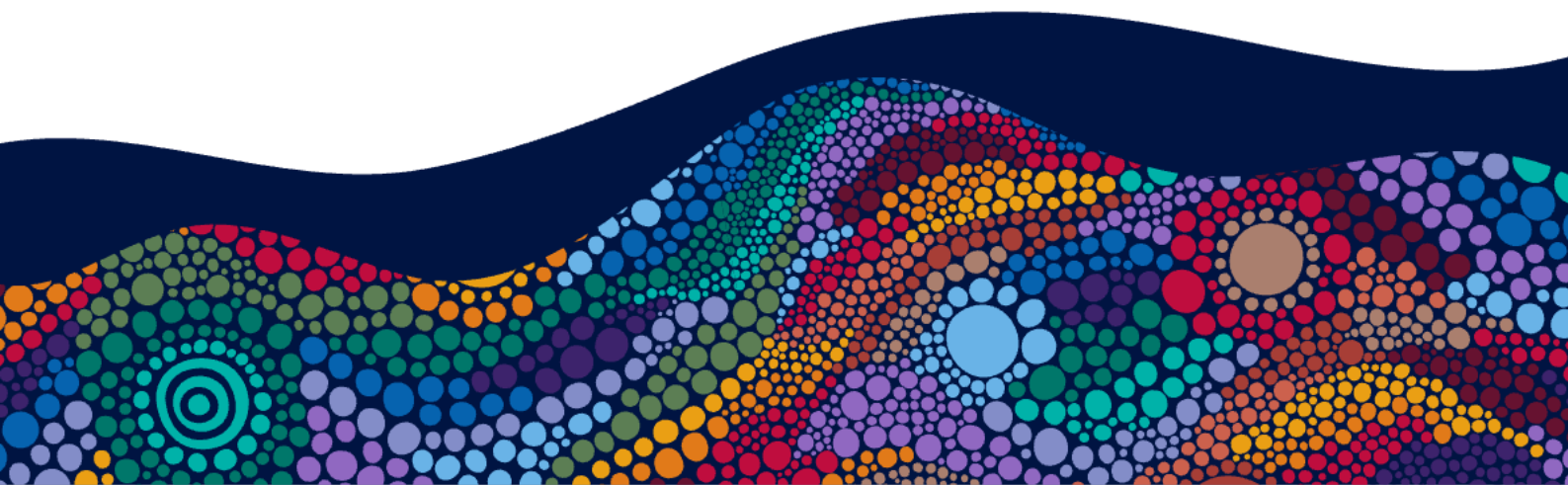


Illegal Tobacco Crisis in Australia

Submission to the Legal and Constitutional
Affairs References Committee

March 2026



About NACCHO

NACCHO is the national peak body representing 148 Aboriginal Community Controlled Health Organisations (ACCHOs). We also assist a number of other community-controlled organisations.

The first Aboriginal medical service was established at Redfern in 1971 as a response to the urgent need to provide decent, accessible health services for the largely medically uninsured Aboriginal population of Redfern. The mainstream was not working. So it was, that over fifty years ago, Aboriginal people took control and designed and delivered their own model of health care. Similar Aboriginal medical services quickly sprung up around the country. In 1974, a national representative body was formed to represent these Aboriginal medical services at the national level. This has grown into what NACCHO is today. All this predated Medibank in 1975.

NACCHO liaises with its membership, and the eight state/territory affiliates, governments, and other organisations on Aboriginal and Torres Strait Islander health and wellbeing policy and planning issues and advocacy relating to health service delivery, health information, research, public health, health financing and health programs.

ACCHOs range from large multi-functional services employing several medical practitioners and providing a wide range of services, to small services which rely on Aboriginal health practitioners and/or nurses to provide the bulk of primary health care services. Our 148 members provide services from about 550 clinics. Our sector provides over 3.1 million episodes of care per year for over 410,000 people across Australia, which includes about one million episodes of care in very remote regions.

