

Tobacco and Other Smoking Products (Dismantling Illegal Trade) and Other Legislation Amendment Bill 2025

Submission No:	9
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Publication:	Making the submission and your name public
Attachments:	See attachment
Submitter Comments:	

02/10/2025

Submission to the Tobacco and Other Smoking Products (Dismantling Illegal Trade) and Other Legislation Amendment Bill 2025

About AACCS

Established in 1990, the Australian Association of Convenience Stores (AACCS) is the peak body for the convenience industry in Australia. Nationally, the industry employs over 80,000 frontline staff across 7,450 stores.

The majority of these stores operate as small, family-run businesses, often under licence or a franchise agreement, or with independent ownership. They regularly employ family members and people from the local communities in which they operate. The AACCS represents the interests of these small businesses - their owners, staff, suppliers and customers.

Each year the AACCS commissions an independent body to measure key metrics in the sector, which is published as the State of the Industry Report . Turnover in the convenience industry in Australia was valued at \$10.4 billion annually in 2024. The legal convenience industry annual tobacco sales contribution is currently under 20%, down from 40% less than 5 years ago.

Executive Summary

The Australian Association of Convenience Stores (AACCS) welcomes the chance to present this submission to the *Tobacco and Other Smoking Products (Dismantling Illegal Trade) and Other Legislation Amendment Bill 2025*.

AACCS supports the Crisafulli Government's proposal to strengthen enforcement through tougher penalties for landlords who knowingly lease premises to illicit tobacco operators. Illegal outlets rarely appear by accident - they are facilitated through lease arrangements that give organised crime a foothold in otherwise legitimate retail strips. By introducing stronger landlord penalties alongside expanded closure powers and new statutory termination rights, the Bill closes a major loophole, deters property owners from providing cover for criminals and gives enforcement agencies the leverage they need to shut down problem sites quickly and permanently.

The scale of this crisis is no longer just anecdotal. There have been more than 250 firebombings across the country and an innocent woman was killed. It's showing up in company reports and official seizure data. Viva Energy - the company behind Shell and Liberty service stations - reports cigarette sales have plunged 27 percent in just six months as smokers flock to the black market. That collapse in legal sales drove a 10 percent drop in total convenience turnover, wiping \$835 million off the books in half a year. For a business employing thousands of Australians and backed by many "mum and dad" investors, this isn't just a profit issue - it's jobs and livelihoods being handed over to organised crime.

At the same time, Australian Border Force is intercepting record volumes of illicit product. In the last financial year alone, ABF made 23,097 illicit tobacco detections, seizing 2.53 billion cigarette sticks and 435 tonnes of loose-leaf tobacco - equivalent to \$4.36 billion in duty evaded. That's a 320 per cent increase in cigarette seizures in just four years. They also stopped more than 6 million illicit vapes from reaching shelves.

These numbers tell one story: the illicit tobacco market is exploding and Australia's tobacco control laws are now out of control. We are now back to the days when cigarettes were cheaper, no health warnings on packs, no excise and according to the latest National Drug and Alcohol Wastewater report, more people are consuming nicotine now than eight years ago.

Submission

Expanding 'interim' closure powers (issued by the chief executive) from 72 hours to 3 months and long term closure powers (issued by a Magistrate) from 6 months to 12 months

AACCS welcomes the expansion of both interim and long-term closure powers. Our members have repeatedly reported instances where tobacconists caught supplying illicit products were shut down for the current 72-hour period, only to reopen almost immediately and resume selling illicit tobacco and vapes. Extending interim closure powers to three months, and long-term closure powers from six to twelve months, will provide a far more effective deterrent and give enforcement agencies the tools they need to disrupt repeat offenders and protect law-abiding retailers.

In other states, legal tobacco retailers have recorded an immediate uplift in sales following enforcement raids on black market operators. Removing unlawful traders from the market is critical to ensuring that legitimate businesses can reclaim certainty and stability.

Introducing a new offence for continuing business operations when subject to a closure order

AACS strongly supports the proposed amendments to section 209C. While closure orders are an important enforcement tool, our members have raised concerns that some illicit operators exploit loopholes by continuing to trade by selling unrelated goods, such as snacks or drinks, while illicit tobacco sales continue behind the counter. This behaviour undermines both the intent of closure orders and the confidence of legitimate retailers who comply with the law.

By making it an offence to supply any goods or services or to open the premises to the public during a closure period, the Bill ensures that “closed means closed.”. Importantly, the inclusion of a reasonable excuse defence strikes an appropriate balance, allowing for legitimate access such as emergency repairs, especially if the premises are attached to other businesses or homes and may impact those places, while preventing criminals from preparing to resume illegal trade.

