

Illicit Tobacco Compliance and Enforcement Uplift – South Australia

FEDERATION FUNDING AGREEMENT – HEALTH

Table 1: Formalities and operation of schedule																															
Parties	Commonwealth and South Australia																														
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 South Australia in relation to the trade of illicit tobacco and nicotine products. Actions will target areas of need identified by South Australia through:</p> <ul style="list-style-type: none"> Increasing resourcing capacity and capability; Expanding operational capability to support proactive compliance and enforcement activity; <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 South Australia of \$3,134,831.00 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>\$1,680,665</td> <td>\$1,454,166</td> <td>\$0</td> <td>\$3,134,831</td> </tr> <tr> <td><i>Less estimated National Partnership Payments</i></td> <td>\$1,680,665</td> <td>\$1,454,166</td> <td>\$0</td> <td>\$3,134,831</td> </tr> <tr> <td><i>Illicit tobacco compliance and enforcement uplift funding</i></td> <td>\$1,368,000</td> <td>\$1,294,730</td> <td>\$0</td> <td>\$2,662,730</td> </tr> <tr> <td><i>Illicit vaping goods transport, storage and disposal funding</i></td> <td>\$312,665</td> <td>\$159,436</td> <td>\$0</td> <td>\$472,100</td> </tr> <tr> <td>Balance of non-Commonwealth contributions¹</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	Table 1	2025-26	2026-27	2027-28	Total	Estimated total budget	\$1,680,665	\$1,454,166	\$0	\$3,134,831	<i>Less estimated National Partnership Payments</i>	\$1,680,665	\$1,454,166	\$0	\$3,134,831	<i>Illicit tobacco compliance and enforcement uplift funding</i>	\$1,368,000	\$1,294,730	\$0	\$2,662,730	<i>Illicit vaping goods transport, storage and disposal funding</i>	\$312,665	\$159,436	\$0	\$472,100	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>Increasing resourcing capacity and capability: Increase the enforcement of relevant South Australian laws (and all associated activities) by uplifting capacity through the recruitment of additional staff.</p> <p>Update operating systems to enhance the management of evidence, to support stronger and more effective court actions taken by Consumer and Business Services.</p>	<p>Commonwealth acceptance of an Implementation Plan that articulates timeframes and activities associated with:</p> <ul style="list-style-type: none"> - Increasing the number of inspections undertaken. - Undertaking additional enforcement actions. - Undertaking inspections of previously uninspected areas of South Australia, in particular regional and remote locations. - Increasing the number of inspections of premises licenced to sell tobacco products. - Implementing a process of continuous improvement that includes engagement, consultation and the development of identified/necessary policy and procedures. <p>The Implementation Plan must also outline how South Australia will identify and manage risks and issues. 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 staffing levels. - Average number of inspections each month in previous 12 months. - Number of enforcement outcomes (e.g., closure orders, expiation notices, infringement notices criminal prosecutions) in previous 12 months. - Number of inspections in regional and remote suburbs in previous 12 months. - Current number and type of Standard Operating Procedures/guidance documents/regulatory policies. 	One month following execution.	\$1,368,000
<p>Expanding operational capabilities to support proactive compliance and enforcement activity: Develop and implement a training program for new and existing compliance and enforcement staff to ensure a consistent and effective approach to enforcement activities.</p> <p>Address the increased evidence storage demands resulting from higher volumes of seized illicit</p>	<p>Commonwealth acceptance of an Implementation Plan that articulates timeframes and activities associated with:</p> <ul style="list-style-type: none"> - The recruitment of staff. - The development and implementation of: <ul style="list-style-type: none"> ▪ <i>Tobacco and E-Cigarette Products Act 1997</i> training ▪ Standard Operating Procedures ▪ a Knowledge Management System. - Operationalising a storage facility dedicated to storing seized illicit tobacco. <p>The Implementation Plan must also outline how South Australia will identify and manage risks and issues. 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 training modules. - Current approach to knowledge management. - Current approaches to storing, transport and disposal of seized illicit tobacco. 		

Table 2: Performance requirements, reporting and payment summary

Outputs	Performance milestones	Report due	Payment
<p>tobacco products.</p>	<ul style="list-style-type: none"> - Current approaches to storing, transport and disposal of other seized illicit nicotine products (as relevant). - Quantities of seized illicit tobacco stored in previous 12 months. - Quantities of other seized illicit nicotine products stored in previous 12 months. 		
<p>➤ Increasing resourcing capacity and capability.</p> <p>➤ Expanding operational capabilities to support proactive compliance and enforcement activity.</p>	<p>Commonwealth acceptance of a Status Report including:</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. - South Australia'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 2027.</p>	<p>\$1,294,730</p>
<p>support proactive compliance and enforcement activity.</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. - South Australia's intended approach 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>

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"> - 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 and in line with the National Vaping Enforcement Framework.</p>	One month following execution or by 26 June 2026, whichever is earlier.	\$312,665
Enhance transport, storage and disposal capability of illicit vaping goods	ADDITIONAL ITEM to add to Status Report: <ul style="list-style-type: none"> - 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 volume (kgs or unit numbers) of illicit vaping goods disposed. 	31 January 2027.	\$159,436
Enhance transport, storage and disposal capability of illicit vaping goods	ADDITIONAL ITEM to add to Final Report: <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 volume (kgs or unit numbers) 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



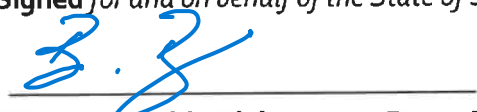
The Honourable Mark Butler MP

Minister for Health and Ageing and

Minister for Disability and the National Disability Insurance Scheme

11 / 06 / 2026

Signed for and on behalf of the State of South Australia by



The Honourable Blair Ingram Boyer MP

Minister for Health and Wellbeing

2 / 6 / 2026