ACCHOs contribute to improving Aboriginal and Torres Strait Islander health and wellbeing through the provision of comprehensive primary health care, and by integrating and coordinating care and services. Many provide home and site visits; medical, public health and health promotion services; allied health; nursing services; assistance with making appointments and transport; help accessing childcare or dealing with the justice system; drug and alcohol services; and help with income support. Our services build ongoing relationships to give continuity of care so that chronic conditions are managed, and preventative health care is targeted. Through local engagement and a proven service delivery model, our clients 'stick'. Clearly, the cultural safety in which we provide our services is a key factor of our success.

ACCHOs are also closing the employment gap. Collectively, we employ about 7,000 staff – 54 per cent of whom are Aboriginal or Torres Strait Islanders – which makes us the third largest employer of Aboriginal or Torres Strait people in the country.

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Recommendations

NACCHO recommends:

- 1 Any interventions to address illegal tobacco align with the National Agreement and its four Priority Reform Areas.
- 2 Maintaining strong tobacco taxation policy, recognising that price remains one of the most effective drivers of smoking cessation.
- 3 Increased enforcement against organised illegal tobacco supply chains, including:
 - stronger national coordination between Commonwealth and jurisdictional agencies
 - strengthened regulation and enforcement relating to illegal nicotine products, including vaping products.
- 4 Improved monitoring and data collection relating to illegal tobacco in regional and remote communities.
- 5 Investment in culturally appropriate tobacco control programs run through Aboriginal Community Controlled Organisations.
- 6 Investment in increasing ACCHO-led health promotion and smoking cessation workforce.
- 7 Reinstating affordable access to short-acting nicotine replacement therapy (NRT) through the PBS.

Acknowledgements

NACCHO welcomes the opportunity to provide a submission to the Illegal Tobacco Crisis in Australia. NACCHO would like to acknowledge the valuable input received from Yardhura Walani, Aboriginal Medical Service Alliance Northern Territory (AMSANT), Aboriginal Health Council of South Australia (AHCSA) and Queensland Aboriginal and Islander Health Council (QAIHC) to this submission. Our thanks also go to individual ACCHOs who have provided input, who we have chosen to keep anonymous.

NACCHO supports the submissions to this consultation made by NACCHO Members and Affiliates.

National Agreement on Closing the Gap

At the meeting of National Cabinet in early February 2023, First Ministers agreed to renew their commitment to Closing the Gap by re-signing the National Agreement, first signed in July 2020. The reforms and targets outlined in the National Agreement seek to overcome the inequality experienced by Aboriginal and Torres Strait Islander people and achieve life outcomes equal to all Australians.

This Government's first Closing the Gap Implementation Plan commits to achieving Closing the Gap targets *through implementation of the Priority Reforms*. This represents a shift away from focussing on the Targets, towards the structural changes that the Priority Reforms require, and which are more likely to achieve meaningful outcomes for our people in the long term.

Priority Reform Area 1 – Formal partnerships and shared decision-making

This Priority Reform commits to building and strengthening structures that empower Aboriginal and Torres Strait Islander people to share decision-making authority with governments to accelerate policy and place-based progress against Closing the Gap.

Priority Reform Area 2 – Building the community-controlled sector

This Priority Reform commits to building Aboriginal and Torres Strait Islander community-controlled sectors to deliver services to support Closing the Gap. In recognition that Aboriginal and Torres Strait Islander community-controlled services are better for Aboriginal and Torres Strait Islander people, achieve better results, employ more Aboriginal and Torres Strait Islander people and are often preferred over mainstream services.

Priority Reform Area 3 – Transformation of mainstream institutions

This Priority Reform commits to systemic and structural transformation of mainstream government organisations to improve to identify and eliminate racism, embed and practice cultural safety, deliver services in partnership with Aboriginal and Torres Strait Islander people, support truth telling about agencies' history with Aboriginal and Torres Strait Islander people, and engage fully and transparently with Aboriginal and Torres Strait Islander people when programs are being changed.

Priority Reform Area 4 – Sharing data and information to support decision making

This Priority Reform commits to shared access to location-specific data and information (data sovereignty) to inform local-decision making and support Aboriginal and Torres Strait Islander communities and organisations to support the achievement of the first three Priority Reforms.

Review of Closing the Gap

In its first review of the National Agreement on Closing the Gap, the Productivity Commission found that governments are not adequately delivering on their commitments. Despite support for the Priority Reforms and some good practice, progress has been slow, uncoordinated, and piecemeal.

