



25th September 2018

Ms Lauren Wells
Parliamentary Officer (Committees)
Select Committee on Personal Choice and Community Safety
Parliament House
4 Harvest Terrace
WEST PERTH WA 6005
pccs@parliament.wa.gov.au

AACS submission re: Inquiry on Personal Choice and Community Safety

To whom it may concern,

On behalf of members of the Australasian Association of Convenience Stores (AACS), the peak body for the convenience industry in Australia, we make the following submission to the Select Committee as part of the Inquiry on Personal Choice and Community Safety.

The focus of our submission is on the first Term of Reference, namely in relation to: *risk-reduction products such as e-cigarettes, e-liquids and heat-not-burn tobacco products, including any impact on the wellbeing, enjoyment and finances of users and non-users.*

Around the world, electronic cigarettes (e-cigarettes) are a major growth industry that have helped many people quit smoking traditional tobacco. As a product, they are here to stay.

Regrettably, in Australia, the environment for the legal sale of e-cigarettes remains unclear. Australians smokers who could potentially benefit from these products in their efforts to quit are being prevented from accessing them.

Our Association therefore welcomed the Federal Health Minister's recent decision to commission further research into e-cigarettes to help Australians quit smoking traditional tobacco, as these products have been proven to do overseas.

The focus of our submission is to emphasise the potential for e-cigarettes to play a positive role in helping people to quit as one of a range of alternatives for smokers.

We also highlight the international view of e-cigarettes and their success in improving health outcomes, as well as the potential for e-cigarettes to serve as a profitable category for convenience stores as sales of traditional tobacco – an important contributor to sales – naturally declines.

Only through recognition of the potential for e-cigarettes to play a positive role can Government achieve a balance in improving health outcomes as they relate to smoking without disadvantaging small businesses serving their customers a legal product.

The AACS welcomes the opportunity to be involved in this inquiry in whatever capacity the Committee deems fit. Please don't hesitate to contact me should you require anything further.

Thank you for your consideration of our submission.

Jeff Rogut FAIM MAICD
Chief Executive Officer
Australasian Association of Convenience Stores Limited
ACN: 156 638 023

Office: 03 9807 5552

Website: www.aacs.org.au

About the AACS

Established in 1990, the Australasian Association of Convenience Stores (AACS) is the peak body for the convenience industry in Australia.

Nationally, our industry employs over 40,000 people in over 6,300 stores. The majority of these stores operate as family run businesses, often under licence or franchise agreement, or independent ownership. They regularly employ family members and people from the local communities in which they operate.

The AACS represents the interests of these small businesses; their owners, staff, suppliers and customers.

The convenience industry in Australia was valued at approximately \$8.4 billion (excluding petrol sales) in 2017 according to companies contributing to the *2017 AACS Annual State of the Industry Report*. This report contains the most comprehensive information available on the convenience industry in Australia and we would be happy to provide a copy.

As an Association we enjoy strong ties with our international counterparts including the convenience stores associations in the US, Canada, the UK and New Zealand. We also visit similar stores in South East Asia to keep abreast of changing or emerging trends. For instance, 35 of our members have just returned from China where we visited a number of stores and leading innovative companies such as Alibaba and JD.com.

Executive summary

In this submission, the AACS emphasises the potential role e-cigarettes can play in helping Australians to quit smoking.

We believe in the provision of more choices, more alternatives to help people quit smoking, not less.

Given the majority of regulation around the retailing of tobacco is designed, or at least is claimed to be designed, to improve health outcomes, we believe it is necessary for the Committee to consider the role that e-cigarettes could play in helping to reduce the incidence of smoking.

We also present examples of the perspectives of other nations when it comes to the legal sale of e-cigarettes, most notably the UK, in terms of how these products are viewed from a safety perspective, their potential to improve health outcomes, and the economic benefits derived from their legal sale.

The AACS believes any framework to govern the legal sale of e-cigarettes should include responsible retailing principles including restrictions on sales to minors, and mandated quality control and safety standards.

Finally, in outlining the potential for e-cigarettes to play a role in reducing smoking among Australians, we provide an overview of independent research the AACS commissioned on consumer attitudes to e-cigarettes in Australia.

