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Your ref: A746263

Hon Aaron Stonehouse MLC

Legislative Council Committee Office
Parliament House
4 Harvest Terrace
WEST PERTH WA 6005

Dear Hon Aaron Stonehouse

RE: Response to letter dated 3rd April 2019

Apologies for not being able to attend the Committee hearing on 27th of March 2019.

As requested, please see attached responses to questions and a revised submission excluding reference to Appendix 1.

Kind regards

Justin Crotty

DIRECTOR



1. How does the current anti-vaping legislative regime affect your business? Have you spoken with other vaping retailers about this issue?

The current anti-vaping legislative regime affects my business by not allowing me to provide all required vaping equipment in one retail shop. Currently I have two leases in Rockingham Western Australia selling different equipment to be in line with current legislation, and a third lease in Victoria which distributes complete kits nationally. I also have frequent visits/inspections/raids from the Health Department.

My Account Manager in Victoria has spoken to almost all owners of vaping shops across Melbourne CBD and regional Victoria. She has had owners say they have had our customers in their shops and tell them about the two shops next door to each other selling different components for devices and asking if that was true. They are in disbelief on how backwards Western Australia is and that it "sucks how much the government makes it hard for small business owners". It's almost embarrassing having our customers comment on being interstate and seeing other vape stores able to sell everything under one roof and one transaction, we are constantly having to apologize for the legislation and current laws made by our government.

Our profits have dropped over the last few months and we believe it is due to customers purchasing equipment online due to the convenience of being able to get everything they need in one transaction.

2. Have you ever been contacted by the Department of Health regarding your sale of vaping products or accessories? If so, what was the outcome?

The Health Department don't have clear guidelines and there is no information available as to what can be sold to the public (in one location). The laws are extremely vague as to what constitutes compliance. Currently to be compliant I am having to run two separate businesses retailing parts and accessories.

I have been contacted and inspected several times by the Department of Health. I have had thousands of dollars' worth of stock ceased and destroyed, I have had to appear in court, and I have had to pay thousands of dollars in fines. I have been and continue to be penalized for supplying a product that other states in Australia are doing legally. I am forced to go above and beyond to conduct my business legally in Western Australia by having to have two separate businesses and two separate retail shops.

3. Where do you source your vaping products and why?

Devices and equipment are sourced from overseas as currently there are no Australian manufacturers of electronic devices. Most are imported from UK, Europe and America. Technology and devices are constantly changing and there are thousands of different types of devices and hundreds of manufactures all over the world. Of course, there are manufactures creating "knock off" devices that are very cheaply made and manufactures that create devices that are unsafe. Much research has been done by myself and my managers on manufactures and brands to ensure we source devices from reputable companies that are safe.

We regularly conduct market research on eastern states vaping businesses to see what they are stocking at what price to be able to be competitive.

Ingredients, concentrates, and premade e-liquids are also sourced from overseas. Where we can, we source from manufactures that have TGA requirements even though there is a greater cost to do so. We pride ourselves on providing quality products to our customers. We have created our own range of e-liquid that we are

currently trying to stock to eastern states retailers and hopefully go global. We are also currently doing research on Australian made e-liquid to support locally made products.

4. What is the average set-up cost for someone who wants to start using an e-cigarette?

The initial costs in vaping vary considerably as prices for devices start around \$25 for a basic device and up to \$300 or more for advance devices. The ongoing costs include, e-liquids (approx. \$30 per week), replacement coils (\$12 - \$30 per month) and rechargeable batteries (\$10 when required).

Staff are always up to date with training and the newest technology of devices to ensure they are providing the best customer service and knowledge to new users.

5. Do e-cigarettes help reduce the number of people smoking tobacco cigarettes? Do any of your customers refer to vaping helping them quit.

In my experience with customers around 99% of them have come into my shop to purchase electronic cigarettes to help them quit smoking. My staff develop professional relationships with many regular customers who have told them their success stories of being able to quit smoking and the money they are saving because of it. They also tell us their health is improving, they are able to be more active and how happy their families are that they are no longer smoking.

Many of my current staff and myself are ex cigarette smokers and only use electronic cigarette devices.

6. What are the health effects of long term use of e-cigarettes?

There is much debate on this question and research is ongoing. With almost everything it depends on who you talk to and what you read. However, there is a lot of misleading information, just like typing medical concerns into Google for a diagnoses.