The Commission noted that to enable better outcomes, the Australian government needs to relinquish some control and acknowledge that Aboriginal and Torres Strait Islander people know what is best for their communities. It needs to share decision making with Aboriginal Community Controlled Organisations (ACCOs), recognise them as critical partners rather than passive funding recipients, and then trust them to design, deliver and measure government services in ways that are culturally safe and meaningful for their communities.

‘Too many government agencies are implementing versions of shared decision-making that involve consulting with Aboriginal and Torres Strait Islander people on a pre-determined solution, rather than collaborating on the problem and co-designing a solution’¹

NACCHO recommends any interventions to address illegal tobacco align with the National Agreement and its four Priority Reform Areas.

Introduction

Smoking continues to be one of the most significant contributors to the burden of disease experienced by Aboriginal and Torres Strait Islander people.² Tobacco use is associated with higher rates of chronic disease, including cardiovascular disease, respiratory illness and cancer.³ The health impacts extend beyond individuals who smoke, affecting families and communities through second-hand smoke exposure, financial stress, and the broader social and cultural consequences of tobacco-related harm. Reducing smoking prevalence has therefore been a longstanding public health priority and a central component of efforts to close the health gap between Aboriginal and Torres Strait Islander people and the broader Australian population.

National data indicates that smoking rates among Aboriginal and Torres Strait Islander people have declined over time, with the smoking prevalence among those aged 18 and over reducing from 54.5% in 1994 to 34.1% in 2022-23.⁴ This reflects the impact of sustained public health initiatives, community-led programs, and strong tobacco control measures. Aboriginal Community Controlled Health Organisations have played a critical role in these efforts through culturally appropriate cessation support, health promotion and community engagement. However, progress has not been uniform across the country. While reductions in smoking prevalence have been observed in many regions, the decline has been slower and less consistent in remote communities, where structural barriers such as limited access to cessation services, socioeconomic disadvantage, and the continued social normalisation of smoking can make quitting more difficult.⁵

Tobacco policy is one of the commercial determinants of health. That is – it is one of the areas where the private sector influences the social, physical and cultural environments through business actions and societal engagements.⁶ Price has consistently been identified as one of the most effective drivers of smoking reduction. Evidence from both Australian and international research demonstrates that increases in the price

¹ Productivity Commission, *Review of the National Agreement on Closing the Gap*, Study Report, Canberra, 7 Feb 2024 <https://www.pc.gov.au/inquiries/completed/closing-the-gap-review/report>.

² Australian Institute of Health and Welfare (AIHW), *Australian Burden of Disease Study: impact and causes of illness and death in Aboriginal and Torres Strait Islander people 2018*, March 2022, <https://www.aihw.gov.au/reports/burden-of-disease/illness-death-indigenous-2018/summary>.

³ Ibid.

⁴ AIHW, *Alcohol, tobacco & other drugs in Australia: Experiences of alcohol and other drugs among First Nations people*, December 2025, <https://www.aihw.gov.au/reports/alcohol/alcohol-drugs-first-nations>.

⁵ Tobacco in Australia (2022). 9A.1 *People living in regional and remote areas of Australia*. [online] Tobaccoinaustralia.org.au. Available at: <https://www.tobaccoinaustralia.org.au/chapter-9-disadvantage/in-depth/9a-1-people-living-in-regional-and-remote-areas-of-australia>.

⁶ World Health Organization, *The Commercial Determinants of Health*, March 2023, <https://www.who.int/news-room/fact-sheets/detail/commercial-determinants-of-health>.

of tobacco products lead to reductions in consumption and encourage people who smoke to attempt quitting.⁷ This relationship was strongly reinforced during consultations conducted by NACCHO. As one participant noted, *“Cost is the number one reason why people quit smoking... anything that undermines that, risks undermining those health gains.”* For many individuals and families, the financial pressure created by higher tobacco prices becomes a key turning point that prompts people to reduce their smoking or quit altogether.

Illegal tobacco should not be understood in isolation from the broader commercial tobacco and nicotine environment, which continues to generate harms through both legal and illegal, regulated and unregulated channels. Effective responses must therefore address the full system of production, distribution, and promotion, and cessation supports.

