

Illicit Tobacco Compliance and Enforcement Uplift – Australian Capital Territory

FEDERATION FUNDING AGREEMENT – HEALTH

Table 1: Formalities and operation of schedule																					
Parties	Commonwealth and the Australian Capital Territory																				
Duration	This Schedule is expected to expire on 31 January 2028, or on completion of the initiative, including final performance reporting and processing of final payments against milestones, unless terminated earlier or extended as agreed in writing by the Parties.																				
Purpose	<p>This Schedule will support the strengthening of compliance and enforcement actions in the Australian Capital Territory in relation to the trade of illicit tobacco and nicotine products. Actions will target areas of need identified by the Australian Capital Territory through:</p> <ul style="list-style-type: none"> <li>Improving information and intelligence capture and sharing;</li> <li>Expanding operational capability to support proactive compliance and enforcement activity; and</li> <li>Enhancing and enforcing legislative and regulatory frameworks.</li> </ul>																				
Estimated financial contributions	<p>The Commonwealth will provide an estimated financial contribution to the Australian Capital Territory of \$700,000.00 in respect of this Schedule.</p> <p>Note:</p> <table border="1"> <thead> <tr> <th>Table 1</th> <th>2025-26</th> <th>2026-27</th> <th>2027-28</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><b>Estimated total budget</b></td> <td>\$230,000</td> <td>\$470,000</td> <td>\$0</td> <td>\$700,000</td> </tr> <tr> <td><i>Less estimated National Partnership Payments</i></td> <td>\$230,000</td> <td>\$470,000</td> <td>\$0</td> <td>\$700,000</td> </tr> <tr> <td>Balance of non-Commonwealth contributions<sup>1</sup></td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p><sup>1</sup> The Australian Capital Territory is contributing funding to the initiatives supported by this Schedule, but the specific amount is unknown.</p>	Table 1	2025-26	2026-27	2027-28	Total	<b>Estimated total budget</b>	\$230,000	\$470,000	\$0	\$700,000	<i>Less estimated National Partnership Payments</i>	\$230,000	\$470,000	\$0	\$700,000	Balance of non-Commonwealth contributions <sup>1</sup>	-	-	-	-
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<b>Estimated total budget</b>	\$230,000	\$470,000	\$0	\$700,000																	
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Balance of non-Commonwealth contributions <sup>1</sup>	-	-	-	-																	
Additional terms	None.																				

Table 2: Performance requirements, reporting and payment summary

Outputs	Performance milestones	Report due	Payment
<p>Improving information and intelligence capture and sharing:</p> <p>Streamline the sharing of intelligence information.</p>	<p>Commonwealth acceptance of an Implementation Plan that articulates timeframes and activities associated with:</p> <ul style="list-style-type: none"> <li>- Improving processes and systems to better facilitate the sharing of intelligence related to illicit tobacco and other illicit nicotine products (as relevant).</li> <li>- Developing policies and procedures to support timely reporting of illicit tobacco activity.</li> </ul> <p>The Implementation Plan must also outline how the Australian Capital Territory will identify and manage risks and issues.</p> <p>Provision of a Monitoring Plan that articulates how success will be measured and reported, and at a minimum includes baseline metrics for the following indicators:</p> <ul style="list-style-type: none"> <li>- Current approaches to intelligence gathering.</li> <li>- Number of disclosures of information through ad hoc and scheduled reports on suspected illicit tobacco activity to the Australian Government in previous 12 months.</li> </ul>	One month following execution.	\$230,000
<p>Expanding operational capabilities to support proactive compliance and enforcement activity:</p> <p>Construction of secure storage facilities.</p> <p>Implement arrangements for the transfer and disposal of illicit tobacco.</p>	<p>Commonwealth acceptance of an Implementation Plan that articulates timeframes and activities associated with:</p> <ul style="list-style-type: none"> <li>- Securing appropriate storage facilities for seized illicit tobacco and other illicit nicotine products (as relevant).</li> <li>- Procuring transport and disposal services for seized illicit tobacco and other illicit nicotine products (as relevant).</li> </ul> <p>The Implementation Plan must also outline how the Australian Capital Territory will identify and manage risks and issues.</p> <p>Provision of a Monitoring Plan that articulates how success will be measured and reported, and at a minimum includes baseline metrics for the following indicators:</p> <ul style="list-style-type: none"> <li>- Current approach to storing, transporting and disposing of seized illicit tobacco.</li> <li>- Current approach to storing, transporting and disposing of other seized illicit nicotine products (as relevant).</li> <li>- Quantities of seized illicit tobacco stored in previous 12 months.</li> <li>- Quantities of seized illicit tobacco destroyed in previous 12 months.</li> <li>- Quantities of seized illicit nicotine products stored in previous 12 months.</li> <li>- Quantities of seized illicit nicotine products destroyed in previous 12 months.</li> </ul>		
<p>Enhancing and enforcing legislative and regulatory frameworks:</p> <p>Review current policy and</p>	<p>Commonwealth acceptance of an Implementation Plan that articulates timeframes and activities associated with:</p> <ul style="list-style-type: none"> <li>- Developing and implementing a regulatory policy targeting illicit tobacco supply.</li> <li>- Developing and implementing policy resources to guide illicit tobacco enforcement activities.</li> </ul>		

