

Schedule

Illicit Tobacco Compliance and Enforcement Uplift – Northern Territory

FEDERATION FUNDING AGREEMENT – HEALTH

| Table 1: Formalities and operation of schedule                      |   |           |         |             |         |         |         |         |       |                               |           |           |     |             |   |           |           |     |             |  |           |           |     |             |   |          |          |     |           |  |   |   |   |   |
|---|---|-----------|---------|-------------|---------|---------|---------|---------|-------|-------------------------------|-----------|-----------|-----|-------------|---|-----------|-----------|-----|-------------|--|-----------|-----------|-----|-------------|---|----------|----------|-----|-----------|--|---|---|---|---|
| Parties   | Commonwealth and the Northern 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 action in the Northern Territory in relation to the trade of illicit tobacco and nicotine products. Actions will target areas of need identified by the Northern Territory through:</p> <ul style="list-style-type: none"> <li>Increasing resourcing capacity and capability for compliance activities;</li> <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> <p>This Schedule will also enhance local capacity for the transport, storage and disposal of illicit vaping goods.</p>  |           |         |             |         |         |         |         |       |                               |           |           |     |             |   |           |           |     |             |  |           |           |     |             |   |          |          |     |           |  |   |   |   |   |
| Estimated financial contributions                                   | <p>The Commonwealth will provide an estimated financial contribution to the Northern Territory of \$1,294,800.00 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>\$602,649</td> <td>\$692,151</td> <td>\$0</td> <td>\$1,294,800</td> </tr> <tr> <td><i>Less estimated National Partnership Payments</i></td> <td>\$602,649</td> <td>\$692,151</td> <td>\$0</td> <td>\$1,294,800</td> </tr> <tr> <td><i>Illicit tobacco compliance and enforcement uplift funding</i></td> <td>\$522,976</td> <td>\$651,524</td> <td>\$0</td> <td>\$1,174,500</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 contributions<sup>1</sup></td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p><sup>1</sup> The Northern 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> | \$602,649 | \$692,151 | \$0 | \$1,294,800 | <i>Less estimated National Partnership Payments</i> | \$602,649 | \$692,151 | \$0 | \$1,294,800 | <i>Illicit tobacco compliance and enforcement uplift funding</i> | \$522,976 | \$651,524 | \$0 | \$1,174,500 | <i>Illicit vaping goods transport, storage and disposal funding</i> | \$79,673 | \$40,627 | \$0 | \$120,300 | Balance of non-Commonwealth contributions <sup>1</sup> | - | - | - | - |
| Table 1   | 2025-26   | 2026-27   | 2027-28 | Total       |         |         |         |         |       |                               |           |           |     |             |   |           |           |     |             |  |           |           |     |             |   |          |          |     |           |  |   |   |   |   |
| <b>Estimated total budget</b>                                       | \$602,649   | \$692,151 | \$0     | \$1,294,800 |         |         |         |         |       |                               |           |           |     |             |   |           |           |     |             |  |           |           |     |             |   |          |          |     |           |  |   |   |   |   |
| <i>Less estimated National Partnership Payments</i>                 | \$602,649   | \$692,151 | \$0     | \$1,294,800 |         |         |         |         |       |                               |           |           |     |             |   |           |           |     |             |  |           |           |     |             |   |          |          |     |           |  |   |   |   |   |
| <i>Illicit tobacco compliance and enforcement uplift funding</i>    | \$522,976   | \$651,524 | \$0     | \$1,174,500 |         |         |         |         |       |                               |           |           |     |             |   |           |           |     |             |  |           |           |     |             |   |          |          |     |           |  |   |   |   |   |
| <i>Illicit vaping goods transport, storage and disposal funding</i> | \$79,673  | \$40,627  | \$0     | \$120,300   |         |         |         |         |       |                               |           |           |     |             |   |           |           |     |             |  |           |           |     |             |   |          |          |     |           |  |   |   |   |   |
| Balance of non-Commonwealth contributions <sup>1</sup>              | -   | -         | -       | -           |         |         |         |         |       |                               |           |           |     |             |   |           |           |     |             |  |           |           |     |             |   |          |          |     |           |  |   |   |   |   |

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| Additional terms | None. |
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**Table 2: Performance requirements, reporting and payment summary**

| Outputs  | Performance milestones   | Report due                            | Payment          |
|--|--|---------------------------------------|------------------|
| <p><b>Increase resourcing capacity and capability:</b><br/>Increase the enforcement of relevant Northern Territory laws (and all associated activities) by uplifting capacity through the recruitment of additional staff.</p> | <p>Provision of an Implementation Plan that articulates timeframes and activities associated with:</p> <ul style="list-style-type: none"> <li>- Employing additional staff.</li> <li>- Undertaking additional inspections and enforcement actions.</li> <li>- Undertaking simultaneous operations.</li> </ul> <p>The Implementation Plan must also outline how the Northern 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 staffing levels.</li> <li>- Number of inspections each quarter in previous 12 months.</li> <li>- Number of inspections in regional and remote regions in previous 12 months.</li> <li>- Number of simultaneous operations in previous 12 months.</li> <li>- Number of task force activities in previous 12 months.</li> </ul> | <p>One month following execution.</p> | <p>\$522,976</p> |
| <p><b>Improve information and intelligence capture and sharing:</b><br/>Procure equipment to maximise surveillance efforts and officer safety.</p>   | <p>Provision of an Implementation Plan that articulates timeframes and activities associated with:</p> <ul style="list-style-type: none"> <li>- Purchase of surveillance sets.</li> </ul> <p>The Implementation Plan must also outline how the Northern 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 surveillance equipment and/or inspection kits available to Northern Territory officers.</li> <li>- Number of operations where surveillance data was captured in previous 12 months.</li> </ul>  |                                       |                  |
| <p><b>Expand operational capabilities to support proactive compliance and enforcement activity:</b><br/>Develop and implement a training program to ensure a consistent and effective approach to enforcement activities.</p>  | <p>Provision of an Implementation Plan that articulates timeframes and activities associated with:</p> <ul style="list-style-type: none"> <li>- Developing and implementing training addressing the following: <ul style="list-style-type: none"> <li>▪ Use of new equipment</li> <li>▪ Emerging complex investigation preparation needs</li> <li>▪ New risk assessment and safety issues</li> <li>▪ Understanding unique Northern Territory challenges.</li> </ul> </li> </ul> <p>The Implementation Plan must also outline how the Northern 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 which at a minimum includes baseline metrics for the following indicators:</p> <ul style="list-style-type: none"> <li>- Current number and type of training modules.</li> </ul>   |                                       |                  |

