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

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Submission to the Health, Environment and Innovation Committee

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

Introduction

Cignall Pty Ltd welcomes the opportunity to provide feedback on the *Tobacco and Other Smoking Products (Dismantling Illegal Trade) and Other Legislation Amendment Bill 2025.*

Our network of franchisees represents almost 100 small business owners across Queensland who operate legitimate, licensed tobacco retail stores. These franchisees comply with all regulatory, taxation, and display obligations, contribute significantly to local economies, and support employment in their communities.

Despite these efforts, compliant retailers continue to face escalating challenges from the illicit tobacco trade, which has grown to unprecedented levels in recent years and continues to grow. We therefore commend the Queensland Government's commitment to strengthening legislation aimed at dismantling this illegal market.

The objectives of this Bill—particularly the focus on reducing the supply and possession of illicit tobacco, strengthening enforcement powers, and holding lessors accountable—represent a significant and necessary step toward addressing the ongoing issue of illegal tobacco trading across Queensland.

General Comments

Illicit tobacco continues to proliferate across the State, undermining public health objectives and placing legitimate small businesses—particularly franchisees—under immense strain. Despite existing regulations and targeted enforcement operations, unlicensed retailers continue to operate openly, selling untaxed and unregulated tobacco products at prices that compliant operators cannot match, sometimes as low as $8.00 per packet compared to a compliant packet of approximately $35.00.

Franchisees operating under the **Cignall** brand comply with strict licensing, taxation, and display requirements. They employ local staff, pay rent and insurance, and meet all regulatory obligations.

Yet they must compete with illegal traders who ignore every regulation, undercut legitimate prices, and operate with little fear of consequence.

This imbalance has reached crisis point. Compliant retailers are losing customers to illicit stores that frequently open nearby and deliberately target their customer base. Beyond financial loss, legitimate store owners are facing increasing risks to **safety, property, and insurability**. In many jurisdictions around Australia—including Queensland—the illicit trade has been linked to **arson, intimidation, and organised criminal activity.**

Legitimate retailers now face rising levels of intimidation, harassment, and extortion. Some are coerced into selling illegal products, while others are forced out of business entirely. Many are too fearful to speak publicly due to genuine concerns for their safety, highlighting a breakdown in regulatory protection and enforcement.

The consequences extend beyond personal safety. Access to **insurance and banking facilities** has become a major concern. Some insurers are now refusing to cover legitimate tobacco retailers or are setting premiums so high that coverage becomes unsustainable. In some cases, entire shopping precincts or body corporates have struggled to obtain insurance because a compliant tobacco store operates on-site. We are also seeing some banks refuse to provide EFTPOS terminals or accounts, even for long-term customers who are fully compliant and part of an established franchise network. These issues unfairly punish legitimate businesses while allowing criminal activity to continue unchecked.

While the introduction of tobacco retail licensing has helped identify some illegal traders, a number of stores continue to openly breach tobacco display and product regulations while still obtaining a licence. This undermines the credibility of the licensing system and the confidence of compliant operators.

Key Provisions of Support

Cignall strongly supports the following provisions in the Bill:

- **Expanded closure powers** from 72 hours to 3 months (interim) and up to 12 months (long-term), providing stronger deterrence and reducing the immediate re-opening of illicit stores.
- **New offences for continuing operations under closure orders**, which will help reinforce the authority of closure directions.
- **Statutory powers for lessors** to cancel leases and penalties for knowingly allowing illegal activity, which are vital given that some landlords have knowingly leased premises to illicit traders.
- **Expanded seizure and forfeiture powers**, enabling confiscation of both illicit and compromised lawful goods.
- **New investigatory powers**, including controlled purchase operations and the ability to compel information relevant to enforcement.

Ongoing Loopholes and the Need for Stronger Penalties

While the proposed extension of closure powers is strongly supported, the current 72-hour closure period has proven ineffective in practice.

Retailers have observed that many illicit traders continue operating even while their physical premises are closed. They simply move stock off-site and continue to sell products:

- From **vans or vehicles parked nearby**;
- Through **home deliveries**; or
- Via **after-hours operations** outside the standard trading environment.

These practices allow illicit traders to maintain their customer base and revenue stream while avoiding meaningful disruption. As a result, the intended impact of closure orders is severely undermined.

Compounding this issue, **current fines and penalties are not an effective deterrent.** Illicit tobacco operators are generating such high profits that fines are treated merely as a cost of doing business. In many cases, traders simply pay the penalty (or avoid doing so altogether) and continue operating within days. This cycle emboldens illegal operators and further discourages compliance among others.

To address these loopholes, we recommend **stronger penalties and expanded powers** for continued trading during closure periods, including:

- Immediate confiscation of stock and vehicles used in ongoing illegal trade;
- Significantly higher financial penalties for repeat or mobile offenders that reflect the scale of their profits; and
- The ability to impose **asset forfeiture** where operations are found to have continued during a closure order.

Without such measures, closure orders and fines risk becoming symbolic rather than effective deterrents.

Remaining Areas of Concern

1. **Adequate resourcing and coordination** – Expanded powers will only be effective if enforcement bodies are properly resourced. Franchisees report illegal stores operating for months after being reported, with little visible follow-up.
2. **Consistency in enforcement** – Disparities in enforcement between regions continue to disadvantage compliant operators.
3. **Transparency and accountability** – Public reporting on closure orders, prosecutions, and landlord penalties would help rebuild trust among lawful retailers.

4. **Supply chain disruption** – More targeted efforts are needed to dismantle the upstream supply channels that sustain illegal retail activity.

5. **Protection and support for legitimate retailers** – Franchisees are bearing the economic and personal cost of illicit trade. Mechanisms such as a retailer reporting hotline or a dedicated enforcement liaison would provide safer, faster channels for compliant retailers to share intelligence.

Conclusion

Cignall commends the Queensland Government and the Health, Environment and Innovation Committee for introducing this strengthened Bill to dismantle the illicit tobacco trade.

However, enforcement and deterrence must be further strengthened to ensure these measures have real-world impact. Legitimate franchisees and small retailers want to operate responsibly and within the law, but they cannot continue to do so while illicit competitors openly flout regulations, relocate stock, and continue trading even during closure periods.

With firm penalties, consistent enforcement, and accountability across landlords, suppliers, and offenders, this Bill can restore fairness, improve community safety, and deliver genuine public health benefits for Queensland.

We appreciate the opportunity to provide this submission and would welcome continued consultation as the legislation is implemented.

Kind regards,

Cignall Pty Ltd