

20 March 2026

Committee Secretary
Senate Legal and Constitutional Affairs Committee
Via email: legcon.sen@aph.gov.au

Dear Committee Secretary

Re: Illegal tobacco crisis in Australia – Stonnington submission

The City of Stonnington (Stonnington) welcomes the opportunity to provide a submission to the inquiry into the illegal tobacco crisis in Australia.

While local government does not regulate tobacco excise, customs enforcement or criminal law, councils are increasingly managing the visible community, safety and amenity impacts of illicit tobacco activity within local precincts. This submission focuses on those matters within our direct experience and remit.

1. Context - the City of Stonnington

Stonnington is located in Melbourne's inner south-east, alongside the Birrarung / Yarra River, covering an area of 25.63 square kilometres. Stonnington is close to the centre of Melbourne and takes in the suburbs of Armadale, Kooyong, Malvern, Malvern East, Prahran, Toorak, South Yarra, Windsor and parts of Glen Iris. Stonnington is situated on the traditional land of the Wurundjeri Woi Wurrung and Bunurong peoples.

The estimated resident population for 2024 was 114,038; it is anticipated that the municipality will experience population growth of over 20 per cent to 2045. Stonnington has a culturally and economically diverse population. Housing stock includes some of Melbourne's finest mansions, significant heritage buildings, denser inner-urban precincts with tall apartment buildings and large blocks of public housing, reflecting the contrasting lifestyles, needs and expectations of our community.

Stonnington is mostly residential, with some commercial, industrial, office and institutional land uses. Our city is well known for our iconic shopping and lifestyle precincts, leafy streets, historical architecture, and beautiful parks and gardens.

Stonnington is also home to some of Melbourne's most prominent retail and hospitality precincts, including Chapel Street, Toorak Village, High Street Armadale and Glenferrie Road Malvern. These activity centres attract significant daily foot traffic from residents, workers and visitors and contribute substantially to the local and state economy.

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As a dense inner metropolitan municipality with prominent retail precincts, Stonnington has observed the impacts of illicit tobacco activity at a local level. Public statements from Victoria Police and the Illicit Tobacco and E-cigarette Commissioner have linked the illicit tobacco trade in Victoria to serious and organised crime activity, including arson, extortion and firearms offences; in 2025, incidents along Chapel Street were reported as having organised crime links.

Stonnington's Health and Wellbeing Strategy 2025–2029 identifies community safety, social inclusion and active and healthy living as key priorities, including reduced access to alcohol, gambling, tobacco and other drugs. The availability of illicit tobacco and illegal vaping products presents challenges for public health objectives and has been publicly linked to broader organised crime activity.

This submission addresses those elements of the Terms of Reference where Stonnington can provide place-based observations, particularly in relation to community safety, public health considerations and the adequacy of current regulatory and enforcement settings.

2. Terms of Reference

The City of Stonnington provides input on Terms of Reference (a), (b), (c), (d) and aspects of (f), reflecting matters within local government knowledge and experience.

(a) The scale and nature of the illegal tobacco market

Stonnington has observed the impacts of illicit tobacco activity within prominent retail precincts, particularly along Chapel Street. Stonnington has approximately 120 tobacco retailers known to Council, mostly concentrated in the Prahran and South Yarra area. Only 17 businesses in Prahran and South Yarra are currently listed on the Victorian Government's new tobacco licence public register. According to a Herald Sun investigation in February 2025, there were at least 11 retailers in South Yarra and 10 in Prahran selling illicit products including illicit cigarettes, vapes, nicotine pouches and chop chop.¹

In September 2025, a joint operation on Chapel Street involving the Therapeutic Goods Administration and Victoria Police resulted in the seizure of more than 110,000 illicit cigarettes, over 40 kilograms of loose illicit tobacco, illegal vaping goods with a reported street value exceeding \$40,000 and more than 24,000 nicotine pouches. Media reporting indicated that certain premises resumed trading within 24 hours of this raid.

Local Environmental Health Officers (EHOs) within the City of Stonnington are observing increasing complexities in the illicit market. Businesses previously trading as a tobacco retailers are obtaining low-risk food registrations and advising Council that they no longer sell tobacco after being declined a licence under the new scheme administered by Tobacco Licensing Victoria. This creates a potential regulation gap where premises may fall outside routine inspection, despite ongoing risks that illicit activity could continue covertly.

EHOs also report significant online and social media-based sales of illicit products, with transactions facilitated through platforms such as Facebook and WhatsApp, suggesting that visible retail outlets represent only part of a broader distribution network.

(b) The impact of illegal tobacco on public health and government revenue

Illicit tobacco and illegal vaping products present public health risks due to the absence of regulatory oversight and quality assurance. According to the *National Tobacco Strategy 2023-2030*, the ongoing presence of the illicit tobacco market not only fuels other illicit

¹ [Police uphill battle as Victoria home to 1044 illicit tobacco shops | Herald Sun](#)

activities but also undermines public health efforts to reduce demand for tobacco. Illicit trade in tobacco products also undermines efforts to reduce the affordability of tobacco products.

