation to tax HTPs at an equivalent rate to conventional smoked cigarettes.

Next steps

8. We seek your agreement to officials submitting the attached template on your behalf to the Treasury by 8.00am tomorrow.
9. If you wish to make changes to the template, we request that your office send a revised version to the Ministry of Health by 8.00am tomorrow to ensure we meet the Treasury's 10.00am deadline for submission.
10. If progressed through Budget 2024, we anticipate that the legislation to give effect to this initiative will be progressed under urgency on Budget night (30 May 2024), with the timing of implementation to be worked through over the coming weeks.

³ Dauchy, E., & Shang, C. (Forthcoming). The Price elasticity of Heated Tobacco and Cigarette Demand: Empirical Evaluation Across Countries. Available on request from estelle.dauchy@gmail.com

Recommendations

We recommend you:

- a) **Note** that the template for the heated tobacco initiative is attached for your consideration and feedback. **Noted**
- b) **Note** that this initiative must be submitted to the Treasury by 10.00am tomorrow (28 March 2024). **Noted**
- c) By 8.00am 28 March 2024, **EITHER:**
- Agree** to officials submitted the attached template on your behalf to the Treasury **Yes/No**
- OR**
- Provide** Ministry officials with a revised template, in order to meet the Treasury submission deadline. **Yes/No**
- d) **Note** that the attached template may be subject to minor and technical changes over the coming day, if required. **Noted**



Maree Roberts
Deputy Director-General
Strategy, Policy & Legislation | Te Pou
Rautaki

Hon Casey Costello
Associate Minister for Health

Date: 27 March 2024

Date:

ENDS.

Minister's Notes

PROACTIVELY RELEASED

Appendix 1: Heated tobacco initiative template

Attached separately.

PROACTIVELY RELEASED

Addendum: Appendix 1 is withheld under S 9(2)(f)(iv) of the Official Information Act (1982) to maintain the constitutional conventions that protect the confidentiality of advice tendered by Ministers and officials.

Briefing

Budget 2024: heated tobacco products initiative

Date due to MO: 4 May 2024 **Action required by:** Monday 6 May 2024

Security level: BUDGET SENSITIVE **Health Report number:** H2024040761

To: Rt Hon Christopher Luxon, Prime Minister
Hon Nicola Willis, Minister of Finance
Hon Casey Costello, Associate Minister of Health and Minister of Customs

Copy to: Hon Dr Shane Reti, Minister of Health

Consulted: Health New Zealand: Māori Health Authority:

Contact for telephone discussion

Name	Position	Telephone
Dr Andrew Old	Deputy Director General, Public Health Agency, Ministry of Health	s 9(2)(a)
Kathryn MacIver	Group Manager, Policy and Strategy, Customs	s 9(2)(a)

Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Budget 2024: heated tobacco products initiative

Security level: BUDGET SENSITIVE **Date:** 4 May 2024

To: Rt Hon Christopher Luxon, Prime Minister
Hon Nicola Willis, Minister of Finance
Hon Casey Costello, Associate Minister of Health and Minister of Customs

Purpose of report

1. This briefing seeks your agreement to halve the excise from heated tobacco products (HTPs) and progress this as an initiative through Budget 2024. This briefing also seeks your agreement to the relevant financial recommendations to give effect to this policy decision.
2. Your decisions are sought by Monday 6 May 2024 to enable the anticipated Budget 2024 initiative to be included in the material for publication on Budget day (30 May 2024). Following Cabinet consideration of the Budget 2024 package on 29 April, a Moratorium exists on taking further financial decisions. The Treasury advises that, in this instance, if the proposed decision is taken on Monday 6 May, this could be included in Budget 2024 documents and fiscal forecasts.

Background

3. On Monday 29 April 2024, as part of its consideration of the Budget 2024 paper, Cabinet agreed to set aside \$216.094 million operating in contingency, to enable further decisions to be taken on options to change the rate of tobacco excise applied to HTPs [CAB-24-MIN-0148 refers].
4. In considering the broader Budget 2024 package, Cabinet authorised Joint Ministers (the Prime Minister, Minister of Finance and the relevant appropriation Minister) to take decisions to finalise outstanding matters in the Budget package. The Treasury has confirmed that, for this matter, the relevant appropriation Minister is Minister Costello.
5. On Friday 3 May, the Associate Minister of Health directed officials to prepare this briefing to confirm the policy decision to halve excise from HTPs ahead of Budget day.

