



Response to: Illegal tobacco crisis in Australia 2026

Committee Secretary
Senate Legal and Constitutional Affairs Committee
PO Box 6100
Parliament House
Canberra ACT 2600

legcon.sen@aph.gov.au

March 2026

Acknowledgement of Country

The Alcohol and other Drug Consumer & Community Coalition acknowledges Aboriginal and Torres Strait Islander peoples as the traditional custodians of this country and its waters. We pay our respect to elders past and present and extend this to all Aboriginal and Torres Strait Islander peoples.

Recognition of Lived and Living Experience

We recognise the individual and collective expertise of those with a lived or living experience of alcohol and other drugs. We appreciate and respect the emotional labour and vulnerability that is present in this space. We recognise the work of those who came before us to build the foundations to enable this work to take place.

About AODCCC

The Alcohol and Other Drug Consumer & Community Coalition (AODCCC) is the state peak body for alcohol and other drug consumer-driven systemic advocacy in Western Australia (WA). With more than 990 members onboard, the AODCCC is a conduit for individuals and families with living & lived experience (LLE) of alcohol and other drugs to have their voice heard. Our aim is to empower the voices of consumers, their families and supports, ensuring the health and wellbeing of our community. The knowledge, insights and expertise of LLE is integral not only to the work of the AODCCC but also plays a vital role for communities all over WA.

Thank you for the opportunity provided to enable our members and our organisation to respond to the inquiry into **'Illegal tobacco in Australia'** to the Legal and Constitutional Affairs References Committee.

Reference Group

The AODCCC's focus is broad, active and effective consumer and community engagement. Since June 2022, the AODCCC has invested in a direct engagement member's reference group (RG) to support this endeavour. Members of the RG receive equitable compensation and participate in scheduled monthly meetings; each member brings their own LLE, expertise and wisdom. The RG support the AODCCC to engage the community to ensure grassroots input that reflects current community needs. The RG also supports the AODCCC to authentically identify what needs to change to create positive impact within communities. The AODCCC believes utilising LLE in systemic advocacy is essential and a powerful way to ensure policies are grounded in real-world impact that helps reduce stigma and promotes community-led solutions. *The AODCCC strongly advocates for continuous collaboration with LLE advocates and evidenced based participatory methods at all stages of systemic advocacy.*

The AODCCC RG dedicated their March 2026 meeting to: The **'Illegal tobacco crisis in Australia'** with specific reference to:

(b) the impact of illegal tobacco on public health and on government revenue, including smoking rates and the loss of Commonwealth excise and customs revenue.

(d) the social and economic impacts, including on legitimate retailers, especially small businesses in regional and rural areas; the public health implications arising from the spread of unregulated tobacco products; and the safety implications for communities affected by illegal operations.

(f) options for reform, including potential amendments to existing policies and to taxation, customs and/or criminal laws.

(g) any other related matters.

Context provided to the RG:

Australia's latest data show that daily smoking has fallen to historically low levels - around 8 - 11% of adults - continuing a long-term decline driven by strong tobacco control policies, while vaping use has tripled since 2019, especially among young adults aged 18-24. At the same time, illicit tobacco and e-cigarettes pose growing risks because they bypass safety, packaging

and tax laws, fuel criminal activity, and attract consumers through lower untaxed prices and nicotine addiction [1].

Illicit products avoid taxes and do not comply with health, safety, or packaging laws. They pose multiple risks: health harms, fire hazards, environmental damage, and links to violence and other crimes. People buy illicit products due to nicotine addiction, lower prices, and possibly lack of awareness about criminal links. Criminals profit because illicit sales avoid taxes, depriving communities of revenue for services such as hospitals and cessation support. Government responses include measurement of the illicit market, cooperation with police and international bodies, and strengthening of laws [2].

The tobacco industry strongly opposes tax increases because higher taxes significantly reduce cigarette consumption and threaten industry profitability. To counter tax policy, the industry uses World Health Organisation-identified **SCARE tactics**:

- **S – Smuggling & illicit trade:** Claims that higher taxes fuel illicit markets, despite evidence that weak enforcement—not tax levels—is the main driver.
- **C – Court challenges:** Regular legal action is used to delay or weaken tobacco tax policy.
- **A – Anti-poor rhetoric:** The industry argues taxes hurt disadvantaged groups, though research shows these populations gain the most from reduced smoking.
- **R – Revenue reduction:** The claim that high taxes threaten government revenue is not supported by international evidence.
- **E – Employment:** Arguments that taxes harm jobs are overstated; economic analyses show tobacco’s social costs far outweigh employment benefits [3].

Additional arguments historically used include claims that tobacco is vital to the economy, that tax rises cause inflation, force switching to more harmful products, or represent government overreach. Such arguments have largely fallen away due to strong evidence contradicting them.

RG - Our Members Voice

Public health first, crime last

Members consistently emphasised that the illegal tobacco crisis is fundamentally a **health and harm issue**, not a revenue or punishment issue. As one member stated, “*Government revenue should not be a major issue,*” reflecting the view that public health impacts - particularly the harms associated with unknown chemicals in illicit tobacco - must come first. Another member noted that “*most illegal tobacco is more harmful... chemicals are far more harmful,*” underscoring why responses must focus on reducing demand and protecting people who smoke rather than criminalising them. These perspectives align with our stance that the priority must be improving health outcomes while preventing organised crime from exploiting addiction.

Harm minimisation and equity

Members voiced strong concerns that punitive responses risk worsening inequality. As one person put it, “*Govt has put Australians in danger by forcing them into buying unregulated products... rather than regulating them,*” highlighting the unintended harms created by

restrictive policies. Others questioned the assumptions driving enforcement-led approaches, asking, “*Will there be ANY impact on public health – what credible evidence?*” These reflections reinforce that a harm-minimising approach that is grounded in accessible, stigma-free supports, is essential to avoid further disadvantaging low-income communities and young people.

Smarter regulation beats harsher punishment

Across the reference group, members expressed clear support for regulatory reform instead of intensified penalties. Several highlighted that legalisation and regulation of nicotine products could reduce illicit markets, saying, “*If vapes were regulated and legal then profits would go to government... helping peacefully shut down illegal vendors.*” Others recommended reducing distinctions between nicotine products or adjusting tax settings, noting that “*possibly slightly lowering taxes... [might] stamp out criminal enterprises.*” These lived insights support our position that smart, evidence-based regulation, such as track-and-trace systems and rationalised nicotine product rules, will be more effective than harsher criminal measures.

Whole-of-system coordination

Members also recognised that the crisis spans health, justice, and economic domains, asking, “*Is this a health and justice issue?*” and highlighting concerns about “*organised crime funding for more serious crimes.*” These reflections demonstrate community awareness that illegal tobacco cannot be addressed in siloes. They strengthen our call for a coordinated, cross-government taskforce with shared targets and transparent reporting to ensure consistency and prevent policy gaps that organised crime can exploit.

Evidence-led policy

Participants repeatedly questioned the quality and transparency of current evidence informing public debate and decision-making. Comments such as “*Where is the raw data and evidence... being used and promoted?*” and “*Lack of longitudinal studies... how can the true impact be accurately measured?*” show a strong appetite for rigorous, independent data collection. This directly supports our recommendation for routine public reporting, independent evaluation and rapid policy adjustment when unintended consequences arise. LLE voices clearly show that evidence-led policy is not only a principle but a practical necessity.

AODCCC - Our overarching stance

Public health first: Australia faces a growing illicit tobacco challenge that must be addressed through a balanced, evidence driven, and health centred approach. Illicit tobacco is fundamentally a demand and harm issue, with organised crime exploiting the supply side; therefore, responses should prioritise reducing demand, supporting cessation, and protecting people who smoke rather than penalising them.

Harm minimisation and equity: A harm minimisation and equity lens is essential. Punitive enforcement disproportionately burdens low-income communities and young people, entrenching inequities rather than improving health. Policies must avoid exacerbating disadvantage and instead promote accessible, stigma free pathways to reduce harm.

Smarter regulation beats harsher punishment: Smart regulation offers the most effective path forward. Strengthened supply chain controls including track and trace systems, fit and proper tests for wholesalers, and regulatory clarity, paired with accessible and affordable cessation supports will deliver greater impact than escalating penalties.

Whole-of-system coordination: A whole of system response is required to disrupt illicit markets sustainably. A standing cross government taskforce involving Health, Home Affairs, Australian Tax Office/Australian Border Force, Australian Criminal Intelligence Commission, and state agencies, supported by shared targets and transparent reporting, will enable coordinated and consistent national action.

Evidence-led policy: LLE evidence led policy must underpin all reforms. Routine public reporting such as quarterly dashboards and independent evaluation of enforcement, regulatory, and excise changes will ensure accountability, protect human rights, and enable rapid policy adjustment when unintended consequences arise.

Together, these principles form a pragmatic, harm reduction focused reform agenda that prioritises public health, reduces inequity, strengthens regulatory systems, and disrupts organised criminal networks without punishing the people most vulnerable to harm.

Conclusion

Addressing the illegal tobacco crisis in Australia requires recognising that this is a deeply complex and layered social policy issue, shaped by long-standing public health priorities, economic pressures, regulatory gaps, and the realities of nicotine dependence within our communities. Australia has a strong history of harm-reduction leadership, having implemented world-leading initiatives that have reduced smoking rates and improved population health outcomes. Building on this legacy is essential as we navigate emerging challenges across both tobacco and nicotine products.

To meaningfully respond, we strongly advocate for increased and sustained funding for accessible, evidence-based health supports, including cessation services and nicotine-reduction treatments. These services must be affordable, culturally safe, stigma-free, and available to all people who smoke, including those most affected by socioeconomic disadvantage. Strengthening early, age-appropriate education on vaping and nicotine use is equally critical to prevent harm before it occurs and to empower young people with accurate, balanced information.

The AODCCC emphasises that LLE must be embedded at every stage of policy design, implementation, and evaluation. Policies are most effective, equitable, and health-centred when shaped by those who understand these issues firsthand. Ensuring LLE input remains central will support smarter regulation, reduce unintended harms, and improve the wellbeing of individuals, families, and communities across Australia.

Ultimately, tobacco is a drug that government chooses to regulate and supply to its citizens, and therefore it is the government's responsibility to ensure that supply is safe, transparent, and appropriately regulated to protect public health.

References

1. Australian Institute of Health and Welfare. *National smoking prevalence statistics* (various years). Canberra: AIHW. Available at: <https://www.aihw.gov.au/>
2. Illicit Tobacco and E-cigarette Commissioner (2024–2025), *Illicit Tobacco and E-cigarette Commissioner Report 2024 to 2025: Easy Read version*, Embrace Access, available at: <https://www.itec.gov.au>
3. Scollo, MM and Bayly, M. 13.10 Arguments against tax increases. In Greenhalgh, EM, Scollo, MM and Winstanley, MH [editors]. *Tobacco in Australia: Facts and issues*. Melbourne: Cancer Council Victoria; 2025. Available from <https://www.tobaccoinaustralia.org.au/chapter-13-taxation/13-10-arguments-against-tax-increases-by-tobacco-industry>
4. Australian Taxation Office & Australian Border Force. *Illicit tobacco: detection, seizure and compliance statistics* (annual/quarterly reports). Commonwealth of Australia. Available at: <https://www.ato.gov.au> and <https://www.abf.gov.au/>
5. Australian Criminal Intelligence Commission. *Transnational Serious and Organised Crime (TSOC) assessments* (various reports). Canberra: ACIC. Available at: <https://www.acic.gov.au>