According to 2022 Cancer Council data, Stonnington has the fifth highest vaping prevalence in Victoria. The availability of illegal vaping products through retail settings contributes to increased accessibility and normalisation - the retail availability of tobacco products is known to be associated with an increased prevalence of tobacco use and likelihood of relapse among people attempting to quit smoking².

Price-based deterrence through taxation has historically supported reductions in smoking rates. The existence of a substantial illicit market weakens this mechanism by providing cheaper alternatives outside the regulated system. Illicit cigarettes reportedly now comprise half of the products sold to Australia's 2.7 million smokers³.

While loss of Commonwealth excise and customs revenue is a matter for the Australian Government, illicit trade undermines the effectiveness of taxation settings designed to discourage smoking and support public health objectives, which councils have a role in promoting.

(c) Law enforcement, intelligence and regulatory responses

Stonnington supports strengthened enforcement capacity and regulatory settings.

Victoria's tobacco licensing scheme commenced on 1 February 2026. Under the scheme, Tobacco Licensing Victoria may suspend or cancel licences, seize illicit products and issue penalties.

However, limitations remain. Public reporting indicates that approximately 14 inspectors are responsible for overseeing an estimated 8,000–10,000 retailers statewide, and inspections must be conducted in pairs due to safety considerations. The current framework as of 15 March 2026 provides for immediate closure powers comparable to those available in other jurisdictions such as New South Wales, South Australia and Queensland. Stonnington supports this being legislated as a matter of urgency, noting that without meaningful closure powers, enforcement action may not achieve sustained disruption of unlawful trade.

In addition, the Victorian licensing scheme does not currently extend to e-cigarettes and vaping products, or oral nicotine pouches.

A national licensing and regulatory framework is required to bring all states into alignment. This should mandate closure powers, provide consistency on which products are subject to licensing including vaping, e-cigarette, and illegal tobacco products and extend oversight to online and social media sales channels (such as Facebook and WhatsApp), recognising that a significant proportion of illicit trade now occurs outside traditional retail settings. This approach is consistent with the *National Tobacco Strategy*, which promotes 'a consistent licensing scheme in place covering all aspects of the tobacco supply chain in Australia', 'regulatory approaches to control or restrict the number, type and location of tobacco outlets,' and 'banning or further restricting the sale of tobacco products online.'

(d) Social and economic impacts

The illicit tobacco market has direct social and economic impacts within metropolitan retail precincts.

² National Tobacco Strategy 2023-2030

³ [Illegal tobacco is a deadly \\$10 billion industry wiping out legitimate businesses - ABC News](#)

Legitimate retailers face unfair competition from businesses selling untaxed and unregulated products. This disadvantages compliant operators and affects business confidence. Anecdotally, we have heard from businesses and traders' associations that their insurance premiums have increased due to proximity to illegal tobacco operators, given the threat of violence and fire-bombings linked to these businesses.

Over recent years Stonnington has experienced heightened organised crime-linked incidents along Chapel Street. Highly visible criminal activity and associated media stories affects perceptions of safety and can deter visitation. This has been reflected in community and business sentiment, particularly in the Chapel Street precinct.

Council is also concerned by the deliberate targeting of children and young people through predatory marketing tactics, including the placement of toys and confectionery alongside brightly coloured vape and tobacco products. These practices undermine public health efforts such as the 'Fresh Take⁴' campaign, a youth-led vaping prevention initiative delivered across South-East Melbourne between July 2024 and December 2025. The project adopted a place-based, collective impact approach, bringing together local government, community health partners, schools and young people to address shared determinants of health.

(f) Options for reform

Stonnington has advocated strongly for a strengthened response to illicit tobacco in Victoria including:

- Increased inspection capacity to ensure adequate coverage for all states.
- Introduction of immediate and extended closure order powers for premises found selling illicit tobacco or illegal vaping products.
- Expansion of Victoria's licensing scheme to include e-cigarettes and vaping products.
- Continued strengthening of police resources where links to organised crime are identified.
- Enhanced inter-agency coordination and information sharing.
- Stronger controls to reduce young peoples' exposure to harmful products, including proximity to schools, restrictions on sale of toys and lollies.
- Clear limits on the number and type of licensed retailers permitted within defined activity centres.

A serious, nationally coordinated approach to illicit tobacco is critical to manage the impacts of this dangerous illicit market.

Thank you for the opportunity to contribute to this important inquiry. If you have any questions or require clarification, please contact Jen Church, Public Affairs Coordinator at

Yours sincerely

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⁴ [Fresh Take Project to tackle youth vaping City of Stonnington](#)