

Illicit Tobacco Compliance and Enforcement Uplift – New South Wales

FEDERATION FUNDING AGREEMENT - HEALTH

Table 1: Formalities and operation of schedule

Parties	Commonwealth and New South Wales																																	
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	This Schedule will support the strengthening of compliance and enforcement actions in New South Wales in relation to the trade of illicit tobacco and nicotine products. Actions will target areas of need identified by New South Wales through: - Increasing resourcing capacity and capability; and - Enhancing and enforcing legislative and regulatory frameworks. This Schedule will also enhance transport, storage and disposal capability for illicit vaping goods.																																	
Estimated financial contributions	The Commonwealth will provide an estimated financial contribution to New South Wales of \$14,346,591.00 in respect of this Schedule. Note: <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>\$7,640,263</td><td>\$6,706,328</td><td>\$0</td><td>\$14,346,591</td></tr> <tr> <td><i>Less estimated National Partnership Payments</i></td><td>\$7,640,263</td><td>\$6,706,328</td><td>\$0</td><td>\$14,346,591</td></tr> <tr> <td><i>Illicit tobacco compliance and enforcement uplift funding</i></td><td>\$6,239,524</td><td>\$5,992,056</td><td>\$0</td><td>\$12,231,580</td></tr> <tr> <td><i>Illicit vaping goods transport, storage and disposal funding</i></td><td>\$1,400,739</td><td>\$714,272</td><td>\$0</td><td>\$2,115,011</td></tr> <tr> <td>Balance of non-Commonwealth contributions¹</td><td>-</td><td>-</td><td>-</td><td>-</td></tr> </tbody> </table> ¹ New South Wales is contributing funding to the initiatives supported by this Schedule, but the specific amount is unknown.				Table 1	2025-26	2026-27	2027-28	Total	Estimated total budget	\$7,640,263	\$6,706,328	\$0	\$14,346,591	<i>Less estimated National Partnership Payments</i>	\$7,640,263	\$6,706,328	\$0	\$14,346,591	<i>Illicit tobacco compliance and enforcement uplift funding</i>	\$6,239,524	\$5,992,056	\$0	\$12,231,580	<i>Illicit vaping goods transport, storage and disposal funding</i>	\$1,400,739	\$714,272	\$0	\$2,115,011	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
Increasing resourcing capacity and capability: Increase the enforcement of relevant New South Wales and Commonwealth laws through the hire of additional staff. Increase the reach of field operations through the purchase, equipping and ongoing funding of vehicles and travel costs. Address the increased transport, storage and evidence disposal demands.	Commonwealth acceptance of an Implementation Plan that articulates timeframes and activities associated with: - Increasing the number of inspections undertaken (quantitative), or the complexity of inspections being undertaken (qualitative). - Undertaking additional enforcement or administrative actions (warnings, penalty notices, closure orders, licence conditions, licence revocations, criminal prosecutions). - Undertaking inspections of previously under-resourced areas of New South Wales, particularly regional Local Health Districts. - Increasing the number of inspections of premises licenced to sell tobacco products. - Establishing secure storage facilities in metropolitan and regional hubs. - Contracting services for environmentally compliant evidence management. The Implementation Plan must also outline how New South Wales 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: - Current staffing levels. - Average number of inspections each month in previous 12 months. - Number of enforcement or administrative regulatory outcomes (warnings, penalty notices, closure orders, licence conditions, licence revocations, criminal prosecutions) in previous 12 months. - Number of inspections in regional and remote Local Health Districts in previous 12 months.	One month following execution.	\$6,239,524
Enhancing and enforcing legislative and regulatory frameworks: Increase the number of prosecutions in New South Wales through the hire of additional staff and the introduction of reforms.	Commonwealth acceptance of an Implementation Plan that articulates timeframes and activities associated with: - How New South Wales plans to increase the number of prosecutions, including any reforms. The Implementation Plan must also outline how New South Wales 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: - Current number of legal staff employed for prosecution and regulatory reviews. - Number of prosecutions commenced in previous 12 months. - Number of successful prosecutions in previous 12 months. - Number of unsuccessful prosecutions in previous 12 months. - Number of administrative regulatory outcomes: ▪ Relating to tobacco licences (refuse to decide, refusals, conditions, revocations) ▪ Closure orders.		

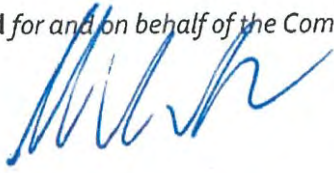
➤ Increasing resourcing capacity and capability. ➤ Enhancing and enforce legislative and regulatory frameworks.	Commonwealth acceptance of a Status Report including: - A summary of the illicit tobacco and other nicotine products (as relevant) compliance and enforcement activities that have been supported 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. - New South Wales' initial considerations for ensuring the continuity of system improvements and the advancement of compliance and enforcement activities beyond the designated funding period.	31 January 2027.	\$5,992,056
	Commonwealth acceptance of a Final Report, including: - 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. - New South Wales' intended approach for ensuring the continuity of system improvements and the advancement of compliance and enforcement activities beyond the designated funding period.	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: - An overview describing the planned operational approach and activities related to the transporting, storing and disposing of illicit vaping goods. *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.	One month following execution or by 26 June 2026, whichever is earlier	\$1,400,739
Enhance transport, storage and disposal capability of illicit vaping goods	ADDITIONAL ITEM to add to Status Report: - 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 vaping goods seized and destroyed.	31 January 2027.	\$714,272
Enhance transport, storage and disposal capability of illicit vaping goods	ADDITIONAL ITEM to add to Final Report: - 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 vaping goods seized and destroyed.	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 State of New South Wales by



The Honourable Ryan Park MP

Minister for Health

30 / 6 / 2026