



Queensland Treasury

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Dear Ms Whitehead

Decision Regulatory Impact Statement – Reducing the negative effects of smoking in Queensland

Thank you for your enquiry of 4 August 2022 and additional information provided to 8 September 2022 seeking advice on the decision Regulatory Impact Statement, *Reducing the negative effects of smoking in Queensland* (decision RIS).

Background

There has been a reduction in the Queensland adult smoking rate from 24 per cent in 1998 to 10 per cent in 2020. However, Queensland Health (the department) notes that smoking continues to impose costs on the community and achieving further reductions in the smoking rate face significant challenges and risks. Queensland has the second-highest rate of adult smoking in the country.

Current Queensland Government strategies to reduce the negative effects of smoking include investment in policy/regulation and compliance, smoking cessation support, public communication, research, surveillance, and engagement with key stakeholders.

These strategies are supported by a regulatory framework, set out in the *Tobacco and Other Smoking Products Act 1998* (the Act), which aims to reduce the public's exposure to smoking products by:

- restricting the supply of tobacco and other smoking products to children
- restricting the advertising and promotion of tobacco and other smoking products
- reducing public exposure to smoke from tobacco and other smoking products
- establishing a framework for monitoring, investigative and enforcement activities.

Release of a consultation RIS

The department released a consultation RIS in May 2022, seeking stakeholder views on reform options in the following areas:

1. monitoring compliance of retail smoking product supply
2. advertising and promotion of smoking products at retail premises
3. supply of smoking products at liquor licensed venues
4. sale of smoking products by minors
5. smoking at liquor licensed venues
6. smoke-free outdoor eating or drinking places
7. smoking at outdoor markets.

The consultation RIS was open for comment until 26 June 2022 and both written submissions and survey responses were received by the department (180 in total).

Preparation of the decision RIS

The decision RIS builds on the consultation RIS with additional analysis of policies to further reduce the costs of smoking, and on the cost-effectiveness of the proposals.

It indicates that policies relating to excise taxes, public smoking restrictions, information on the effects of smoking, quit support and advertising bans have largely been employed in Australia to the extent recommended by experts and World Health Organisation advice. Additional evidence for the proposals is presented based on complaints, non-compliance with existing regulation as well as new risks arising from the promotion of e-cigarettes.

The decision RIS estimates the costs of the proposals to regulated entities to be just over \$14.6 million per annum. The costliest proposals are those for licensing suppliers (\$4.2 million per annum) and restricting the sale of tobacco by minors (\$6.8 million per annum). To assess cost-effectiveness, the RIS outlines the required cessation and/or reduced uptake of smoking to achieve cost-effectiveness benchmarks and evidence on the means by which the proposals would achieve those improvements. The impacts of smoking on quality of life (QALY) estimates mean that the proposals would need to reduce the number of smokers by just under 100 persons each year. Direct evidence is not presented on proposals' effectiveness, but the cost-effective benchmarks represent less than a half per cent reduction in daily smokers.

The decision RIS incorporates feedback from stakeholders. Several of the options have been amended to reflect the feedback and to reduce their regulatory costs. The decision RIS recommends the proposals originally preferred in the consultation RIS, with some amendments arising from consultation. These are outlined in Attachment A.

Assessment

In assessing a decision RIS, the Office of Best Practice Regulation (the OBPR) has regard to 'adequacy criteria' in the Queensland Government Guide to Better Regulation (the guidelines). The decision RIS should include an assessment and response to the evidence collected during consultation and demonstrate that the recommended options generate the greatest net benefit to the community.

The OBPR considers that the decision RIS adequately reflects and addresses consultation, and the department has consequently modified several options to reduce their costs.

The OBPR notes that the high costs of smoking mean that cost-effectiveness is a relatively low benchmark for the proposals. To demonstrate the greatest net benefit, the proposals would need to be more cost-effective than other policies. Although that assessment is not provided, the estimated annual costs of just over \$14.6 million and the cost-effectiveness benchmarks do provide decision makers with information to assess the proposals. Consequently, the OBPR has assessed the decision RIS as adequate.

Under the guidelines, once a decision RIS has been approved for release it is published on OBPR's website along with this letter. Please contact Brian Johnson, Senior Economist, on (07) 3035 3471 if you require any additional information or guidance concerning the comments above or on the guidelines in general.

Please note that in accordance with Cabinet Handbook requirements, this letter of advice should be attached to relevant Cabinet submission/s.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K. Hooper', written in a cursive style.

Dr Karen Hooper
Productivity Commissioner

12 September 2022

Attachment A

The department's recommended option in bold (with amendments arising from consultation in brackets).

1. Monitoring compliance of retail smoking product supply

Option 1	Status quo.
Option 2	Introduce a registration scheme for wholesale and retail suppliers of smoking products.
Option 3	Introduce a licensing scheme for wholesale and retail suppliers of smoking products (target levels of compliance audits, recognition of monitoring costs by wholesalers, reduced requirements for liquor licensed venues).

2. Advertising and promotion of smoking products at retail premises

Option 1	Status quo. No amendment to the current provisions in the Act.
Option 2	Modernise provisions for advertising, display and promotion to improve clarity and consistency.

3. Supply of smoking products at liquor licensed venues

Option 1	Status quo.
Option 2	Require tobacco vending machines to be staff operated.
Option 3	Require sale of smoking products from service area only - bar or bottle shop.

4. Sale of smoking products by minors

Option 1	Status quo. Minors continue to sell and handle smoking products.
Option 2	Retailers adopt self-regulation to prevent the sale and handling of smoking products by minors.
Option 3	Prohibit the sale and handling of smoking products by minors (with extended phase in period for small business).

5. Smoking at liquor licensed venues

Option 1	Status quo. No changes to the provisions in the Act.
Option 2	Require smoke-free buffers between Designated Outdoor Smoking Areas (DOSAs) and enclosed venue areas.
Option 3	Restrict DOSA access to adults.
Option 4	Reduce the outdoor licensed area that can be used for a DOSA.
Option 5	Prohibit drinking in DOSA.
Option 6	Combined hybrid of options 2, 3 and 5.

6. Smoke-free outdoor eating or drinking places

Option 1	Status quo. No changes to the outdoor eating or drinking place provisions in the Act.
Option 2	Introduce a smoke-free buffer around specified seated or table based outdoor eating or drinking places.
Option 3	Introduce restrictions on areas used as smoking-only areas at outdoor eating or drinking places.
Option 4	Introduce restrictions on areas used as smoking-only areas at outdoor eating or drinking places.
Option 5	Combined option. Hybrid of options 3 and 4.

7. Smoking at outdoor markets

Option 1	Status quo. No changes to the provisions in the Act.
Option 2	Support market organisers to adopt and enforce a smoke-free policy.
Option 3	Prohibit smoking at outdoor markets with the provision for smoking only areas.
Option 4	Prohibit smoking at outdoor markets in their entirety.