



TIME IS RUNNING OUT TO QUIT ILLICIT TOBACCO:

A CASE STUDY IN RESPONDING
TO EMERGING THREATS

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Declaration of Interests

Retail NZ is a membership organisation that represents the views and interests of New Zealand's retail sector. We are the peak body representing retailers across Aotearoa, with our membership accounting for nearly 70% of all domestic retail turnover. New Zealand's retail sector comprises over 29,000 businesses and employs around 220,000 Kiwis.

Retail NZ strongly supports the Smokefree 2025 agenda and the goal of reducing daily smoking prevalence to below 5%. We believe that a thriving, law-abiding retail sector and improved public health outcomes are complementary goals, not competing ones.

Our membership includes tobacco manufacturers British American Tobacco, Philip Morris International, and Imperial Brands, alongside retailers across the convenience, grocery, fuel and specialist sectors for whom tobacco represents a small or incidental part of their business. This report was researched and written independently by Retail NZ staff. No tobacco manufacturer has funded, commissioned, or directed this work, nor has any manufacturer reviewed or approved its content prior to publication.

In accordance with WHO FCTC Article 5.3, Retail NZ acknowledges the importance of transparency regarding industry relationships in tobacco policy discussions. Readers are encouraged to weigh this declaration accordingly.

A note from the Chief Executive

New Zealand has historically been sluggish to introduce regulation when harmful new products enter the market, whether driven by commercial innovation or deliberate criminal enterprise. By the time our enforcement and regulation system catch up, markets are established, supply chains are entrenched, and criminal networks have found their footing.

This reflects the structural reality that our public agencies too often operate in silos. Customs protect our border. Police respond to crime. Health NZ monitors compliance. Inland Revenue pursues tax evasion. Each does its job and yet emerging harmful products do not arrive with clear jurisdictional labels, and the gaps between agencies are where illicit or problematic markets take hold.

The problem is not new, and tobacco - which we focus on in this paper - is not the only example. For instance, nitrous oxide canisters or "nangs", are widely available in convenience stores and online. Despite well-documented harms from recreational use overseas, New Zealand's enforcement infrastructure has struggled to navigate the gap between the Psychoactive Substances Act 2013 and the Medicines Act 1981 with no single agency having a clear mandate. Similarly, when synthetic cannabis products began appearing on shelves enforcement agencies were caught flat-footed without the tools to respond. In both cases, the pattern was the same: the product emerged, concern grew, agencies pointed to the limits of their mandate, and the window for early intervention closed.

What New Zealand needs is not just better enforcement, though that is urgently required as this report demonstrates. What is needed is a multi-agency rapid-response mechanism that can be activated when an emerging product poses risks to public health, community safety, or the integrity of the tax base. A framework that does not wait for the problem to become a crisis before convening the right people in the same room.

Illicit tobacco offers the most fully-developed case study for why this matters. The data, the enforcement gaps, the community impacts, and the international comparisons are well-documented. Australia's experience provides a clear example of what happens when a regulatory response arrives years too late. New Zealand is not yet at that point, but the window for early action is narrowing.

This report serves two purposes. It makes the immediate case for urgent action on illicit tobacco. It should also be read as a model for how New Zealand might respond more nimbly to the next emerging threat, whatever form that takes.



Carolyn Young
Chief Executive



Introduction

Aotearoa New Zealand has been a world leader in reducing smoking rates and remains proudly committed to its Smokefree 2025 goal of reducing smoking levels to below 5%. Alarming, a growing market of cheap illicit tobacco is increasingly capturing market share, placing this goal at risk. This report outlines the emerging threat posed by the illicit tobacco trade to New Zealand's health, fiscal, security objectives and retail industry.