E-cigarettes and the potential to help people quit smoking

Internationally, e-cigarettes are widely viewed as having significant potential to help people quit smoking.

The AACS, through our association with other convenience industries around the world, has first-hand accounts of the success of these products in serving as an alternative for smokers seeking safer options. Hence, they should be made more readily available as a priority.

We believe that the provision of unbiased information on the potential for e-cigarettes to help people quit should be an important health priority of Government and we also believe convenience stores, for so long a fixture in local communities, are ideally positioned to disseminate such information.

If there is potential for e-cigarettes to help even a proportion of Australians who smoke to quit, we owe it to these people to develop a legal framework to govern the sale of e-cigarettes in Australia.

Health impacts of the use of e-cigarettes

E-cigarettes have significant potential as an alternative for smokers seeking safer options and hence should be made more readily available as a priority.

While the AACS is not a health body, we note that the UK's most important and respected health authority, Public Health England, has found that e-cigarettes are around 95% safer than conventional cigarettes.

This is a view backed up by many leading Australian health specialists.

For instance, New Nicotine Alliance president Attila Danko has previously labelled draconian laws banning e-cigarettes as “monstrous”.

Addressing a Senate inquiry in Sydney in early 2016, Dr Danko suggested smoking could become obsolete if laws banning e-cigarettes were overturned.

E-cigarettes are undergoing significant growth at the moment not only in Australia but internationally, so the development of an appropriate legal framework for the sale of these products cannot be delayed.

International approaches

Australia is at risk of being left behind in an international sense when it comes to the implementation of a proper legal framework to govern the sale of e-cigarettes.

In 2016, Public Health England and numerous other UK public health organisations¹ released a joint statement on developing a public health consensus on e-cigarettes, products they state “are the most popular quitting tool in the country with more than 10 times as many people using them than using local stop smoking services”.

A Public Health England study from 2015 shows that e-cigarettes – which do not contain tobacco - are around 95% safer than conventional cigarettes.

Elsewhere, the New Zealand Government recently regulated the legal sale of e-cigarettes.

An appropriate framework to deliver consumers choice

The AACS believes there is an urgent need for Governments at all levels to create an appropriate framework for the legal sale of e-cigarettes in Australia.

The AACS emphasises the importance of responsible retailing and believes the framework to govern the legal sale of e-cigarettes should include restrictions on sales to minors and legislated product quality standards.

These standards should extend to the ingredients in the products which are vaporised for consumption. Mandatory safety standards must be met to ensure e-cigarettes continue to occupy a significantly higher place than traditional tobacco on the health spectrum.

Convenience store operators are proven responsible retailers, as demonstrated by our responsible sale of restricted items like legal tobacco and lottery products.

Finally, just as outlets that sell illicit tobacco products should be targeted by law enforcement authorities and punished accordingly, so should those who sell illicit e-cigarettes.

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/534708/E-cigarettes_joint_consensus_statement_2016.pdf

Economic opportunities for small businesses

As the sales of traditional tobacco naturally decline, e-cigarettes have the potential to play an important role in the ongoing viability and profitability of convenience stores. Legal tobacco is an important contributor to convenience store profits, though operators are already moving to an emphasis on healthier products for which e-cigarettes are a natural fit.

E-cigarettes could provide real economic opportunities for small businesses like convenience stores in their efforts to compete against the major chains. These products are suited to the convenience store model and have significant potential to drive revenue growth.

The *AACS State of the Industry Report 2017* highlights the potential for convenience stores to be a destination for e-cigarettes and other quit-smoking products, given the \$105 million growth in tobacco sales the channel experienced over the course of last year.

Research by Wells Fargo indicates US retail sales of electronic smoking devices could top the \$10 billion mark this year due to ongoing interest by both manufacturers and consumers.

Customer inconvenience

The AACS wishes to briefly touch on the importance of customer service to the convenience store value proposition. Integral to good service is ensuring a convenient offering and choice to our customers.

