

Date: 29 January 2025

Tobacco and Vapes Bill 2024-25

## Executive Summary

Australian Association of Convenience Stores (AACCS) acknowledges the UK government's commitment to addressing smoking and vaping harms, and supports measures to prevent youth access and reduce exposure to passive smoking. However, we strongly oppose the proposed generational ban on tobacco sales under the Tobacco and Vapes Bill 2024-25. Evidence from Australia's experience of prohibition highlights significant unintended consequences, including a thriving illicit tobacco market, organised crime and increased enforcement challenges.

The Bill's intention to create a smoke-free generation is admirable but fails to account for the realities of prohibition, which has historically been ineffective. We urge the UK government to adopt a balanced approach that strengthens regulation while avoiding measures that risk fueling organised crime, as seen in Australia, and undermining legitimate retailers.

## Australia's Tobacco Wars

Australia's strict tobacco controls and, in particular, its high excise rates have unintentionally created one of the largest illicit tobacco markets in the world, valued at around AUD 3 billion annually<sup>1</sup>. Instead of reducing tobacco consumption, these measures have incentivised organised crime syndicates to exploit demand, leading to severe consequences for communities and businesses.

Since the announcement of further excise increases in May 2023, more than 200 firebomb attacks have targeted businesses across the country<sup>2</sup>, with small business owners facing violent intimidation and, in extreme cases, torture. In one shocking incident, a man in the Australian state of New South Wales had his toe severed during a dispute over illicit tobacco<sup>3</sup>. Insurers are also responding to the risks posed by this illicit trade, with tobacconists, residential body corporates and retailers struggling to secure coverage, and some even forced to obtain expensive policies from overseas providers. For example, residents of a Melbourne apartment complex above a tobacconist saw their insurance premiums triple after local insurers declined to offer coverage<sup>4</sup>. Bans and excise hikes have not addressed the demand for tobacco; instead, they have driven it underground.

In Victoria, more than 80 percent of offenders caught selling illicit tobacco were under 18, highlighting how

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<sup>1</sup> Australian Tax Office (31 October 2024). *Tobacco tax gap*. Retrieved from <https://www.ato.gov.au/api/public/content/0-882626e8-a57b-4b7a-ab16-0894492a4ff2>

<sup>2</sup> ALIVE Advocacy Movement. (n.d.). *Firebombings*. Retrieved 23 January 2025, from <https://www.aliveadvocacymovement.com/firebombings>

<sup>3</sup> Daily Telegraph (7 January 2025). *Tobacco wars erupt in Sydney as man allegedly has toe cut off in attempted underworld rip*. Retrieved from [Condell Park tobacco wars dispute sees toe cut off as Ahamad Dudu and Mohamad Kaddour charged | Daily Telegraph](#)

<sup>4</sup> Herald Sun (18 September 2024). *Insurance denied as tobacco shop below forces residents to international market*. Retrieved from ([Melbourne tobacco war means some apartments can't get insurance | Herald Sun](#))

organised crime preys on vulnerable youth<sup>5</sup>. Alarming, children as young as 12 are being recruited by these networks to commit arson and other criminal acts.

In Victoria, rival gangs' violent competition for illicit tobacco profits recently resulted in a gunshot being fired into a car on a busy Melbourne freeway in broad daylight<sup>6</sup>. These brazen acts of violence highlight the growing danger of Australia's illicit tobacco market.

Recognising the failures of prohibition, several Australian states have implemented measures to address the issue. Licensing schemes, increased fines and shifting enforcement from health agencies to liquor and gaming regulators reflect the evolution of illicit tobacco from a public health issue to a criminal one. In Victoria, the hardest-hit Australian state, mandatory jail sentences have been introduced for offenders caught selling illicit products<sup>7</sup>.

The situation stands in stark contrast to Australia's success in regulating alcohol. By balancing strict regulation with public education, Australia has eliminated the black market for alcohol and significantly reduced youth drinking rates. Recent research from Cancer Council Victoria found that only 64.8 percent of students aged 12-17 reported ever trying alcohol—a decline from previous years—while risky drinking among 16-17-year-olds dropped from 10.8 percent to 8.8 percent<sup>8</sup>.

Australia's experience demonstrates the risks of punitive tobacco policies that fuel criminal activity while failing to reduce demand. A balanced approach focused on regulation, licensing and education, rather than prohibition and excessive taxation, is essential to address the harms caused by illicit tobacco. Such an approach would protect communities, support businesses, and offer valuable lessons for the UK in managing its own tobacco policies.

### **New Zealand's Success**

New Zealand offers a compelling example of how smart regulation can deliver measurable public health outcomes without fueling the illicit market. By reversing restrictive policies on vaping and smoke-free generations, the country has achieved remarkable results, including a more than 50 percent decline in youth vaping rates over three years<sup>9</sup>. This success is attributed to targeting illicit supply chains, investing in youth awareness campaigns and ensuring informed health choices.

<sup>5</sup> Canberra Times (1 March 2024). *Four teens arrested over tobacco war firebombings*. Retrieved from <https://www.canberratimes.com.au/story/8541181/four-teens-arrested-over-tobacco-war-firebombings/>

<sup>6</sup> Herald Sun (30 December 2024). *Shocking dashcam footage captures attempted underworld killing*. Retrieved from [Shock footage captures attempted underworld contract killing in Jacana | Herald Sun](#)

<sup>7</sup> ABC (12 November 2024). *Victoria promises the toughest penalties in the country and a new licensing scheme for tobacco retailers*. Retrieved from <https://www.abc.net.au/news/2024-11-12/tobacco-licensing-victoria-to-end-the-state-tobacco-wars/104588470>

<sup>8</sup> SMH (3 February 2024). *Half of underage drinkers had alcohol supplied by their parents*. Retrieved from <https://www.smh.com.au/national/half-of-underage-drinkers-had-alcohol-supplied-by-their-parents-20240203-p5f24l.html>

<sup>9</sup> The Press (25 November 2024). *Youth vaping rates fall but older school students have 'fallen through cracks'*. Retrieved from [Youth vaping rates fall but older school students have 'fallen through cracks' | The Press](#)

Unlike Australia, which has struggled to legalise and regulate alternative nicotine products, New Zealand introduced a comprehensive framework in 2020, treating nicotine vapes and pouches as legitimate adult consumer products. This approach has turbocharged its decline in smoking rates. Between 2020 and 2023, New Zealand witnessed a staggering 43 percent reduction in daily adult smoking rates, from 11.9 percent to 6.8 percent. Targeted, culturally-appropriate initiatives for Māori smokers achieved an equally impressive 41 percent decline, from 28.6 percent to 17.1 percent during the same period<sup>10</sup>.

This success was not accidental. New Zealand's evidence-based regulatory model included strict safety and quality standards, supported by extensive public education campaigns. Programs like "Vaping Facts," "Vape to Quit Strong," and health professional guidance have played critical roles in fostering informed choices and reducing harm.

In contrast, Australia's regulatory gap has allowed a thriving black market to emerge as adult consumers struggle to access legal, safer alternatives to smoking. While Australia historically enjoyed lower smoking rates than New Zealand, the latter's decision to legalise and regulate vaping has propelled its progress, placing it on track to become smoke-free by this year.

New Zealand's experience also highlights the broader risks of prohibition. A generational ban, as proposed in the UK, could inadvertently increase demand for illicit tobacco while burdening law enforcement. By focusing on legal access and harm reduction, New Zealand has avoided these pitfalls, proving that progressive, well-regulated policies are far more effective at achieving public health goals than restriction.

### Other Risks of the Bill

A generational ban will almost certainly fuel the rise of a thriving black market, as observed in Australia, where supply has been restricted without addressing underlying demand. Clause 2 of the Bill introduces disproportionate penalties that could complicate enforcement and damage public trust. By criminalising proxy purchases—where one person buys tobacco for another—the Bill risks penalising minor social infractions, such as adults sharing tobacco with peers, with harsh fines. This adds unnecessary complexity to enforcement and could overwhelm police and regulatory authorities, diverting resources away from more serious criminal activity. Policing these laws would require substantial manpower and funding, placing strain on already overburdened enforcement agencies. Meanwhile, the public may view such measures as excessive and intrusive, potentially fostering resentment and non-compliance. This risks creating a divide between authorities and communities, undermining the legitimacy of broader public health campaigns.

Retailers, particularly small businesses such as corner shops and pubs, will bear the brunt of the operational burdens imposed by the generational ban. The costs associated with verifying ID for every tobacco purchase will be substantial, requiring investments in technology, staff training and compliance systems. These additional expenses will disproportionately affect smaller operators. For many small businesses, tobacco sales are a critical revenue stream. Losing these sales to black market competitors—who pay no taxes, adhere to no regulations and face minimal enforcement—could force some retailers to close their doors.

Legalising and regulating alternative nicotine products, as seen in New Zealand, can help reduce smoking rates without driving consumers to the black market. Such frameworks include strict safety and quality stand-

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<sup>10</sup> Mendelsohn, C. (13 June 2024). *Australia Must Follow New Zealand and Sweden to Reduce Smoking – New Report*. Retrieved from <https://colinmendelsohn.com.au/nzsf/>

ards, targeted education campaigns and culturally appropriate harm reduction initiatives. Prohibition has consistently failed to achieve public health objectives and often exacerbates the very problems it seeks to solve. The UK has an opportunity to learn from the mistakes of other nations and adopt a smarter approach that balances public health goals with practical, enforceable policies.

## **Conclusion**

Australia's experience with tobacco policies offers a clear warning: prohibition fuels crime and fails to reduce demand. Instead of empowering criminal networks and putting communities at risk, governments must adopt evidence-based regulatory frameworks that balance public health with practical enforcement. New Zealand's success in reducing smoking rates through smart regulation and harm reduction provides a compelling roadmap. By addressing demand, protecting legitimate businesses and prioritising education over prohibition, nations like the UK can avoid the pitfalls of restrictive policies and achieve meaningful public health outcomes. The lesson is simple: regulation works, prohibition doesn't.

Kind regards,

Theo Foukkare



CEO  
[REDACTED]

## **About AACCS**

Established in 1990, the Australian Association of Convenience Stores (AACCS) is the peak body for the convenience industry in Australia. Nationally, the industry employs over 80,000 frontline staff across 7,300 stores.

The majority of these stores operate as small, family-run businesses, often under licence or a franchise agreement, or with independent ownership. They regularly employ family members and people from the local communities in which they operate. The AACCS represents the interests of these small businesses - their owners, staff, suppliers and customers.

Each year the AACCS commissions an independent body to measure key metrics in the sector, which is published as the State of the Industry Report. Turnover in the convenience industry in Australia was valued at approximately \$10.4 billion annually in 2023, the latest figure for which data is available. Our industry responsibly sells tobacco products valued at \$3 billion, accounting for approximately 20% of the national consumer sales.