NACCHO recommends maintaining strong tobacco taxation policy, recognising that price remains one of the most effective drivers of smoking cessation.

The growing availability of illegal tobacco presents a significant public health concern. By providing cheaper alternatives to regulated tobacco products, the illicit market undermines one of the most effective tobacco control measures currently in place. When tobacco becomes more affordable through illegal supply, the price signal that encourages quitting is weakened, potentially slowing or reversing the progress that has been made in reducing smoking prevalence.

While illicit tobacco supply may exploit price differentials, this should not be used to weaken tobacco taxation policy, which remains one of the most effective measures for reducing smoking and improving population health. Illicit tobacco and illegal nicotine products are driven by supply chain weaknesses and organised distribution networks, rather than taxation policy itself. Therefore, responses should focus on strengthening regulatory and enforcement systems.

In some communities, increased availability of illicit tobacco and nicotine products has been observed alongside broader market changes, including the growth of vaping products.⁸ Additionally, the unregulated nature of illegal tobacco means that it is likely to contain further toxic ingredients.⁹

Illegal tobacco in Aboriginal and Torres Strait Islander communities

Consultations with ACCHOs highlighted a number of emerging trends in the way illegal tobacco is being distributed and accessed in Aboriginal and Torres Strait Islander communities. Participants described a changing landscape in which, in some areas, illicit tobacco products are becoming more visible and more readily available. While the nature and scale of the issue vary across jurisdictions and communities, there was a consistent view that new patterns of supply are beginning to undermine longstanding tobacco control efforts, particularly where enforcement capacity is limited or where communities already face structural disadvantages.

Case study: Interaction between illegal tobacco and other medications on patient in regional ACCHO

A stable patient living with schizophrenia with the assistance of fortnightly zuclopenthixol injections and olanzapine tablets from a regional ACCHO identified as interested in stopping smoking to save money as part of his regular MBS 715 health check. Support was provided with a Closing the Gap PBS

⁷ Tobacco in Australia (2022). 13.1 *Why increasing tobacco price matters*. [online] Tobaccoinaustralia.org.au. Available at: <https://www.tobaccoinaustralia.org.au/chapter-13-taxation/13-1-why-increasing-tobacco-prices-matters>.

⁸ Lorigan, M. (2025). *As illicit tobacco sales rise into the billions, economist Arthur Laffer puts blame on high tobacco taxation rate*. [online] Abc.net.au. Available at: <https://www.abc.net.au/news/2025-10-14/illegal-tobacco-sales-billions-arthur-laffer-critiques-australia/105873994>.

⁹ Tobacco in Australia (2022). 12.3 *Chemicals and contaminants in tobacco products*. [online] Tobaccoinaustralia.org.au. Available at: <https://www.tobaccoinaustralia.org.au/chapter-12-tobacco-products/12-3-chemicals-and-contaminants-in-tobacco-products>.

prescription for nicotine patches, oral nicotine replacement therapy and motivational interview/ counselling was provided through follow up from nurses and pharmacist.

At follow up, the client smelt heavily of tobacco. It was identified he was no longer interested in stopping and was now smoking significantly more as he was getting “cheap smokes”. He then had a period of mental instability, which may have related to variable interaction between tobacco smoke and his mental health medications, causing concentration fluctuation in the medications.

One trend identified during consultations was the reported growth in the number of informal or unregulated tobacco retail outlets. Health professionals and community stakeholders described the emergence of new tobacco outlets in a number of regional centres and towns that had not previously had significant retail presence. Some of these stores were reported to appear deliberately designed to appeal to local communities, both in their branding and the products they promote. In some cases, participants noted that these outlets were located in close proximity to community hubs and other frequently visited locations, including health services.

Participants also raised concerns about the continued sale of individual cigarettes, commonly referred to as “single sticks” in some remote communities. This can make tobacco more accessible to people who might otherwise be deterred by the cost of a full pack, particularly young people or those with limited disposable income. While the practice is illegal, consultation participants reported that it persists in certain locations, often through informal or unregulated sellers. The availability of single sticks was viewed as particularly problematic because it reduces the financial barrier associated with tobacco use and can contribute to the normalisation of smoking behaviour within communities.