New Zealand has a fleeting opportunity to disincentivise the illicit tobacco trade by taking proactive steps before criminal networks become entrenched. There are vital lessons we can take from Australia, which is currently in the midst of an illicit tobacco crisis that serves as a stark warning of how a booming black market can undermine decades of public health progress and trigger a rise in violent crime. Australia, has pursued “world first” policies including increasing excise duties to a level of almost AUD\$1.50 per cigarette and severely restricting access to tobacco free alternatives such as vapes. These policies have created a massive price differential that has incentivised organised crime groups to flood the market with illegal products. Today, the Australian tobacco market is dominated by illicit trade—with some recent anecdotal estimates placing its share as high as 75%—which has triggered a wave of high-profile violent crime¹ and arson². Australia's experience illustrates how rapidly the spread of illicit tobacco can embed organised crime within local communities and bring violence to our streets here in New Zealand. The rapid expansion of illicit tobacco in New Zealand calls for an immediate and assertive response to prevent a similar situation to that emerging in Australia in recent years.

Beyond the security risk posed by transnational criminal groups, the increasing affordability and accessibility of black-market cigarettes poses a direct threat to the Smokefree 2025 agenda. Tobacco use remains the primary cause of avoidable illness and mortality in New Zealand, with persistent and disproportionate impacts on Māori, Pasifika, and those in socio-economically disadvantaged areas. As illicit tobacco undermines the high-price signals intended to encourage quitting, it keeps smoking affordable for our most vulnerable populations³.

Furthermore, the Australian experience demonstrates the severe fiscal consequences of an unchecked illicit market. As smokers shifted to cheaper illegal products, the Australian Government saw a rapid collapse in excise revenue, losing billions of dollars that would otherwise support public services. While New Zealand is not yet on a par with Australian excise duties, we still have some of the highest tobacco taxes in the world, presenting economic conditions attractive to criminal syndicates. Financial statements from the New Zealand Treasury in March 2026 report an alarming 15.8% shortfall in tobacco excise duty

¹ Meciar, I. et al. A content analysis of illicit tobacco-related crimes reported in Australian media. *Nicotine Tob. Res.* 27, 980-987 (2025)

² Kohler, A. Illegal tobacco is a deadly \$10 billion industry wiping out legitimate businesses. *ABC News* <https://www.abc.net.au> (2025).

³ Nip, J., Edwards, R., Hoek, J. & Waa, A. Smoking prevalence and trends: important findings from the 2023-24 New Zealand Health Survey. *Public Health Expert Briefing* <https://www.phcc.org.nz> (2024).

compared to forecasts for the seven months ended 31 January 2026⁴ whilst smoking rates have flatlined (See Chart 1).

This underscores the urgency of tackling illicit tobacco and the need to take steps now to prevent illicit tobacco from expanding further into the country. Retail NZ believes that reducing the overall demand for tobacco products remains the best way to limit the illicit tobacco market, yet data shows current measures are stalling. To protect our communities—including legitimate retailers from the fallout of rising criminal gang violence and aggressive undercutting of legal product—and ensure our health goals remain achievable, it is vital we meet this challenge now with aggressive border and retail enforcement. Failure to act would guarantee a reliable income for transnational organised criminal networks.

Illicit tobacco threatens New Zealand’s health, fiscal, and security objectives

If we fail to address the challenge of illicit tobacco, the cost to our public health will be significant. While the fiscal and security risks are serious, the most immediate danger of the illicit trade is its power to dismantle New Zealand’s primary anti-smoking strategy: using price to drive cessation.

Tobacco use remains the leading cause of preventable death and disease in New Zealand. It is a primary driver of cancer, cardiovascular disease, and respiratory illness⁵. In 2021, Ministry of Health estimated 12 to 13 New Zealanders die each day from illnesses related to tobacco use⁶. Tobacco-related illnesses place significant strain on the public health system and have been estimated to cost \$2.5 billion.

Data shows that although the smoking rates in New Zealand are comparatively low, the percentage of daily smokers has remained steady in the past three years. In 2024/25, the prevalence of daily smoking was 6.8%. This is similar to the previous year (6.9%), but down from 16.4% in 2011/12. The proportion of people reporting to be heavy smokers (at least 21 cigarettes per day) has also increased, being the highest reported figure since 2012⁷.

⁴ The Treasury. Interim Financial Statements of the Government of New Zealand for the Seven Months Ended 31 January 2026. <https://www.treasury.govt.nz> (2026).

⁵ Cancer Society of New Zealand. *Smokefree Auaahi Kore*. <https://www.cancer.org.nz> (2025).