Policy decision to halve the excise from heated tobacco products

6. The Coalition Agreement between New Zealand First and National commits to "taxing smoked products only". This briefing seeks your agreement to halve the excise duty and excise equivalent duty (duty) from HTPs.

7. The duty on imports of smokeless tobacco products, including HTPs is relatively small but rising rapidly, from \$3,622,463 in 2022, to \$5,970,938 in 2023. If implemented, the Crown would forgo around half of this revenue stream. For those people who smoke that switch to HTPs, the duty that they would otherwise have paid on smoked tobacco will also be foregone.
8. Payable duty by importers of HTPs would be halved, under the Excise and Excise-equivalent Duties Table. Duty would continue to be payable on other non-smoked tobacco products.

Implementation

9. We propose that this decision is enduring but that the amended rate is reviewed after 12 months to allow for consideration of whether the initiative has had the desired impact. The Treasury has advised that, for this policy decision to be reflected in the fiscal forecasts, the decision, and associated implementation date, must be reasonably certain and credible.
10. To make this an enduring change requires a two-part process. Initially, we propose a temporary reduction (suspension) of the relevant duty rates via an Order in Council coming into force on 1 July 2024. A subsequent Order in Council would then need to be made to come into effect on 1 January 2025 to implement the change permanently (this is the only time this permanent change can be made via Order in Council under the Customs and Excise Act 2018). The only alternative is to make this change permanently through Budget Night legislation.
11. An Order in Council to amend the New Zealand Tariff to provide a more specific classification of these products would also be made on 1 July 2024.
12. If this or any successive government intends to reinstate the excise duty rates for these products to be in line with other tobacco products, primary legislation would be required.
13. We recommend that a waiver of the 28-day rule is sought to enable the two Orders in Council to come into force by 1 July 2024.

Equity

14. Some population groups have higher rates of smoking, therefore, the harm from tobacco affects these groups disproportionately (both in terms of direct health impact and the indirect impact that smoking can have on household disposable incomes). Groups with higher rates of smoking include Māori and low-income earners.
15. This proposal increases the relative price of smoked tobacco compared to HTPs (assuming the reduction in excise is passed on to consumers). This may encourage people who smoke to switch to less-harmful products.

Next steps

16. Subject to decisions on this briefing, the Ministry of Health and the New Zealand Customs Service (Customs) will engage with the Treasury to include this within the final Budget 2024 package to be released on 30 May 2024.

17. Customs will lead the legislative work to enable the Orders in Council to be drafted and submitted to the Executive Council to enable an implementation date of 1 July 2024. As noted above, a further Order in Council will need to be drafted and submitted to the Executive Council to make this change permanent from 1 January 2025.

Recommendations

We recommend you:		Prime Minister	Minister of Finance	Associate Minister of Health
a)	Note that as part of its consideration of the Budget 2024 paper [CAB-24-MIN-0148 refers], Cabinet agreed to the Proposals to Change Excise Treatment of Heated Tobacco Products initiative (Initiative No: 16085), through which Cabinet agreed to set aside \$216.094 million operating in contingency to enable further decisions to be taken on options to change the tobacco excise applied to heated tobacco products			
b)	Note that, in recommendation 52 of the Budget 2024 paper, Cabinet authorised Joint Ministers (the Prime Minister, Minister of Finance and the relevant appropriation Minister) to take decisions to finalise outstanding matters in the Budget package			
c)	Agree that from 1 July 2024, the tobacco excise duty applied to heated tobacco products be halved	Yes/No	Yes/No	Yes/No
d)	Agree to implement this change by Order in Council that will: <ul style="list-style-type: none"> (i) amend the Tariff to better classify heated tobacco products (ii) temporarily suspend and reduce the tobacco excise duty rate until 1 January 2025 (iii) permanently maintain the reduction of excise duty rate from 1 January 2025 onwards. 	Yes/No	Yes/No	Yes/No
e)	Agree to review this decision after 12 months to consider whether the initiative has had the desired impact	Yes/No	Yes/No	Yes/No
f)	Agree to remove the existing initiative number 16085 from the Budget 2024 package, including removal of the associated tagged contingency	Yes/No	Yes/No	Yes/No