Another issue identified during consultations was the role of informal supply networks in circulating illegal tobacco products. Participants described situations where individuals transport illicit tobacco into communities and distribute it through personal or community networks rather than formal retail outlets. In remote locations, supply may be irregular, depending on when products are brought into the community. However, once these products become available, they can spread quickly through social networks. This pattern of distribution can make the illicit market difficult to monitor and disrupt, while also allowing illegal tobacco to reach communities that might otherwise have limited access to commercial tobacco retailers.

Together, these trends highlight the evolving nature of the illegal tobacco market and the challenges it presents for protecting the health gains achieved through Australia’s tobacco control policies. However, it is difficult to truly understand the extent and nature of illegal tobacco without enhanced monitoring and data collection.

NACCHO recommends improved monitoring and data collection relating to illegal tobacco in regional and remote communities.

Vaping and illegal nicotine products

Consultation participants highlighted the growing intersection between the illegal tobacco market and the increasing availability of illegal nicotine vaping products. Prescription vapes can be used as pharmaceutical alternatives to tobacco, however for the purposes of this submission, “vaping” is defined as illegal nicotine vaping products.

ACCHO health workers reported that the use of vaping devices has increased in many communities, including among people who currently smoke tobacco – which is referred to as “dual use”. Some individuals view vaping as a potential pathway to quitting smoking, reflecting broader public perceptions that vaping may be less harmful than traditional cigarettes. Participants noted that this perception can influence behaviour, particularly where people are seeking alternatives to tobacco but may not have access to structured cessation support or accurate information about nicotine dependence.

ACCHO health workers also observed that the reduced stigma associated with vaping, compared with traditional cigarette smoking, may contribute to its growing uptake. Unlike cigarettes, vaping devices produce

less noticeable smell and visible smoke, which can make their use less socially conspicuous in homes, workplaces, schools and public spaces. Some consultation participants suggested that this reduced visibility may contribute to greater acceptance of vaping in certain settings, potentially increasing experimentation and ongoing use. In several communities, participants reported that vaping is sometimes viewed as a safer or more acceptable alternative to smoking, despite evidence indicating that nicotine addiction and associated health risks remain significant concerns.

Policy response and law enforcement

Consultation participants emphasised that policy responses must consider the relationship between illicit tobacco and illicit nicotine vaping products, rather than treating them as entirely separate issues. In practice, both products can circulate through similar informal supply channels and may be accessed through the same retail outlets or personal networks. Participants indicated that addressing one without considering the other may create gaps in regulation and enforcement, allowing illegal nicotine products to continue circulating even where action is taken against illicit tobacco.

Participants also raised concerns about the challenges associated with enforcing laws designed to address the illegal tobacco market. A number of stakeholders noted that enforcement approaches and regulatory frameworks currently vary across jurisdictions, with some states and territories having introduced stronger laws and enforcement mechanisms, while others have been slower to implement comparable measures. This inconsistency can create opportunities for illegal operators to shift their activities to areas where enforcement is perceived to be weaker.

Consultation participants further observed that illegal retailers often adapt quickly in response to enforcement actions. Examples raised during consultations included mobile shops being operated from vehicles, retailers operating for short periods before closing and reopening elsewhere, or shifting to more informal supply arrangements that are more difficult to detect. The use of personal networks and informal distribution channels can make the illicit market particularly difficult to disrupt, especially in regional and remote areas. For this reason, many participants emphasised that enforcement alone is unlikely to fully resolve the issue. Instead, they suggested that effective responses will require a coordinated approach that combines enforcement with broader public health strategies, community engagement, and measures that address the underlying drivers of demand for illegal tobacco and nicotine products.

There is a need for increased enforcement against illegal supply chains. However, in order to prevent punitive punishment for tobacco addiction, this enforcement should be targeted towards those importing and selling illegal tobacco, and not those who use it.

NACCHO recommends increased enforcement against organised illegal tobacco supply chains, including:

- stronger national coordination between Commonwealth and jurisdictional agencies
- strengthened regulation and enforcement relating to illegal nicotine products, including vaping products.

Workforce and health promotion

A recurring theme throughout the consultations was the critical role that workforce capacity plays in the effectiveness of tobacco control initiatives and broader efforts to address the harms associated with tobacco use (both legal and illegal). Participants consistently emphasised that successful tobacco reduction strategies depend not only on strong policy and regulatory settings, but also on the presence of trusted health professionals who can engage directly with communities to provide education, prevention and cessation support.