⁶ Ministry of Health, *Smokefree Aotearoa 2025 Action Plan - Auaahi Kore Aotearoa Mahere Rautaki 2025* (2021)

⁷ Ministry of Health. *New Zealand Health Survey 2024/25*. <https://www.health.govt.nz> (2025).

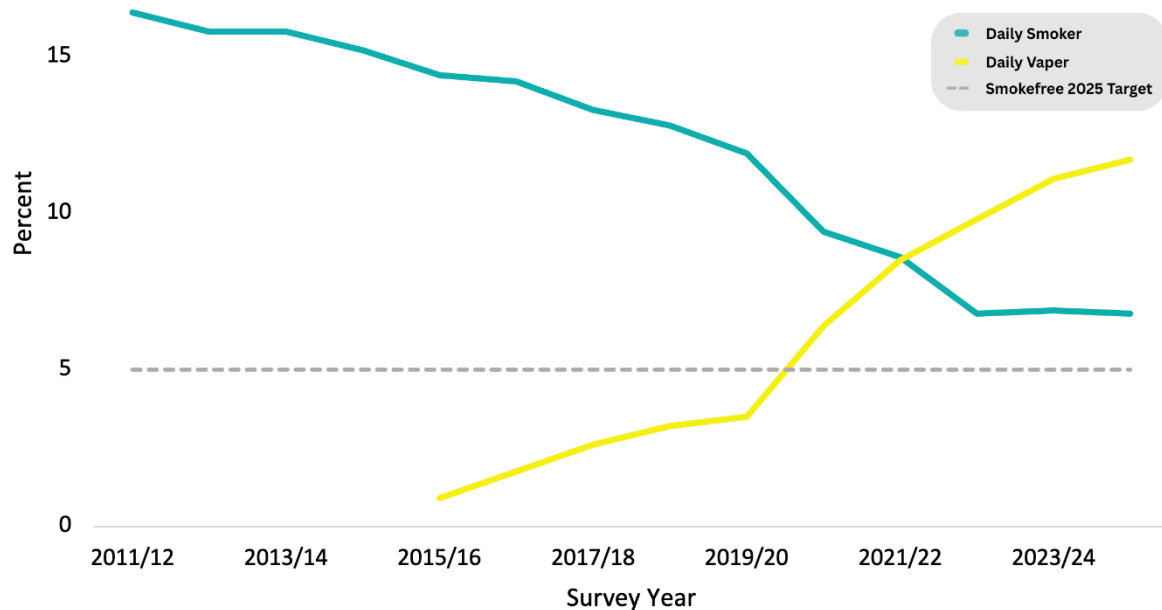


Chart 1: Ministry of Health data showing the prevalence of daily smoking and daily vaping, total population aged 15 years and over, 2011/12 to 2024/25.⁸

The health burden of smoking is not distributed evenly. Māori and Pasifika, as well as those living in high-deprivation areas, experience significantly higher rates of tobacco-related harm. The prevalence of daily smoking has declined in all ethnic groups since 2011/12, although inequities remain in 2024/25: Māori (15.0%), Pacific peoples (10.3%), European/Other (5.7%) and Asian (4.5%). Achieving health equity requires ensuring that the policy tools used to reduce smoking reach all communities effectively.

In addition, as the market shifts toward illicit, untaxed products, the Treasury loses revenue required to fund healthcare while simultaneously incurring the costs of supporting smokers who would have otherwise quit due to price. We have the advantage of being able to look across the Tasman to Australia, where the flourishing illicit trade demonstrates that the risk to both the fiscal and social fabric of a nation is no longer theoretical.

⁸ Ministry of Health. *Trends in smoking and vaping: New Zealand Health Survey 2024/25*. <https://www.health.govt.nz> (2025).

Lessons from our neighbours

Official Australian estimates suggest illicit tobacco accounts for 50-60% of the market share⁹, though some independent industry insiders believe this is an underestimate and the market share could be as high as 75%. Crucially, while high taxes were intended to drive cessation, federal tobacco excise revenue has collapsed from a peak of \$16.3 billion in 2019-20 to an estimated \$7.7 billion in 2024-25.

Australia ceased producing its own tobacco and cigarettes over a decade ago. Following a 25% excise hike in 2010, the government implemented eight annual 12.5% increases from 2013 to 2020. It now has the highest excise duty in the world. Contrary to New Zealand, Australia has a highly regulated vape market, restricting legal vapes to a behind the counter pharmacy product. These policies have created a prohibition-style environment which transnational organised crime groups have rapidly exploited.

Australia has until recently been seen as a low-risk/high-reward environment and this has contributed to a severe uptick in violent crime. The final report (2017) of the Black Economy Taskforce suggested that tobacco costing \$150,000AUD to import had a street value of \$10 million and would incur a modest fine, demonstrating an ideal trading landscape for organised crime to exploit. In 2023, the illicit tobacco trade exploded into a violent retail turf war known as the "Melbourne Tobacco Wars". Organised crime groups used an "earn or burn" extortion model, resulting in over 125 arson attacks on retail stores suspected of being controlled by rival syndicates. This has undermined public trust in the authorities and brought violence to the heart of communities. Illicit tobacco profits provide steady income for organised crime groups who can invest in other harmful activities such as firearms and narcotics.

The high price of legal tobacco has created an opportunity for illicit tobacco products to flood the market and undercut legitimate product. Enforcement has raced to catch up but industry experts fear this may be too little, too late. In response to the escalating threat, the government has introduced more severe penalties and a range of new offences including store closures, established the Illicit Tobacco Taskforce (ITTF) in 2018 to target transnational syndicates, and created the Illicit Tobacco and E-cigarette (ITEC) Commissioner in 2024 to support a multi-pronged national strategy.

⁹ Australian Government. *Illicit Tobacco and E-Cigarette Commissioner Report 2024-25*. (The Commonwealth of Australia, Canberra, 2025).

The growth of illicit tobacco in New Zealand

The scale of growth of the illicit tobacco trade in New Zealand is a subject of debate, with market share estimates varying widely depending on the source and methodology.

Small beginnings (2010-2013)

A decade ago, the illicit tobacco market was considered relatively small and stable.

- 2010: A tobacco industry estimate concluded that illicit tobacco represented about 3.3% of total consumption.
- 2012: Independent academic researchers from the University of Auckland in a 2025 study using Consumption Gap Analysis, estimated the proportion of illicit tobacco in the total market was 5.85%.
- 2013: Action on Smoking and Health, an independent body, estimated the market size to be between 1.8% and 3.9%.

Growth and the 2019 Peak (2014-2019)

Both independent and industry sources recorded a gradual increase through the mid-2010s, culminating in a sharp spike immediately before the pandemic.

- 2014-2017: Independent estimates rose to a peak of 8.96% in 2014 before dipping. During this same period, industry-funded reports (such as Oxford Economics and KPMG) began reporting higher figures, reaching 12.7% in 2017.
- 2019: This year saw an unexplained peak. Independent academic research estimated the illicit market at 12.81%. New Zealand Customs Service also recorded a surge in "shot-gun" importations—thousands of small packages sent through the mail stream—during this year.

Pandemic Suppression (2020-2021)

The COVID-19 pandemic and subsequent border closures caused a dramatic contraction in the illicit market.

- 2021: Independent research estimated the illicit market fell sharply, with one study estimating 2.9% and another producing a negative gap of -2.62%. This is consistent with COVID-19 border closures effectively cutting off supply.

Post-Pandemic Divergence (2022-2024)

Following the reopening of borders, estimates from industry and academic sources have diverged sharply.

- 2022: The tobacco industry (KPMG) estimated the illicit market rebounded to 12.1%. Independent academic research estimated 12.27%.
- 2023: FTI Consulting (industry-funded) reported a significant jump to 23.6%. Conversely, the University of Auckland study found that 2023 data produced an implausible negative gap of -4.86%, which they attributed to high levels of under-reporting and inconsistencies in the data provided by tobacco companies to the government.
- 2024: The most recent FTI Consulting report claims the illicit market has reached a record 27.2% of total consumption.

For independent estimates refer to: Phyo PP, Bullen C. Trends in the illicit tobacco market in New Zealand: a consumption gap analysis. *BMJ Public Health* 2025;3:e002853. doi:10.1136/bmjph-2025-002853

A case study

Although there is some disagreement in the exact market share of illicit tobacco in New Zealand, there is no doubt that illicit tobacco products have become more widely available and visible to consumers. We have heard several anecdotal accounts from Retail NZ members and colleagues about the availability of illicit tobacco. The following case study demonstrates that illicit tobacco is a serious and current issue impacting retailers and communities. We have chosen not to disclose the name of the location and the person we spoke with to protect their safety.

This Auckland suburb is a community characterised by significant socioeconomic diversity. According to the New Zealand Index of Socioeconomic Deprivation, approximately 30% of the local population falls into the most deprived decile. Historically, such areas experience higher than average smoking rates, making them primary targets for exploitation by the illicit trade.

In November 2025, a local business representative identified a new retail outlet operating in the community shopping precinct. This outlet began openly retailing cigarette packs for \$13.00, a price well below that of legal product which retails between \$35-\$50 for a pack of 20. Our contact on the ground described the store as a regional destination for illicit tobacco, drawing purchasers from outside the community jeopardising the viability of legitimate small businesses. The operators did not appear to request ID-verification, and our contact was concerned that young people were able to purchase cigarettes.



Image 1: Photo shared by a confidential source demonstrating illicit tobacco priced well below RRP.

This activity occurred in a precinct already served by tobacco vendors including five dairies and eleven specialist vape retailers, all of whom operate within the legal framework.

Despite several attempts to alert authorities, our contact was left frustrated by the response which they described as fragmented and ineffective.

- **Health NZ (Te Whatu Ora):** While responsive, their mandate was limited to marketing. They successfully requested the removal of illegal street signage, but lacked the statutory power to seize illicit stock or shutter the business.
- **NZ Customs:** Stated they were unable to intervene as the product had already cleared the border and entered domestic circulation, placing it outside their jurisdiction.
- **NZ Police:** Advised that, given competing pressures, the retail of illicit tobacco was not a high-priority task for local frontline officers.

The observations from this community suggest that this lack of enforcement has created a safe zone for illegal activity. Our contact advocates for a "hotline" based intelligence system linked to a dedicated task force with the specific powers to investigate, seize, and prosecute. Their assessment of the current situation is clear: "We can't ignore it anymore."

The jurisdictional confusion on display in this Auckland suburb points to an enforcement structure that isn't responsive to the growing challenge of the illicit tobacco trade.

Current policy

New Zealand has opted for a stable fiscal approach by maintaining annual tobacco excise increases linked to the Consumer Price Index (CPI). The Government has also implemented a 50% tax cut on Heated Tobacco Products (HTPs) citing a policy of harm-reduction by incentivising tobacco free nicotine products. Vapes are available through licensed vendors and are considered less harmful than cigarettes for adult smokers, though their appeal to young people remains a concern for regulators.

The use of annual CPI-linked excise increases ensures that tobacco remains a high-value commodity for criminal syndicates. While the 50% tax cut on HTPs acknowledges the need for lower-risk alternatives, the core economic driver of illegal activity remains: a massive price differential between a ~\$35-50 legal pack and a \$13 illicit pack. In a cost-of-living crisis, this gap creates a strong incentive for both the consumer to switch and the criminal to supply.

New Zealand remains a non-signatory to the WHO Protocol to Eliminate Illicit Trade in Tobacco Products. The initial decision to defer was based on data suggesting that illicit trade in New Zealand was "relatively small", at the time estimated at just 2-4% of the total market. However, this data is a significant underestimation of the true market share of illicit tobacco in 2026.

Current New Zealand market and penalties

New Zealand's current penalties are too lenient and represent a low risk to importers who stand to profit even if just a small percentage of shipping containers with illegal tobacco successfully avoid detection. Transnational organised crime groups are willing to accept border losses because the profit margins are so high. Customs data shows a 20% increase in illicit tobacco seizure in 2024 compared to 2023, however, this may be symptomatic of the rising prevalence of illicit tobacco rather than an improved border detection.