AACS believes this is a necessary and proportionate step to restore fairness to the retail environment and protect communities from the harms associated with the illicit tobacco trade.

Introducing a new statutory power to enable a lessor to cancel a lease when a premises is subject to a closure order

The introduction of statutory lease termination powers for lessors where a closure order has been issued is supported by AACS. Both the New South Wales and South Australian governments have also adopted these powers in their most recent tobacco amendment Bills.

Our members have raised concerns that, under the current framework, some landlords are left carrying the financial and reputational burden of hosting illicit operators, unable to relet their premises or recover costs. Providing lessors with clear authority to terminate a lease during a closure order will reduce the availability of commercial premises for illicit traders, strengthen the deterrent effect of enforcement action and ensure that legitimate property owners are not unfairly penalised for the misconduct of their tenants. It also aligns with the broader objective of the reforms - ensuring that closure orders are effective.

Introducing a new offence where lessors knowingly permit premises to be used to supply or possess illicit tobacco or illicit nicotine products, and introducing civil penalty orders for knowingly or recklessly permitting premises to be used to supply or possess illicit tobacco or illicit nicotine products (as an alternative to criminal prosecution)

This offence is one AACS has been advocating for in all states and territories. These provisions will provide landlords with the clear incentive to act swiftly against tenants engaged in illicit tobacco trade, helping to reduce the availability of premises for unlawful activity. By creating a framework where landlords can be held criminally responsible for ongoing breaches, the Bill sends a strong signal that property owners must be diligent about who they lease to. This will encourage landlords to think twice before entering into or maintaining agreements with businesses that engage in illicit trade, particularly those selling tobacco or nicotine products.

AACS believes that by protecting landlords who act responsibly, while holding to account those who turn a blind eye - is a fair and proportionate approach that strengthens the overall enforcement regime and better supports compliant retailers.

New powers to enable ‘controlled purchase officers’ to conduct covert operations, authorised by the chief executive and supervised by an authorised person chosen by the chief executive.

AACS supports the introduction of a robust framework for controlled purchase operations in Queensland. Similar

covert compliance tools are already in use across other jurisdictions, including SA and NSW, where authorities have reintroduced the use of minors in test purchases to detect the illegal sale of tobacco and vaping products to children. These measures have proven to be a highly effective enforcement mechanism, particularly in disrupting businesses that knowingly supply illicit tobacco or sell nicotine products to underage customers. Expanding Queensland Health's ability to use trained controlled purchase officers will strengthen deterrence and bring Queensland into line with best practice with other states.

Powers to allow authorised officers to 'require information' from any person relevant to certain monitoring and enforcement actions, and a new offence for failing to comply with a requirement to provide information without reasonable excuse.

AACS strongly supports the expansion of information-gathering powers for authorised officers as an essential tool to disrupt the illicit tobacco and vape black market. Currently, regulators can only compel information once they believe an offence has occurred, allowing black market operators to stay a step ahead. By enabling officers to request information earlier - at the point of suspected non-compliance - regulators will be able to uncover supply chains, monitor suspect businesses and intervene before illegal activity becomes entrenched. This is a proactive approach that shifts the focus from reacting after the fact to preventing black market operations from flourishing in the first place.

Importantly, these new powers will allow authorities to draw on information from a wider network - including landlords, utility companies, storage providers and staff - all of whom may hold crucial insights into black market operations. This will close off avenues that illicit traders exploit to hide their activity and make it far harder for them to operate in plain sight.

Conclusion

Illicit tobacco can no longer be viewed simply as a health issue - it is now a crime issue that is threatening the safety of our communities. The explosion of the black market has seen organised crime groups embed themselves in local retail strips, fuelling violence, intimidation and more than 250 firebombings of businesses across Australia. Every week, law-abiding retailers are being undercut, staff are being threatened and communities are left exposed while criminals profit big.

The reforms in this Bill are urgently needed to restore fairness to the retail environment and give authorities the tools to crack down on an illicit trade that has spiralled out of control. By strengthening closure powers, holding landlords accountable, enabling covert enforcement operations and expanding information-gathering, Qld has the opportunity to set a national benchmark for tackling illicit tobacco. AACS urges Parliament to pass these measures without delay - because what is at stake is more than just business viability, it is the safety of families and staff.

The AACS CEO welcomes the opportunity to discuss this further throughout the consultation.

Yours sincerely,
Theo Foukkare



CEO

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