In many Aboriginal and Torres Strait Islander communities, particularly in regional and remote areas, ACCHO health workers play a central role in delivering culturally appropriate health promotion, smoking cessation advice, and ongoing encouragement for individuals attempting to quit. These relationships are built over time and rely on trust, cultural understanding and continuity of care. Community-based engagement is critical in supporting behaviour change and in reinforcing public health messaging about the risks associated with tobacco use, including unregulated or illicit tobacco products that may circulate through informal markets.

Health promotion initiatives are most effective when they are delivered by trusted local workers and community leaders who understand the social and cultural context in which tobacco use occurs. Programs that involve community-controlled services and culturally appropriate messaging are more likely to resonate with individuals and families and support sustained behaviour change.

However, consultation participants highlighted that workforce shortages remain a significant challenge in many areas. Remote communities often face persistent difficulties attracting and retaining health professionals, which can limit the availability of smoking cessation programs, prevention activities and health promotion initiatives. Where staffing is stretched, tobacco cessation efforts may be deprioritised in favour of more immediate clinical needs. Participants noted that even where funding, resources or educational materials are available, the absence of sufficient staff on the ground can make it difficult to deliver programs effectively or maintain consistent engagement with community members.

This sentiment was captured clearly by one consultation participant who observed that *“you can have all the resources in the world, but if you don’t have people on the ground... it doesn’t mean anything.”* This comment reflects the widely held view among stakeholders that workforce presence and community connection are fundamental to translating tobacco control policies into meaningful health outcomes.

Due to their established relationships with communities and their ability to deliver culturally appropriate services, ACCHOs are uniquely placed to lead sustained investment in community-based health promotion and prevention activities. Programs such as Tackling Indigenous Smoking (TIS) provide much needed public health and health promoting supports for prevention, education, and community engagement. However, TIS does not routinely provide individualised cessation supports, representing a gap in the current system. Strengthening workforce capacity within ACCHOs, alongside investment in accessible, individual-level cessation supports, will be critical to ensuring that regulatory and enforcement responses to illicit tobacco are complemented by effective community-level public health interventions.

NACCHO recommends investment in culturally appropriate tobacco control programs run through Aboriginal Community Controlled Organisations.

NACCHO recommends investment in increasing ACCHO-led health promotion and smoking cessation workforce.

Access to smoking cessation therapies

Consultation participants raised concerns regarding access to smoking cessation therapies, particularly the availability and affordability of certain nicotine replacement therapies (NRTs). Short-acting NRTs, including oral sprays, lozenges and gum, are widely regarded as an important component of best-practice smoking cessation treatment.¹⁰ When used alongside nicotine patches, these products help manage cravings and withdrawal symptoms that can arise throughout the day. This combination therapy approach allows individuals to maintain a steady baseline level of nicotine through patches while using short-acting products to respond to sudden cravings, which can significantly improve the likelihood of successfully quitting smoking.

¹⁰ Kennedy et al. *Smoking cessation support strategies for Aboriginal and Torres Strait Islander women of reproductive age: findings from the Which Way? study*. Med J Aust. 2022 Jul 18;217 Suppl 2(Suppl 2):S19-S26. doi: 10.5694/mja2.51631. PMID: 35842910; PMCID: PMC9544708.

Stakeholders noted that recent changes to the Pharmaceutical Benefits Scheme (PBS), including the withdrawal of some short-acting NRT products, have created additional barriers for both health services and patients seeking support to quit smoking. Participants indicated that reduced access to these therapies can undermine the effectiveness of cessation support programs delivered through community health services. This can be particularly challenging in regional and remote communities where access to alternative cessation supports may already be limited. For many ACCHOs and other frontline services, these changes have increased the cost of providing comprehensive cessation support, particularly impacting communities where financial barriers already limit access to treatment.

Where affordable cessation supports are not readily available, some individuals may turn to cheaper sources of tobacco, including illicit tobacco products circulating through informal markets. This can undermine broader public health efforts to reduce smoking rates and may increase exposure to unregulated products that do not comply with Australia's tobacco control standards.