- g) **Agree** to add a new initiative for inclusion in the Budget 2024 package, charged against the Budget 2024 operating allowance to give effect to recommendation c) above, reflective of the same funding profile as for initiative number 16085 but with funds not in contingency, to be reflected in the Treasury's fiscal forecasts in the Budget Economic and Fiscal Update 2024

Title:	Change Excise Treatment of Heated Tobaccos
Description:	This initiative reduces the excise applied to heated tobacco products. These decisions will form part of the wider package of measures to achieve Smokefree 2025 and give effect to the Coalition Agreement to tax smoked tobacco products only. It is expected that reductions in excise on heated tobacco products will reduce the relative price of these products and reduce consumption of combusted tobacco.

- h) **Note** the following changes as a result of the decision in recommendation g) above:

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	(11.295)	(44.715)	(75.999)	(84.085)
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(11.295)	(44.715)	(75.999)	(84.085)

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
Vote Customs Minister of Customs	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears

	Tax Revenue:								
	Tobacco excise	-	(11.295)	(44.715)	(75.999)	(84.085)			
	Total Revenue	-	(11.295)	(44.715)	(75.999)	(84.085)			
	Total Operating	-	11.295	44.715	75.999	84.085			
i)	Authorise the Minister of Customs to issue drafting instructions to the New Zealand Customs Service (who draft these changes) to give effect to recommendation c) and d) above.						Yes/No	Yes/No	Yes/No



Dr Andrew Old
Deputy-Director General
Public Health Agency
Date: 4 May 2024

Rt Hon Christopher Luxon
Prime Minister
Date:



Kathryn MacIver
Group Manager, Policy and Strategy
New Zealand Customs Service
Date: 4 May 2024

Hon Nicola Willis
Minister of Finance
Date:

Hon Casey Costello
Associate Minister of Health
Minister of Customs
Date:

ENDS.

Minister's Notes

PROACTIVELY RELEASED

Aide-Mémoire

Reducing excise duty from heated tobacco

Date due to MO: 8 May 2024 **Action required by:** 9 May 2024

Security level: BUDGET SENSITIVE **Health Report number:** H2024040996

To: Hon Casey Costello, Associate Minister of Health

Copy to: Hon Dr Shane Reti, Minister of Health

Consulted: Health New Zealand: Māori Health Authority:

Contact for telephone discussion

Name	Position	Telephone
Dr Andrew Old	Deputy Director General, Public Health Agency, Ministry of Health	s 9(2)(a)
Jane Chambers	Group Manager, Policy and Regulation, Public Health Agency	s 9(2)(a)

Aide-Mémoire

Reducing excise duty from heated tobacco products

Date due: 8 May 2024

To: Hon Casey Costello, Associate Minister of Health

Security level: BUDGET SENSITIVE **Health Report number:** H2024040996

Purpose of advice: To seek Cabinet's in-principle agreement to halve the excise duty applied to heated tobacco products (HTPs), and authorise joint Ministers (the Prime Minister, Minister of Finance and Associate Minister of Health) to jointly finalise or revise outstanding decisions related to heated tobacco excise changes, alongside drawdown of the associated tagged contingency, after conclusion of the Budget 2024 Moratorium on 30 May 2024.

Comment:

Summary

- Your office asked officials to prepare a draft Cabinet paper for 18 May 2024 Cabinet Business Committee, seeking agreement to halve the excise duty applied to HTPs.
- On Treasury's advice, the paper seeks Cabinet's in-principle agreement to halve the excise duty applied to HTPs.
- The paper also seeks Cabinet agreement to authorise joint Ministers (the Prime Minister, Minister of Finance and Associate Minister of Health) to finalise or revise outstanding decisions related to the changes, alongside drawdown of the associated tagged contingency after conclusion of the Budget 2024 Moratorium on 30 May 2024.
- The paper also seeks Cabinet's agreement to review the decisions after 12 months to consider whether the initiative has had the desired impact. If a decision is made to reinstate excise duty rates, primary legislation would be required to do so.
- Treasury has also noted that the Minister of Finance has expressed interest in greater detail on the health impacts of HTPs relative to smoked tobacco and how the change to excise could have impacts on individuals. We have included this in paragraphs 10-12 and 24. This information reflects advice previously provided to you [H2024035870 and H2024038305 refers].
- We will update the paper with any changes needed, prior to you consulting with Ministerial colleagues.
- This aide-mémoire discloses all relevant information.



