

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"> Improving information and intelligence capture and sharing; Expanding operational capability to support proactive compliance and enforcement activity; and Enhancing and enforcing legislative and regulatory frameworks. <p>This Schedule will also enhance transport, storage and disposal capability for illicit vaping goods.</p>																														
Estimated financial contributions	<p>The Commonwealth will provide an estimated financial contribution to the Australian Capital Territory of \$820,300.00 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>Estimated total budget</td> <td>\$309,673</td> <td>\$510,627</td> <td>\$0</td> <td>\$820,300</td> </tr> <tr> <td><i>Less estimated National Partnership Payments</i></td> <td>\$309,673</td> <td>\$510,627</td> <td>\$0</td> <td>\$820,300</td> </tr> <tr> <td><i>Illicit tobacco compliance and enforcement uplift funding</i></td> <td>\$230,000</td> <td>\$470,000</td> <td>\$0</td> <td>\$700,000</td> </tr> <tr> <td><i>Illicit vaping goods transport, storage and disposal funding</i></td> <td>\$79,673</td> <td>\$40,627</td> <td>\$0</td> <td>\$120,300</td> </tr> <tr> <td>Balance of non-Commonwealth contributions¹</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>¹ 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	Estimated total budget	\$309,673	\$510,627	\$0	\$820,300	<i>Less estimated National Partnership Payments</i>	\$309,673	\$510,627	\$0	\$820,300	<i>Illicit tobacco compliance and enforcement uplift funding</i>	\$230,000	\$470,000	\$0	\$700,000	<i>Illicit vaping goods transport, storage and disposal funding</i>	\$79,673	\$40,627	\$0	\$120,300	Balance of non-Commonwealth contributions ¹	-	-	-	-
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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"> - Improving processes and systems to better facilitate the sharing of intelligence related to illicit tobacco and other illicit nicotine products (as relevant). - Developing policies and procedures to support timely reporting of illicit tobacco activity. <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"> - Current approaches to intelligence gathering. - Number of disclosures of information through ad hoc and scheduled reports on suspected illicit tobacco activity to the Australian Government in previous 12 months. 	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"> - Securing appropriate storage facilities for seized illicit tobacco and other illicit nicotine products (as relevant). - Procuring transport and disposal services for seized illicit tobacco and other illicit nicotine products (as relevant). <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"> - Current approach to storing, transporting and disposing of seized illicit tobacco. - Current approach to storing, transporting and disposing of other seized illicit nicotine products (as relevant). - Quantities of seized illicit tobacco stored in previous 12 months. - Quantities of seized illicit tobacco destroyed in previous 12 months. - Quantities of seized illicit nicotine products stored in previous 12 months. - Quantities of seized illicit nicotine products destroyed in previous 12 months. 		
<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"> - Developing and implementing a regulatory policy targeting illicit tobacco supply. - Developing and implementing policy resources to guide illicit tobacco enforcement activities. 		

<p>regulatory controls to enhance compliance and enforcement operational capability.</p> <ul style="list-style-type: none"> ➤ Improving information and intelligence capture and sharing. ➤ Expanding operational capabilities to support proactive compliance and enforcement activity. ➤ Enhancing and enforcing legislative and regulatory frameworks. 	<ul style="list-style-type: none"> - Developing and implementing operating procedures to guide compliance and enforcement activities. - Developing memoranda of understanding with other agencies. <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"> - Current number and type of Standard Operating Procedures/guidance documents/regulatory policies. 	<p>31 January 2027.</p>	<p>\$470,000</p>
	<p>Commonwealth acceptance of a Status Report which includes the following:</p> <ul style="list-style-type: none"> - 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. - Progress against the Implementation Plan and forecast activities that were expected to be supported by the Schedule to date. - 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. - Data reporting in accordance with the Monitoring Plan, highlighting improvements/increases to indicators reported on at baseline. - 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). - Identified risks, management strategies and lessons learned. - 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. 	<p>31 January 2028.</p>	<p>N/A</p>
	<p>Commonwealth acceptance of a Final Report, including:</p> <ul style="list-style-type: none"> - A summary of all activities that have been supported by the Schedule. - Progress against the Implementation Plan and forecast activities that were expected to be supported by the Schedule. - 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. - 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. - Key achievements, challenges and lessons learned, with supporting data where available. - 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. 		

Table 3: Performance requirements, reporting and payment summary for additional vaping goods TSD funding

Outputs	Performance milestones	Report due	Payment
Enhance transport, storage and disposal capability for illicit vaping goods	<p>Provision of an Additional Report that provides:</p> <ul style="list-style-type: none"> - An overview describing the planned operational approach and activities related to the transporting, storing and disposing of illicit vaping goods. <p>*Note – transport, storage or disposal activities undertaken should be as a result of vape enforcement activity where the activity or a component of the activity has been undertaken in collaboration with the TGA, or in line with the National Vaping Enforcement Framework.</p>	One month following execution or by 26 June 2026, whichever is earlier.	\$79,673
Enhance transport, storage and disposal capability of illicit vaping goods	<p>ADDITIONAL ITEM to add to Status Report:</p> <ul style="list-style-type: none"> - A summary of the transport, storage and disposal activities undertaken for illicit vaping goods from date of execution to 31 December 2026 including number of vapes of illicit vaping goods disposed. 	31 January 2027.	\$40,627
Enhance transport, storage and disposal capability of illicit vaping goods	<p>ADDITIONAL ITEM to add to Final Report:</p> <ul style="list-style-type: none"> - A summary of the transport, storage and disposal activities undertaken for illicit vaping goods from 1 January 2027 to 31 December 2027 including number of vapes of illicit vaping goods disposed. 	31 January 2028.	N/A

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

11 / 05 / 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

27 / 5 / 2026