NACCHO recommends reinstating affordable access to short-acting nicotine replacement therapy (NRT) through the PBS.

Consultation participants also discussed the role of telephone-based cessation support services such as Quitline. Aboriginal and Torres Strait Islander people can access a separate 'Aboriginal Quitline', staffed by Aboriginal and Torres Strait Islander counsellors. While these services can provide valuable support, stakeholders noted that uptake remains relatively low. National research across Australia found that 3.6% of Aboriginal and Torres Strait Islander people who smoke accessed Quitline.¹¹ Participants also highlighted the limited number of Aboriginal and Torres Strait Islander Quitline counsellors and the practical challenges some individuals face in accessing telephone counselling, such as lack of private space or reliable phone access.

New forms of cessation support have been created for mainstream audiences, such as the interactive smartphone application My QuitBuddy.¹² A similar application developed for and by Aboriginal and Torres Strait Islander people could help provide further cessation assistance.

Consultation participants emphasised that improving access to cessation therapies should form part of a comprehensive policy response to tobacco use, including efforts to reduce demand for illicit tobacco products. Ensuring that a full suite of evidence-based nicotine replacement therapies remains affordable and accessible through the Pharmaceutical Benefits Scheme would strengthen the capacity of health services to support individuals who are motivated to quit smoking. Expanding access to cessation supports would complement enforcement and regulatory responses to illicit tobacco by addressing the underlying drivers of tobacco consumption and supporting long-term reductions in smoking prevalence.

The role of the tobacco industry

Australia's tobacco control policies have been developed over several decades through evidence-based measures including tobacco taxation, advertising restrictions, plain packaging, and sustained public health campaigns. Collectively, these measures have contributed to substantial reductions in smoking prevalence across the Australian population, including among Aboriginal and Torres Strait Islander communities.

Consultation participants emphasised the importance of considering the broader policy context in which the issue of illegal tobacco is currently being debated. While there was strong agreement that the growth of illicit tobacco supply presents a genuine regulatory and public health challenge, stakeholders cautioned that policy responses should be carefully framed so as not to undermine Australia's longstanding tobacco control framework.

¹¹ Colonna, E., Heris, C., Barrett, E., Wells, S., Maddox, R., (2024). *Aboriginal and Torres Strait Islander peoples' Quitline use and the Tackling Indigenous Smoking program*. Public Health Research & Practice 34, e34012403. <https://doi.org/10.17061/phrp34012403>.

¹² Department of Health, Disability and Ageing, My QuitBuddy App, February 2026, <https://www.health.gov.au/resources/apps-and-tools/my-quitbuddy-app?language=en>.

The tobacco and nicotine industry has a well-documented history of amplifying concerns about illicit trade to oppose effective public health measures, including taxation and regulation.¹³ Over time, tobacco industry lobbyists have raised concerns about unintended consequences of taxation, such as the growth of illicit tobacco markets, in efforts to challenge or weaken these policies. Evidence suggests that industry-linked data and estimates may overstate the scale or drivers of illicit markets and should therefore be interpreted with caution.

One consultation participant described this dynamic succinctly, noting that the scale of the problem is sometimes portrayed in ways that align with industry narratives, describing illicit tobacco as **“an invented epidemic of the tobacco industry.”**

While illegal tobacco is a legitimate issue requiring policy attention, consultation participants expressed concern that the issue may at times be amplified or framed in ways that align with longstanding industry arguments against higher tobacco taxes or other tobacco control measures. Stakeholders highlighted the risk that this inquiry could be used to advocate for reductions in tobacco taxation or to question the effectiveness of price-based tobacco control strategies.

