

3 July 2025

133 Molesworth Street
PO Box 5013
Wellington 6140
New Zealand
T+64 4 496 2000

s 9(2)(a)

Ref: H2025066051

Tēnā koe s 9(2)(a)

Response to your request for official information

Thank you for your request under the Official Information Act 1982 (the Act) to the Ministry of Health – Manatū Hauora (the Ministry) on 29 April 2025.

On 27 May 2025, the Ministry refused your request for a copy of the briefing *H2025061596 Evaluation of Heated Tobacco Products excise tax reduction* under section 18(d) of the Act.

The Ministry has reconsidered its decision and is instead releasing a copy of the briefing to you, with some information withheld under section 9(2)(a) of the Act to protect personal privacy. This is to avoid further delays in the document's release.

I trust this information fulfils your request. If you wish to discuss any aspect of your request with us, including this decision, please feel free to contact the OIA Services Team on: oiagr@health.govt.nz.

Under section 28(3) of the Act, you have the right to ask the Ombudsman to review any decisions made under this request. The Ombudsman may be contacted by email at: info@ombudsman.parliament.nz or by calling 0800 802 602.

Please note that this response, with your personal details removed, may be published on the Ministry website at: www.health.govt.nz/about-ministry/information-releases/responses-official-information-act-requests.

Nāku noa, nā



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

Briefing for information

Evaluation of Heated Tobacco Products excise tax reduction

Date due to MO:	7 March 2025	Action required by:	N/A
Security level:	IN CONFIDENCE	Reference:	H2025061596
To:	Hon Casey Costello, Associate Minister of Health		
Copy to:	Hon Simeon Brown, Minister of Health		
Consulted:	Health New Zealand: <input type="checkbox"/>		
Proactive release:	This title is proposed by the Ministry of Health for proactive release: <input checked="" 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)
Dr Kristie Carter	General Manager, Intelligence Surveillance & Knowledge Public Health Agency Te Pou Hauo a Tūmatanui	

Minister's office to complete:

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 Withdrawn |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

Comment:

Review of the trial of Heated Tobacco Product excise tax reduction

Background

1. In June 2024, Cabinet approved your proposal to reduce the level of excise to be applied to heated tobacco products (HTPs) by 50% [CAB-24-MIN-0204 refers].
2. The Cabinet paper noted that reducing the excise duty on HTPs may increase their appeal to smokers who have not found switching to vaping successful and may support the objective of Smokefree 2025 by providing smokers with a range of alternative and lower cost options that will help them transition away from traditional smoked cigarettes.
3. Cabinet invited you to report back within 12 months of the implementation of the excise reduction, to enable Cabinet consideration of whether the policy has been successful. You agreed to a review of the impact of the excise reduction to understand whether HTPs have provided a viable tool for smokers to quit traditional smoked tobacco.
4. This briefing outlines how the impact of the excise tax reduction on HTPs will be evaluated, to report back to Cabinet by July 2025.

Multiple data sources will be used to report back to Cabinet

5. Multiple data sources are needed to determine whether, as a result of the reduction in excise:
 - a. the price of HTPs reduced
 - b. usage of HTPs increased
 - c. Any increase in the use of HTPs was primarily among existing smokers (*with limitations*).¹
6. We will combine data on the retail price of HTPs, smokeless tobacco returns data (which includes HTPs), and data from two external cohort studies to give a view of whether people who wanted to quit smoking switched to HTPs in greater numbers than before the excise tax reduction was applied.
7. The external studies used will be the ITC/EASE² study of adults who smoke or recently quit smoking, which will provide baseline usage of HTPs, and the CENIC³ study, which will provide data on post implementation usage of HTPs. Both studies should have data available in time to report back to Cabinet by July 2025. A timeframe is included below.
8. Other data sources considered for inclusion in the analysis, will either have insufficient data on HTPs specifically, or would not be completed in the required timeframe.⁴

¹ As discussed below, for example we will not be able to assess uptake by youth within the 12 months.