Dr Andrew Old
Deputy-Director General
Public Health Agency

PROACTIVELY RELEASED

Aide-Mémoire

Updated Cabinet paper: reducing excise duty from heated tobacco products

Date due to MO: 9 May 2024 **Action required by:** 10 May 2024

Security level: BUDGET SENSITIVE **Health Report number:** H2024041136

To: Hon Casey Costello, Associate Minister of Health

Copy to: Hon Dr Shane Reti, Minister of Health

Consulted: Health New Zealand: Māori Health Authority:

Contact for telephone discussion

Name	Position	Telephone
Dr Andrew Old	Deputy Director General, Public Health Agency, Ministry of Health	§ 9(2)(a)
Jane Chambers	Group Manager, Policy and Regulation, Public Health Agency	§ 9(2)(a)

Aide-Mémoire

Updated Cabinet paper: reducing excise duty from heated tobacco products

Date due: 9 May 2024

To: Hon Casey Costello, Associate Minister of Health

Security level: BUDGET SENSITIVE **Health Report number:** H2024041136

Purpose of advice: To provide you with an updated Cabinet paper, following feedback from your office, Customs and the Treasury.

Comment:

- Your office has provided feedback on the draft Cabinet paper provided to you on 8 May 2024 [H2024040996 refers]. This feedback has now been incorporated. We are also advised that this paper will now go straight to Cabinet on 20 May (rather than to the Cabinet Business Committee on 13 May).
- Minor and technical changes have also been made to reflect further feedback from Customs.

Treasury feedback

- The Treasury has provided further feedback on managing Cabinet decision-making during the Budget Moratorium. This has resulted in consequent changes to the draft Cabinet paper, including the paper's purpose, as well as the paper's recommendations.
- The draft paper that officials provided last night sought Cabinet's in-principle agreement to halve excise duty from HTPs. The Treasury has now advised that if the paper recommended Cabinet take in-principle decisions on this matter, this would need to be reflected in Treasury's Budget Economic and Fiscal Update (BEFU) 2024.
- In practice, this would result in the BEFU documents reflecting a draw-down of the contingency and associated impact to tobacco excise revenue. This would be irrespective of Cabinet's discussion or agreement to this paper, or joint Ministers' final decisions.
- The outstanding issues previously sought for in-principle agreement have instead been revised to noting and discussion recommendations. This will still enable Cabinet discussion on outstanding issues. The new recommendations would also give joint Ministers the authority to take final policy and fiscal decisions after the Budget Moratorium ends on 30 May.

Updated material

- Attached is an updated Cabinet paper, which reflects all feedback.
- We also attach for your information a summary of a rapid review of the evidence for HTPs previously provided to you to support your discussions with colleagues [H2024035870 refers].
- This aide-mémoire discloses all relevant information.



Dr Andrew Old
Deputy-Director General
Public Health Agency
Date: 9 May 2024

PROACTIVELY RELEASED

Aide-Mémoire

Talking points: Reducing excise duty from heated tobacco products Cabinet paper

Date due to MO:	17 May 2024	Action required by:	N/A
Security level:	BUDGET SENSITIVE	Health Report number:	H2024041690
To:	Hon Casey Costello, Associate Minister of Health		
Copy to:	Hon Dr Shane Reti, Minister of Health		
Consulted:	Health New Zealand: <input type="checkbox"/>		

Contact for telephone discussion

Name	Position	Telephone
Jane Chambers	Group Manager, Public Health Policy and Regulation, Public Health Agency Te Pou Hauora Tūmatanui	s 9(2)(a)
Emma Hindson	Manager, Public Health Policy and Regulation, Public Health Agency Te Pou Hauora Tūmatanui	s 9(2)(a)

Aide-Mémoire

Talking points: Reducing excise duty from heated tobacco products Cabinet paper

Date due: 17 May 2024

To: Hon Casey Costello, Associate Minister of Health

Security level: BUDGET SENSITIVE **Health Report number:** H2024041690

Details of meeting: 20 May 2024

Cabinet Committee: Cabinet

Purpose of meeting: You are updating Cabinet on policy considerations to reduce the excise duty applied to heated tobacco products (HTPs). Your paper invites your colleagues to discuss the level of excise applied to HTPs as well as the implementation date of any change to excise duty on HTPs.

