

## INQUIRY INTO ILLEGAL TOBACCO TRADE

**Name:** Name suppressed

**Date Received:** 31 May 2025

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Partially  
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# SUBMISSION TO THE NSW PARLIAMENT

## Portfolio Committee No. 5 – Justice and Communities

### Inquiry: Illegal Tobacco Trade in New South Wales

Submitted by:

Date: 31 May 2025

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#### 1. Introduction

As a professional operating across regional New South Wales and engaged in a range of civic and infrastructure-focused activities, I welcome this inquiry into the illegal tobacco trade. The impact of this trade reaches beyond health policy—it undermines community safety, legitimate business operations, and regional economic stability. This submission offers general observations and policy suggestions relevant to regional enforcement, tenancy protections, and broader community effects.

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#### 2. (a) Organised Crime Links and Emerging Criminal Practices

There is widespread and credible evidence that the illegal tobacco market is increasingly tied to **organised crime syndicates**, with proceeds frequently linked to broader criminal enterprises including drug trafficking, firearms, and human exploitation.

In regional NSW, the problem is amplified by:

- **Lower police presence** and surveillance compared to metropolitan areas.
- **Fragmented enforcement responsibilities**, with state and federal jurisdictions often overlapping without adequate coordination.
- **Storefront tobacconists operating as cash businesses** with minimal transparency.

Without substantial and coordinated intervention, criminal networks will continue to exploit regulatory blind spots in rural and peri-urban areas.

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#### 3. (b) Money Laundering via Tobacconists and ATMs

The presence of **standalone ATMs within or adjacent to tobacconist premises** provides a low-barrier mechanism for **money laundering**, especially where no requirement exists to link these machines to retail activity or bank accounts under AML scrutiny.

Recommendations:

- Require **registration and reporting of all non-bank ATMs** located within tobacco-selling premises.
  - Mandate routine **cross-checking of cash deposits and retail turnover** in high-risk locations.
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#### 4. (c) Legal Protections for Landlords

Landlords leasing to retail tenants should not be held liable for criminal acts committed by tenants operating under a legal lease, unless evidence exists that the landlord was complicit. However, the current legal environment creates **unreasonable risk exposure** for commercial property owners.

Recommendations:

- Introduce **statutory indemnity provisions** for landlords who have exercised reasonable due diligence prior to lease execution.
  - Develop **clear tenancy screening guidelines** for high-risk categories such as tobacco retail.
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#### 5. (d) Legislative Framework and Enforcement Responsibility

NSW currently lacks a **centralised and adequately resourced enforcement agency** for illicit tobacco regulation. Responsibility is fragmented across NSW Police, NSW Health, local councils, and federal bodies such as the ATO and ABF.

Recommendations:

- Create a **dedicated multi-agency taskforce** under NSW Police or the Crime Commission with clear jurisdiction and operational authority.
  - Mirror successful enforcement models from **South Australia and Victoria**, which have implemented more cohesive approaches.
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#### 6. (e) Regional Enforcement and Data-Sharing Gaps

In regional areas:

- **Resourcing is inconsistent** and often reactive rather than strategic.
- **Access to interagency data** is minimal, hindering investigations into networked criminal behaviour.

Recommendations:

- Establish a **centralised, cross-jurisdictional database** to log inspections, seizures, and intelligence.
  - Allocate additional funding for **dedicated regional compliance officers**, particularly in high-volume tobacco corridors.
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#### 7. (f) Impact on Small Business and Communities

Illicit tobacco:

- **Undercuts law-abiding small retailers** who cannot compete on price.

- Leads to **community mistrust** when obvious non-compliant businesses continue to operate unchecked.
- Diminishes the perceived legitimacy of enforcement agencies.

Recommendations:

- Provide **financial relief or tax concessions** to small businesses affected by illicit competition.
  - Expand **anonymous community reporting tools** and support whistleblower protections.
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## 8. (g) Effects of Prohibition on Black Market Expansion

Over-regulation or prohibition of tobacco products, without balanced enforcement and transition strategies, fuels demand for illegal supply chains.

- Illicit trade thrives in **regulatory vacuums** and markets where consumers are priced out of legal products.
  - Any move toward tighter regulation must be **accompanied by enforcement, education, and cessation support**.
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## 9. (h) Disproportionate Impact on Vulnerable Groups

Communities with:

- **Higher rates of addiction**
- **Lower income**
- **Reduced access to health services**

...are more likely to be targeted by sellers of illegal tobacco. Additionally, regional migrant and multicultural communities may unknowingly engage in the trade due to language or regulatory barriers.

Recommendations:

- Target outreach and education programs to **multicultural and low-literacy communities**.
  - Enforce workplace safety and fair labour laws within the **illicit tobacco supply chain**, including in informal packing and distribution.
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## 10. (i) Other Related Matters

- The **digital sale and promotion of illicit tobacco** via encrypted messaging and social platforms remains a blind spot for enforcement.
  - Greater engagement is needed with **delivery and courier platforms**, which may be unknowingly facilitating home delivery of illegal products.
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## **11. Conclusion**

The illegal tobacco trade undermines the rule of law, damages local economies, and endangers community health. A coordinated, well-resourced, and regionally aware response is critical. I thank the Committee for its attention to this matter and would welcome the opportunity to contribute further if required.

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