<p>regulatory controls to enhance compliance and enforcement operational capability.</p>	<ul style="list-style-type: none"> <li>- Developing and implementing operating procedures to guide compliance and enforcement activities.</li> <li>- Developing memoranda of understanding with other agencies.</li> </ul> <p>The Implementation Plan must also outline how the Australian Capital Territory will identify and manage risks and issues.</p> <p>Provision of a Monitoring Plan that articulates how success will be measured and reported, and at a minimum includes baseline metrics for the following indicators:</p> <ul style="list-style-type: none"> <li>- Current number and type of Standard Operating Procedures/guidance documents/ regulatory policies.</li> </ul>		
<ul style="list-style-type: none"> <li>➤ Improving information and intelligence capture and sharing.</li> <li>➤ Expanding operational capabilities to support proactive compliance and enforcement activity.</li> <li>➤ Enhancing and enforcing legislative and regulatory frameworks.</li> </ul>	<p>Commonwealth acceptance of a Status Report which includes the following:</p> <ul style="list-style-type: none"> <li>- A summary of the illicit tobacco and other nicotine products (as relevant) compliance and enforcement activities that have been supported by the Schedule to date.</li> <li>- Progress against the Implementation Plan and forecast activities that were expected to be supported by the Schedule to date.</li> <li>- Detail on the overall performance observed, or if not yet observed the anticipated impact, of the compliance and enforcement uplift being supported by the Schedule.</li> <li>- Data reporting in accordance with the Monitoring Plan, highlighting improvements/increases to indicators reported on at baseline.</li> <li>- Any changes to the activities expected to be supported by this Schedule (including any relevant targets or outcome objectives against which performance will be measured).</li> <li>- Identified risks, management strategies and lessons learned.</li> <li>- The Australian Capital Territory's initial considerations for ensuring the continuity of system improvements and the advancement of compliance and enforcement activities beyond the designated funding period.</li> </ul> <p>Commonwealth acceptance of a Final Report, including:</p> <ul style="list-style-type: none"> <li>- A summary of all activities that have been supported by the Schedule.</li> <li>- Progress against the Implementation Plan and forecast activities that were expected to be supported by the Schedule.</li> <li>- Detail on the overall performance observed, or if not yet observed the anticipated impact, of the compliance and enforcement uplift being supported by the Schedule.</li> <li>- Data reporting in accordance with the Monitoring Plan, highlighting improvements/increases to indicators and cumulative reporting on indicators at baseline, within the Status Report and for the current period.</li> <li>- Key achievements, challenges and lessons learned, with supporting data where available.</li> <li>- The Australian Capital Territory's intended approach for ensuring the continuity of system improvements and the advancement of compliance and enforcement activities beyond the designated funding period.</li> </ul>	<p>31 January 2027.</p>	<p>\$470,000</p>
		<p>31 January 2028.</p>	<p>N/A</p>

The Parties have confirmed their commitment to this schedule as follows:

Signed for and on behalf of the Commonwealth of Australia by



**The Honourable Mark Butler MP**

Minister for Health and Ageing and  
Minister for Disability and the National Disability Insurance Scheme

20 / 03 / 2026

Signed for and on behalf of the Australian Capital Territory by



**Ms Rachel Stephen-Smith MLA**

Minister for Health,  
Minister for Mental Health,  
Minister for Finance, and  
Minister for Public Service

30 / 4 / 2026