Comment: **Reducing excise duty from heated tobacco products Cabinet paper**

- This aide-mémoire provides talking points to support your Cabinet discussions on the paper *Reducing excise duty from heated tobacco products*.
- This aide-mémoire discloses all relevant information.



Jane Chambers
Group Manager, Public Health Policy and Regulation
Public Health Agency | Te Pou Hauora Tūmatanui

Reducing excise on heated tobacco products Cabinet paper

Talking points

Overview

- This paper provides an update on policy considerations to reduce excise duty on HTPs. The paper invites colleagues to discuss what the level of excise that is applied to these products should be, as well as the implementation date of any change to excise duty on HTPs.
- This Government is committed to supporting the reduction of New Zealand's smoking rates, which as you know are low, and are continuing to decline.
- To maintain this progress, we must provide people who still smoke and find it hard to stop, with all the tools and support to quit. This includes being able to access less harmful products than cigarettes, such as HTPs.
- Discussions I have had with people who smoke, as well as stop smoking service providers, say that products such as vaping do not always work for them, and that the more options there are available to help to transition away from cigarettes, the better.
- Reducing the excise duty on HTPs may mean that long-term smokers who have found it hard to quit, and who have not been able to successfully switch to vaping, may find these products more appealing if they are cheaper to purchase than they are currently.
- In reducing the excise duty on these products, I want to be sure that it is contributing to the Smokefree Goal. I recommend a review of the changes is undertaken after 12 months to understand its impact, that is that HTPs have helped more people to stop smoking.
- Cabinet has already agreed to a tagged contingency to manage the fiscal implications of any changes to excise duty on HTPs. Subject to Cabinet discussions and any further policy decisions, I seek Cabinet's authorisation to draw down this funding after the Budget Moratorium expires on 30 May 2024.
- If progressed, I propose that this change would come into force on 1 July 2024.
- I invite colleagues to discuss what the level of excise that is applied to these products should be, and when these changes should come into force.

Next steps

- Any changes to current excise duty on HTPs would need to be made via Orders in Council. Subject to Cabinet discussions and any further policy decisions, I intend to bring these back to Cabinet in June 2024 to seek authorisation to submit to the Executive Council.

Aide-Mémoire

Reducing excise duty from heated tobacco products Cabinet paper

Date due to MO:	28 May 2024	Action required by:	N/A
Security level:	BUDGET SENSITIVE	Health Report number:	H2024042509
To:	Hon Casey Costello, Associate Minister of Health		
Copy to:	Hon Dr Shane Reti, Minister of Health		
Consulted:	Health New Zealand: <input type="checkbox"/>		

Contact for telephone discussion

Name	Position	Telephone
Jane Chambers	Group Manager, Public Health Policy and Regulation, Public Health Agency Te Pou Hauora Tūmatanui	s 9(2)(a)
Emma Hindson	Manager, Public Health Policy and Regulation, Public Health Agency Te Pou Hauora Tūmatanui	s 9(2)(a)

Aide-Mémoire

Talking points: Reducing excise duty from heated tobacco products Cabinet paper

Date due: 28 May 2024

To: Hon Casey Costello, Associate Minister of Health

Security level: BUDGET SENSITIVE **Health Report number:** H2024042509

Details of meeting: 4 June 2024

Cabinet Committee: Cabinet

Purpose of meeting/ proposal: You are seeking final approval to reduce excise applied to heated tobacco products (HTPs) by 50 percent on 1 July 2024.

Comment: **Reducing excise duty from heated tobacco products Cabinet paper**

- We have prepared a draft Cabinet paper seeking final Cabinet decisions on matters relating to HTP excise (attached).
- Subject to any changes, you will need to consult with Ministerial colleagues prior to lodging before the end of this week (31 May 2024).
- This aide-mémoire discloses all relevant information.



Ross Bell
Acting Deputy Director-General
Public Health Agency | Te Pou Hauora
Tūmatanui