Evidence also indicates that tobacco companies have historically sought to influence political processes through donations and lobbying activities. Analysis of political disclosures has found that tobacco companies made at least **\$1.9 million in donations to Australian political parties between 2006 and 2015**,¹⁴ with donations often increasing during periods when governments were considering tobacco-related regulatory reforms. More recently, Australian Electoral Commission disclosures show that tobacco companies have continued to make targeted donations. For example, in the 2022–23 financial year **British American Tobacco** donated **\$55,000 to the National Party**, while **Philip Morris International** contributed **\$75,000**, bringing its total donations to the party to approximately **\$570,000 since 1999**.¹⁵

Public health researchers and governance experts have raised concerns that financial relationships between governments and health-harmful industries may undermine the integrity of public health policymaking, particularly where regulatory decisions affect commercial interests.¹⁶ These concerns are reflected in the principles of the World Health Organization’s Framework Convention on Tobacco Control.¹⁷

World Health Organization’s Framework Convention on Tobacco Control

Australia is a Party to the World Health Organization (WHO) Framework Convention on Tobacco Control. Consistent with Article 5.3 of the WHO Framework Convention on Tobacco Control, policy responses to illicit tobacco should be protected from the commercial and other vested interests of the tobacco and nicotine industry. This includes transparency regarding funding sources, affiliations, and third-party advocacy, and careful scrutiny of evidence and narratives that may reflect industry interests rather than public health priorities.

Consistent with Article 4.2(d) of the WHO Framework Convention on Tobacco Control and the United Nations Declaration on the Rights of Indigenous Peoples, and responses should be developed, led, and governed by Indigenous peoples, including Aboriginal and Torres Strait Islander peoples.

¹³ Tobacco in Australia (2022). *13.10 Arguments against tax increases*. [online] Tobaccoinaustralia.org.au. Available at: <https://www.tobaccoinaustralia.org.au/chapter-13-taxation/13-10-arguments-against-tax-increases-by-tobacco-industry>.

¹⁴ Knaus, C. (2018). *Tobacco, gambling and alcohol donations ‘rise during critical debates’*. [online] the Guardian. Available at: <https://www.theguardian.com/australia-news/2018/nov/26/tobacco-gambling-and-alcohol-donations-rise-during-critical-debates> [Accessed 17 Mar. 2026].

¹⁵ Davey, M. (2024). *British American Tobacco makes first donation to Nationals in over a decade amid vaping crackdown*. [online] the Guardian. Available at: https://www.theguardian.com/business/2024/mar/06/british-american-tobacco-donation-national-party-vape-ban?utm_ [Accessed 17 Mar. 2026].

¹⁶ SBS Australia (2018). *‘Immense power’: Alcohol, gambling and tobacco gave at least \$12 million to major parties*. [online] SBS News. Available at: <https://www.sbs.com.au/news/article/immense-power-alcohol-gambling-and-tobacco-gave-at-least-12-million-to-major-parties/57aetqxl> [Accessed 17 Mar. 2026].

¹⁷ Framework Convention on Tobacco Control (2003). *WHO framework convention on tobacco control*. Geneva: Who, , Updated Reprint.

For these reasons, consultation participants emphasised that policy responses to illegal tobacco should focus on strengthening enforcement, regulation and disruption of illicit supply chains, while preserving the integrity of Australia's broader tobacco control approach. Measures to address illegal tobacco should complement, rather than weaken, existing public health policies such as taxation, plain packaging and prevention initiatives. Maintaining this balanced approach will be critical to addressing the illicit tobacco market while safeguarding the public health gains achieved through decades of tobacco control policy.

Public health and community system impacts

The illegal tobacco market must be understood not only as a law enforcement and regulatory issue, but also as a significant public health concern with implications for communities, health systems and tobacco control policy. The availability of unregulated tobacco products has the potential to undermine decades of progress in reducing smoking prevalence and improving population health outcomes.

Consistent with a systems-based public health approach, responses should prioritise addressing the structural and commercial drivers of tobacco and nicotine harms, rather than focusing on individual behaviour alone.

Participants highlighted a range of structural and system-level factors that influence the effectiveness of public health responses to tobacco use, including workforce capacity, access to cessation therapies, and the broader policy environment in which tobacco control measures operate. These factors are closely linked to the impacts of illicit tobacco supply and are therefore directly relevant to the Committee's consideration of the social, economic, and health consequences of the illegal tobacco market, as well as potential policy responses.

This inquiry also underscores the need for broader truth-telling and accountability regarding the historical and ongoing harms caused by the commercial tobacco and nicotine industry, particularly for Aboriginal and Torres Strait Islander peoples and communities. This includes the ways in which these harms have been produced and sustained through commercial practices, regulatory gaps, and ongoing inequities.