As the growth of e-cigarettes globally continues and they are increasingly seen as a safer alternative to smoking tobacco, it stands to reason more and more customers will enquire about their use.

As it stands, e-cigarettes are products our customers want, and can help them from a health perspective, but which we are not legally able to sell them. It's a source of frustration for customers and small businesses in this space. It's also an unnecessary one.

Convenience stores are proven responsible retailers and we urge Government to recognise the role we can play in making these products more readily available as a safer alternative for adult consumers.

AACS research: public attitudes to e-cigarettes

In 2016, the AACS commissioned independent research to investigate the level of public awareness, as well as attitudes and opinions, on e-cigarettes in Australia.

A total of 4,000 Australian consumers aged 18 years and over (and eligible to vote in State/Territory and Federal elections) were interviewed in late August / early September 2016, using a combination of online and telephone interviews.

Executive summary

The research provided an extremely strong case supporting the legalisation of e-cigarettes in Australia, based on numerous benefits:

- Financial and health benefits in helping smokers to cut down or quit conventional smoking.
- Benefits to smokers' families to live in a smoke-free or reduced smoke environment.
- Benefits to society through a reduced burden on the public health budget and public hospitals.

The research found that the majority of smokers support the legalisation of e-cigarettes in Australia, but for the general population the reasons are more informative. In conducting the survey, people were asked if they support the legalisation of e-cigarettes prefaced by three different statements.

- *"as a health initiative"*
- *"to help smokers cut down"*
- *"if they are 95% safer"*

Overall, 41% of people support the legalisation of e-cigarettes as a health initiative. This spikes to 62% when prefaced by the fact they are 95% safer than smoke tobacco. Among smokers, 68% support legalisation "as a health initiative" but support jumps to 79% "if they are 95% safer".

But the research explored people's reasons further. Again, widespread support for legalisation was the undeniable take-out. The arguments for legalisation with the strongest support among smokers and non-smokers are:

- If it means family members of smokers including children don't have to live in a smoke-filled environment.
- If medical research studies show that e-cigarettes reduce the health problems associated with tobacco smoke by 95%.
- If e-cigarettes can help reduce smoking, smokers should have a right to access them if they believe they will help them quit the habit and improve their health, their budget and the health of their family.
- If they help smokers cut down or quit smoking altogether.
- If e-cigarettes resulted in far fewer health problems for smokers and reduced the burden on the health system, freeing up hospital beds and money for other patients awaiting treatment.
- If e-cigarettes are proven conclusively to reduce smoking of tobacco cigarettes.

A summary of the key findings of the AACS research into public opinions on e-cigarettes is included overleaf. For a detailed briefing of the full research report, contact AACS CEO Jeff Rogut at jeff@aacs.org.au.

73%

- of Australians would support the legalisation of e-cigarettes to help smokers quit

95%

- e-cigarettes are around 95% safer than smoked tobacco

21%

- of people are unaware that e-cigarettes are not legally available in Australia

44%

- of smokers have tried e-cigarettes

68%

- *Would you try e-cigarettes if they were readily available and cheaper than normal tobacco?* - 68% of smokers say yes; just 6% of non-smokers say they might

54%

- of people view the legalisation of e-cigarettes as a potential vote-influencing or even vote-changing issue.

Conclusion

There is growing recognition globally that e-cigarettes, as part of a range of alternatives, have a vital role to play in helping people quit smoking.

In Australia, without an appropriate framework to govern their legal sale, we are being left behind and this is placing the lives of Australian smokers at risk in the process.

The matter is urgent. Even if only a proportion of smokers could potentially benefit from the use of e-cigarettes, we owe it to these Australians to make these products accessible.

We also owe it to Australians to provide unbiased information on the use of e-cigarettes and their potential to improve health outcomes.

AACS research backs up this view. Our research clearly shows Australians support the legal sale of e-cigarettes on the basis they are a safer alternative to smoking.

The AACS welcomes the opportunity to work with the Committee throughout the inquiry. Feel free to contact me at any time to discuss this submission, and the implications for small business, further.

Jeff Rogut FAIM MAICD

Chief Executive Officer

Australasian Association of Convenience Stores Limited

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