

Illicit Tobacco Compliance and Enforcement Uplift - Victoria

FEDERATION FUNDING AGREEMENT – HEALTH

Table 1: Formalities and operation of schedule

Parties	Commonwealth and Victoria																																	
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 Victoria in relation to the trade of illicit tobacco and nicotine products. Actions will target areas of need identified by Victoria through: • Increasing resourcing capacity and capability; • 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. 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 Victoria of \$11,797,075.00 in respect of this Schedule. Note: <table> <tr> <th>Table 1</th><th>2025-26</th><th>2026-27</th><th>2027-28</th><th>Total</th></tr> <tr> <td>Estimated total budget</td><td>\$6,249,418</td><td>\$5,547,657</td><td>\$0</td><td>\$11,797,075</td></tr> <tr> <td><i>Less estimated National Partnership Payments</i></td><td>\$6,249,418</td><td>\$5,547,657</td><td>\$0</td><td>\$11,797,075</td></tr> <tr> <td><i>Illicit tobacco compliance and enforcement uplift funding</i></td><td>\$5,100,000</td><td>\$4,961,540</td><td>\$0</td><td>\$10,061,540</td></tr> <tr> <td><i>Illicit vaping goods transport, storage and disposal funding</i></td><td>\$1,149,418</td><td>\$586,117</td><td>\$0</td><td>\$1,735,535</td></tr> <tr> <td>Balance of non-Commonwealth contributions¹</td><td>-</td><td>-</td><td>-</td><td>-</td></tr> </table> ¹ Victoria 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	\$6,249,418	\$5,547,657	\$0	\$11,797,075	<i>Less estimated National Partnership Payments</i>	\$6,249,418	\$5,547,657	\$0	\$11,797,075	<i>Illicit tobacco compliance and enforcement uplift funding</i>	\$5,100,000	\$4,961,540	\$0	\$10,061,540	<i>Illicit vaping goods transport, storage and disposal funding</i>	\$1,149,418	\$586,117	\$0	\$1,735,535	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: Investment in legal staff for licence refusals and appeals. Investment in forensic staff to support tobacco-related prosecutions.	Commonwealth acceptance of an Implementation Plan that articulates timeframes and activities associated with: - Recruiting specialist staff (legal and forensic). - Supporting the regulator's refusal and/or review of licence applications. - Conducting forensic examinations of seized tobacco (e.g., sampling of illicit tobacco) and providing evidence for court proceedings. The Implementation Plan must also outline how Victoria 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 specialist staff employed. - Number of licence applications, refusals and appeals in previous 12 months. - Number of matters reviewed/advised on in previous 12 months. - Number of evidence management support requests for transport of illicit tobacco products in previous 12 months. - Number of evidence management support requests for storage of illicit tobacco products in previous 12 months. - Number of evidence management support requests for disposal of illicit tobacco products in previous 12 months.	One month following execution.	\$5,100,000
Improving information and intelligence capture and sharing: Investment in specialist staff to support Victoria Police's operational response and inter-agency co-ordination.	Commonwealth acceptance of an Implementation Plan that articulates timeframes and activities associated with: - Recruiting specialist staff (intelligence analysts). - Establishing a central point of contact with the regulator (Tobacco Licensing Victoria) and other external stakeholders. - Actioning of requests from the regulator and other law enforcement agencies. - Increasing the efficiency of the processes for disclosures of information. The Implementation Plan must also outline how Victoria 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 specialist staff employed. - Current approaches to intelligence gathering. - Current processes for intelligence analysis and reporting. - Number of requests received from the regulator and other law enforcement agencies in the previous 12 months. - Number of requests from the regulator actioned within 28 days of receipt in the previous 12 months.		

Table 2: Performance requirements, reporting and payment summary

Outputs	Performance milestones	Report due	Payment
Expanding operational capability to support proactive compliance and enforcement activity: Investment in logistics support staff. Investment in transport, storage and disposal of seized goods. Development of a state operation centre proof of concept.	Commonwealth acceptance of an Implementation Plan that articulates timeframes and activities associated with: - Recruiting specialist staff (logistics support). - Securing appropriate storage facilities for seized illicit tobacco. - Procurement of appropriate transport and destruction services. - Establishing a state operation centre proof of concept. The Implementation Plan must also outline how Victoria will identify and manage risks and issues. 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: - Current approaches to storing, transport and disposal of seized illicit tobacco. - Current approaches to storing, transport and disposal of other seized illicit nicotine products (as relevant). - Number of logistics support requests (transport, storage and destruction) for illicit tobacco in previous 12 months. - Number of logistics support requests (transport, storage and destruction) for illicit nicotine products in previous 12 months (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.		
Enhancing and enforcing legislative and regulatory frameworks: Investment in specialist staff to operationalise Victoria's regulatory framework.	Commonwealth acceptance of an Implementation Plan that articulates timeframes and activities associated with: - Recruiting specialist staff (legal support). - Establishing the regulatory framework. - Uplift of operational policy and procedures to support implementation of the regulatory framework. The Implementation Plan must also outline how Victoria will identify and manage risks and issues. 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: - Current number of staff engaged to work on legislative frameworks and regulatory change. - Current number of policies and procedures to support the regulatory framework.		
➤ Increasing resourcing capacity and	Commonwealth acceptance of a Status Report which includes the following: - A summary of the illicit tobacco and other illicit nicotine products (as relevant) compliance and enforcement activities that have been supported by the Schedule to date.	31 January 2027.	\$4,961,540

Table 2: Performance requirements, reporting and payment summary

Outputs	Performance milestones	Report due	Payment
capability. ➤ Improving information and intelligence capture and sharing. ➤ Expanding operational capability to support proactive compliance and enforcement activity. ➤ Enhancing and enforcing legislative and regulatory frameworks.	- 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. - Victoria's initial considerations for ensuring the continuity of system improvements and the advancement of compliance and enforcement activities beyond the designated funding period.		
	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. - Victoria's 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

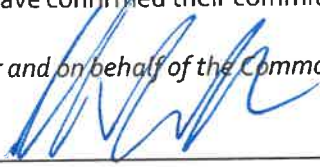
Outputs	Performance milestones	Report due	Payment
Enhance transport, storage and disposal capability for illicit vaping goods	Provision of an Additional Report that provides: - An overview describing the planned operational approach and activities related to the transporting, storing and disposing of illicit vaping goods. *Note – transport, storage or disposal activities undertaken should be as a result of vape enforcement	15 July 2026.	\$1,149,418

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

Outputs	Performance milestones	Report due	Payment
	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.		
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 volume of illicit vaping goods disposed.	31 January 2027.	\$586,117
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 volume 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

01 / 07 / 2026

Signed for and on behalf of the State of Victoria by



The Honourable Anthony Carbine MP

Minister for Police

Minister for Community Safety

Minister for Victims

Minister for Racing

01 / 07 / 2026