| Table 2: Performance requirements, reporting and payment summary   |  |                       |           |
|--|--|-----------------------|-----------|
| Outputs  | Performance milestones   | Report due            | Payment   |
|  | <ul style="list-style-type: none"> <li>- Number of courses delivered in previous 12 months.</li> <li>- Percentage of staff who have completed all mandatory/role-specific training.</li> </ul>   |                       |           |
| <p>Enhance and enforce legislative and regulatory frameworks:<br/>Update Northern Territory legislation and regulations to provide an effective enforcement environment.</p> | <p>Provision of an Implementation Plan that articulates timeframes and activities associated with:</p> <ul style="list-style-type: none"> <li>- Developing new legislation and regulations that align with changes to the Commonwealth <i>Public Health (Tobacco and Other Products) Act 2023</i> and <i>Therapeutic Goods Act 1989</i>, and provide clear, prosecutable offenses for the sale of illegal tobacco and enable effective enforcement in response to illegal e-cigarette sales.</li> <li>- Developing legislation and regulations with the following features: <ul style="list-style-type: none"> <li>▪ Highly deterrent penalties and infringements</li> <li>▪ Substantial infringement options</li> <li>▪ Ability to seize and destroy illegal stock</li> <li>▪ Interim closure orders (28 days – 12 months)</li> <li>▪ Authorisation of controlled purchase operations</li> <li>▪ Introduction of wholesale licences.</li> </ul> </li> </ul> <p>The Implementation Plan must also outline how the Northern 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 which at a minimum includes baseline metrics for the following indicators:</p> <ul style="list-style-type: none"> <li>- Current number of staff engaged to work on legislative frameworks and regulatory change.</li> <li>- Current powers and tools available under the legislative framework.</li> </ul> |                       |           |
| <ul style="list-style-type: none"> <li>➤ Increase resourcing capacity and capability.</li> <li>➤ Improve information and intelligence capture and sharing.</li> </ul>        | <p>Provision of a Status Report including:</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 illicit tobacco 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> </ul>   | (By) 31 January 2027. | \$651,524 |

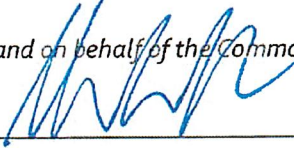
| Table 2: Performance requirements, reporting and payment summary  |   |                       |         |
|---|---|-----------------------|---------|
| Outputs   | Performance milestones  | Report due            | Payment |
| <ul style="list-style-type: none"> <li>➤ Expand operational capabilities to support proactive compliance and enforcement activity.</li> <li>➤ Enhance and enforce legislative and regulatory frameworks.</li> </ul> | <ul style="list-style-type: none"> <li>- The Northern 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>   |                       |         |
|   | Provision of a Final Report, including: <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 illicit tobacco 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 Northern 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> | (By) 31 January 2028. | N/A     |

| 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                              | Provision of an Additional Report that provides: <ul style="list-style-type: none"> <li>- An overview describing the planned operational approach and activities related to the transporting, storing and disposing of illicit vaping goods.</li> </ul> <p><b>*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 and/or actions in line with the National Vaping Enforcement Framework.</b></p> | One month following execution or by 26 June 2026, whichever is earlier. | \$79,673 |
| Enhance transport, storage and disposal capability of illicit vaping                                     | ADDITIONAL ITEM to add to Status Report: <ul style="list-style-type: none"> <li>- A summary of the transport, storage and disposal activities undertaken for illicit vaping goods from date of execution of variation to 31 December 2026 including number of illicit vaping goods disposed.</li> </ul>  | 31 January 2027.  | \$40,627 |

| Table 3: Performance requirements, reporting and payment summary for additional vaping goods TSD funding |  |                  |         |
|--|--|------------------|---------|
| Outputs  | Performance milestones   | Report due       | Payment |
| goods  |  |                  |         |
| Enhance transport, storage and disposal capability of illicit vaping goods                               | ADDITIONAL ITEM to add to Final Report: <ul style="list-style-type: none"><li>- 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 illicit vaping goods disposed.</li></ul> | 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



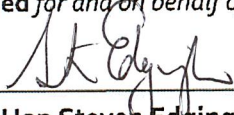
**The Honourable Mark Butler MP**

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 Northern Territory by



**The Hon Steven Edgington MLA**

Minister for Health

Minister for Alcohol Policy

Minister for Aboriginal Affairs

Minister for Housing, Local Government and Community Development and

Minister for Essential Services

29 / 05 / 2026