² Evidence for Achieving Smokefree 2025 Equitably (EASE) is New Zealand's International Tobacco Control (ITC) project - a health study that aims to support New Zealand's Smokefree 2025 goal.

³ CENIC is the Centre for the Evaluation of Nicotine Cigarettes.

⁴ Eg New Zealand Health Survey, Quitline, Omnibus survey provider.

9. New Zealand Customs report on import data quarterly, and this will be considered as part of the wider evaluation of the HTP policy.

Evaluating the impact of the HTP excise tax reduction is complex

10. Until recently, HTPs have been readily available in New Zealand for people wanting to quit smoking and for whom nicotine replacement therapy or vaping has not been successful.
11. However, HTPs are not commonly used amongst the New Zealand population and there is limited independent research around their use as cessation or transitional tools for smokers.
12. The reduction in the excise tax on HTPs has given industry an opportunity to reduce the retail price, thus potentially increasing the price differential between HTPs and traditional smoked cigarettes, which may increase their uptake as a smoking cessation tool among smokers.
13. We will not be able to, in the current evaluation, identify whether HTPs are being taken up by non-smokers, particularly youth. This will not be possible within the timeframe required, as the ITC youth and young adult survey will not be in field until August 2025. An evaluation of HTP use by young people will take approximately 18 months to complete.
14. We will also draw on international information using population level data, to assess whether HTPs support smoking cessation, such as in Japan and South Korea.

Limitations

15. Certain aspects of the market also have limited our ability to evaluate the impact of the excise cut within the required 12 months. For instance, there was no price change passed through to customers for the first month (though this is an observation of value in and of itself.)
16. Also, in the third month, all HTP devices were removed from the market in New Zealand, due to not meeting new safety regulations. This has meant there have been no HTP devices available for purchase for at least 5 months of the 12-month trial period. Tobacco sticks, which are used in HTP devices, are still available for sale via a number of general retailers, Special Vape Retailers, and on the Philip Morris website. However, they can only be used by customers who already have an HTP device.
17. Philip Morris have indicated they are working on a range of compliant HTP devices, which they intend to make available for purchase soon. British American Tobacco and Japan Tobacco both produce HTP devices, but we are not aware of these being available for sale in New Zealand.
18. As most of the data we can analyse comes from existing surveys, there is a limit to the impacts we can assess, particularly in the area of unintended consequences. While we will be able to assess whether the percentage of current or recent smokers who use HTPs increases, we will not be able to track whether those same people were previously using, or likely to use vapes, for example, whether they moved from a safer alternate product to a more harmful one.

Equity

19. Some population groups have higher rates of smoking, therefore, the harm from tobacco affects these groups disproportionately (both in terms of direct health impacts and the indirect impacts that smoking can have on household disposable incomes). Groups with higher rates of smoking include Māori, Pacific, low-income earners, adults with disabilities, and people experiencing mental health and addiction issues.
20. The intention of the reduction in excise tax was to encourage people who smoke cigarettes to switch to HTPs. Switching to HTPs may reduce the financial impacts on households, providing that they fully switch to HTPs, and do not continue using smoked tobacco at the same time (dual use).

Next Steps

The ITC/EASE study will provide baseline data. This data has been collected and will now be analysed	by end of March 2025
The CENIC study will provide information post-implementation through data collection due to start in March / April 2025.	in May / June 2025
Initial advice provided to Minister	by end of June 2025
Report back to Cabinet	in July 2025

Recommendations

We recommend you:

- a) **Note** the proposal for evaluating the impact of halving the excise tax on HTPs **Noted**
- b) **Note** the findings will be provided for discussion at Cabinet in July 2025 **Noted**
- c) **Note** the limitations for the review, both due to the limited availability of HTPs in the New Zealand market and limited data sources in the available timeframe. **Noted**



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

Date: 04/03/2025

Hon Casey Costello
Associate Minister of Health

Date: