

## **Tobacco and Other Smoking Products (Vaping) and Other Legislation Amendment Bill 2024**

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## Queensland Parliament Tobacco and Other Smoking Products (Vaping) and Other Legislation Amendment Bill 2024

Tobacco Station Group (TSG) represents over 560 franchises across the country and more than 190 franchises in Queensland. Our network sold legal products to Australian consumers of more than \$1.2 billion in the Financial Year ending 30th June 2024. Our members employ over 1,500 people in casual, part-time & full-time employment nationally.

The illicit nicotine market in Queensland is out of control and our current laws are simply not sufficiently enforced. Already, almost 1 in 3 tobacco products sold in Queensland are illegal (28.6%). In 2023, the illicit tobacco and vape trade has a lost excise value of \$4.85 billion (approx.) to the Federal Government of which a significant proportion would have rolled onto the Queensland government's consolidated revenues. There is also a loss of GST to Queensland and an undermining of the state government's health strategies as the illicit, cheaper product encourages increased consumption of nicotine products.

In our view, the proposed legislation, and commentary, from federal government representatives over the past year, following the Federal Health Minister's announcement of a crackdown on vaping and big tobacco, have continuously failed to properly address the underlying problem. According to **Figure 1**, almost 1 in 3 tobacco products sold in Australia (28.6%) are illegal (FTI Consulting 2024).

**Figure 1:** Key conclusions from the Illicit tobacco in Australia 2023 Full Year Report 31<sup>st</sup> of May 2024

Analysis area	Summary findings
Total tobacco consumption	<ul style="list-style-type: none"><li>In 2023, total tobacco consumption declined by 12.3%.</li><li>The increases in total illicit consumption (9.5%) and non-domestic legal sales (67.0%) were more than offset by the decline in legal domestic sales (18.9%).</li></ul>
Illicit tobacco consumption	<ul style="list-style-type: none"><li>Illicit volumes are increasing year on year and in 2023, the consumption of illicit tobacco jumped by 9.5%.</li><li>This change is driven by increases in the consumption of unbranded (6.5% increase) and contraband (15.7% increase), and a comparatively small decrease in counterfeit (1.6% decrease).</li><li>In 2023, the consumption of domestic illicit plains has tripled.</li><li>Due to an increase in total illicit tobacco consumption and a decrease in total tobacco consumption, the proportion of illicit tobacco consumption in total consumption increased by 5.7 percentage points to 28.6%.</li></ul>
Non-domestic legal sales	<ul style="list-style-type: none"><li>In 2023, total non-domestic legal sales, which represents 0.1% of total tobacco consumption in Australia, increased by 67.0%.</li><li>This was driven by a continued increase in both inbound and outbound international travellers to Australia to near pre-COVID-19 levels.</li></ul>
Unbranded (chop chop) consumption	<ul style="list-style-type: none"><li>Unbranded tobacco consumption, the largest component of total illicit tobacco consumption, increased 6.5% (by volume).</li><li>The increase in unbranded tobacco consumption is driven by a sharp increase in purchase incidence, increasing by over 5 percentage points since 2022.</li></ul>
Ease of purchase	<ul style="list-style-type: none"><li>Almost half (46.9%) of survey respondents said it was easier to purchase unbranded tobacco in Q4 2023.</li></ul>
Contraband	<ul style="list-style-type: none"><li>Contraband, the second largest component, grew by 15.7% in 2023 as the number of international travellers continues to approach pre-pandemic levels.</li></ul>
Potential excise lost	<ul style="list-style-type: none"><li>In 2023, the estimated consumption of illicit tobacco in Australia is 2.8 million kg (2,766 tonnes). If this volume of illicit tobacco were instead consumed legally in Australia, it would generate \$4.85 billion in excise based on 2023 excise rates.</li></ul>
Seizures	<ul style="list-style-type: none"><li>For the 2022-23 financial year, seizures by the ABF and ATO increased by 22% to 2,178 tonnes due to record ABF seizures of more than 2,111 tonnes of illicit tobacco. The reported value of ABF seizures (which made up 97% of seizures) in 2022-23 is \$3.46 billion.</li></ul>

**Source:** Illicit Tobacco in Australia – Summary of Key findings 2023 (FTI Consulting 2024)



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As of today, all governments have failed to recognise the impact of illicit tobacco products on the community. Each day the continued loss of health outcomes, excise revenue, income tax, GST and PAYG is mounting. The QLD government has acknowledged what is happening in their cities, towns and suburbs which is evident in the explanatory notes. The approach to licensing is commendable but the government must concede that without appropriate enforcement, these efforts will do little to curb the influence of illicit tobacco and vape product sales in the Queensland community. QLD Health is inadequately resourced to provide investigative and enforcement services to the already out-of-control illicit tobacco and vape market.

TSG supports the Queensland government's proposed amendments to the Tobacco and Other Smoking Products Act 1998, recognising police officers as authorised persons under TOSPA, provided adequate funding is available. At the Senate enquiry on November 2, 2023, Scott Weber (CEO, Police Federation of Australia) emphasised the need for preventative measures, including immediate confiscation and fines. David Littleproud MP noted, on the 27<sup>th</sup> of March 2024, the Queensland Police Service's shortage of 4,000 officers, lack resources to meet government demands. A simplified framework is necessary to address regulatory hurdles and enable effective enforcement that uses police resources efficiently.

We would recommend the suggested amendment “seized goods to be returned within six months with a requirement that they be returned within 12 months”, be re-considered and further amended to allow for the **destruction of seized goods within 60 days**. The intention to return seized goods may have unintended consequences in firstly, providing an undue burden on the state to store seized goods for 12 months, and secondly, returning prohibited products to their source leading to further incriminating acts under the legislation. Once evidence of the products seized is obtained and documented, this should act as appropriate evidence without the need to store physical goods.

On behalf of our members, we thank the Queensland Parliament for the opportunity to provide a submission and encourage a pragmatic approach to consider the unintended consequences for all parties involved.

**TSG Franchise Management**

**24<sup>th</sup> of June 2024**