We believe from the research we have done and keeping up to date with latest studies that vaping is 99% less harmful than smoking. There are no poisons used (unlike cigarettes that have hundreds of poisonous chemicals) in the production of e-liquid. There is no chemical change when the vapour is created, smoke is the result of combustion, when combustion occurs, new chemicals form through the process.

7. Would the legal availability of e-cigarettes act as a gateway to nicotine use for non-smokers?

E-cigarettes are already available in store and online from around the world. There is always the "gateway" theory with almost everything, smoking is a gateway to marijuana, soda is a gateway to alcohol, alcohol is a gateway to drugs.

As I cannot speak for everyone, it is my belief that people make their own choices to what they want to do. Personally, I do not believe e-cigarettes act as a gateway to nicotine, they serve as a gateway to get off cigarettes.

8. Is the use of e-cigarettes less harmful than the use of tobacco products?

Studies have shown that e-cigarettes are 95% less harmful than tobacco products. Evidence suggests that e-cigarettes are considerably safer than traditional cigarettes.

9. Does your business stock products manufactured by major tobacco companies, such as British American Tobacco, Phillip Morris International or Imperial Tobacco?

No. We **do not** stock: Vype, Vuse, Chic Group or VIP, IQOS, or Blu.

10. If vaping were legalized, how would your business change and what would your business model look like? Would you begin stocking products made by the major tobacco companies?

Expand! I would open more retail shops around Perth, employ more staff. In a few years I hope to expand and open retail shops across Australia. At this stage, I have no intention of stocking products made by tobacco companies.

Just Vapours Australia Business Model		
The Company	Business Sector	Currently operates in the retail sector
	Goals and Objectives	Expand and open more retail shops south and north of the river. Expand and open retail shops Creating more jobs. Supply Dragon and DJ e-liquid range nationally and globally
	Ownership Structure	Sole proprietorship
	Management Structure	Director Managers Office Manager/Personal Assistant Account Manager (Interstate)
The Product	Sourcing	Vaping and electronic cigarette devices and accessories E-liquid ingredients, concentrates and premade
	Product Patents	Dragon Juice Range
	Future Products	DJ Juice Range
Marketing Plan	Target Market	Adults 18yrs and over that are wanting to either quit smoking or have an alternative to cigarette smoking
	Location Analysis	Retail section of Rockingham close to major shopping center (Currently).
	Established Customers	Many regular customers across Perth
	Pricing	Competitive Pricing
	Advertising	Website Facebook Instagram Word of Mouth

Competitor Analysis	The Competitors	Interstate businesses Internet businesses
Operations	Staffing	Director Managers Office Manager/Personal Assistant Casual Retail staff Account Manager (Interstate)
	Suppliers	Manufacturers of devices and e-liquid
	Manufacturing	Dragon and DJ Range

11. If vaping were legalized, do you think there would still be a role for specialty e-cigarette sellers such as your business?

Yes, and I believe there will be more. You wouldn't take your car to be serviced by a chef, these products need to be sold in specialty stores by people who have been trained and kept up to date with technology and are able to advise customers to provide safe and knowledgeable service. My staff are involved in weekly meetings and there is always a minimum of two Managers on shift at all times to help with more advanced technical issues. I don't believe these products should be sold in places like Kmart, Target, Coles, Woolworths or even JBHifi or Myer.

12. What is your ideal model for regulating e-cigarettes? Do you think that e-cigarettes should be subject to approval by the Therapeutic Goods Administration? If so/if not why?

Yes, I believe there should be guidelines for e-liquid concentrates and manufactures to ensure the safety of the product and prevent people trying to manufacture it themselves. There should also be safety guidelines for devices to ensure people are purchasing safe products.

E-liquid juices and concentrates I import, and supply come with MSDS (Material Safety Data Sheet).

13. The Telethon Kids Institute and research from Curtin University recently released findings on the issue of non-nicotine e-cigarette juices contaminated with nicotine, what is your view on the research and its findings?

E-liquid containing nicotine can be purchased online from overseas or people are able to purchase liquid nicotine and add it to non-nicotine juices they purchase. I believe people are adding nicotine to help them quit smoking as it is the nicotine they are addicted too. Like my answer to the gateway question, people should have the right to do so if they want. People are able to do so if they have a script from a doctor for personal use. Nothing in the article states the juices they tested were from people that have a script to use liquid nicotine. Also the research doesn't advise where the e-liquid was purchased.