Current penalties for importing illegal products:

The Customs and Excise Act 2018 provides a tiered approach to penalties, but the financial deterrents for commercial-scale smuggling remain significantly lower than in Australia, which introduced a comprehensive penalty regime in the (Australian) Treasury Laws Amendment (Illicit Tobacco Offences) Bill 2018.

NZ Customs has the option of issuing an infringement notice (\$400) for minor offending or prosecuting more serious offending.

- For importing prohibited goods, the maximum penalty on conviction is a fine not exceeding \$5,000 for an individual and a fine not exceeding \$25,000 for a body corporate.
- This offence is also prescribed as an infringement offence in the Customs and Excise Act 2018.

For knowingly importing prohibited goods the maximum penalties on conviction are:

- imprisonment for a term not exceeding 6 months; or a fine not exceeding the greater of \$20,000 or an amount equal to 3 times the value of the goods to which the offence relates in the case of an individual:
 - a. a fine not exceeding the greater of \$100,000 or an amount equal to 3 times the value of the goods to which the offence relates in the case of a body corporate.
 - b. Infringement notices cannot be issued for this offence.

An Opportunity for Aotearoa New Zealand

With approximately 350,000 smokers in New Zealand and a more liberal approach to nicotine alternatives, the market for illicit tobacco is smaller than Australia. This may help to partially explain why the rising trend in illicit tobacco appears to be several years behind Australia. However, we ignore the fate of Australia at our peril. The window for meaningful action on illicit tobacco is rapidly closing to create a hostile environment for transnational organised crime groups seeking to exploit our current enforcement and regulatory blindspots.

Recent reports from the Ministerial Advisory Group on Transnational, Serious and Organised Crime illustrate the breadth and depth of organised crime and the harm it can have on our communities. The revenue from Illicit tobacco is already supporting the activity of transnational criminal groups which includes importing methamphetamine, human trafficking and migrant exploitation. If the growth in this illicit market is left unchecked, the violence that goes hand-in-hand with organised crime will spill onto our high-streets in a way the more clandestine activities of organised crime does not. Illicit tobacco vendors have quite literally set up shop on our high streets already, exposing the public and legitimate vendors to the coercion and territorial disputes of criminal syndicates. If the violence of the Australian experience is to be avoided, we must pull every lever available to us to prevent illicit tobacco becoming entrenched.

A report by the World Bank, *Confronting Illicit Tobacco Trade*¹⁰, demonstrates that high taxes and resulting price increases are not the sole drivers of black markets. In fact, the report identifies that the illicit market is often larger in countries with low taxes but poor enforcement. The World Bank highlights several non-price factors that play a pivotal role in allowing illicit trade to take root:

- Lack of Adequate Regulatory Frameworks: Weak controls over the supply chain and manufacturing equipment.
- Insufficient Enforcement Capacity: Limited multi-agency coordination and under-resourced border and domestic investigators.
- Informal Distribution Networks: The existence of unregulated retail environments and online platforms that facilitate easy access to illicit goods.
- Social Acceptance: A public perception that views illicit tobacco as a victimless crime, which undermines compliance and reporting.

New Zealand has a clear opportunity to impact each of these areas by implementing an aggressive, multi-agency approach. By aligning public health goals with national security enforcement, the government can protect tax revenue, improve long-term health outcomes, and prevent organised crime groups from turning the tobacco market into a primary funding stream for further criminal activity. This approach must look beyond border seizures and address the entire criminal ecosystem from the point of manufacture to the retail counter.

¹⁰ World Bank Group. *Confronting Illicit Tobacco Trade: A Global Review of Country Experiences*. (World Bank, Washington DC, 2019).

Recommendations:

- 1. Establish a Multi-Agency Illicit Tobacco Task Force (ITTF):** New Zealand currently lacks a unified operational response, as evidenced by the fragmented feedback from Customs, Police, and Health NZ in our case study. We recommend the formation of a dedicated ITTF—modelled on Australia’s successful multi-agency approach—to centralise intelligence and enforcement.
 - **Operational Mandate:** The task force should combine the expertise of NZ Customs (border disruption), NZ Police (organised crime and retail violence), Health NZ (regulatory compliance), and Inland Revenue (tax evasion).
 - **Dedicated Funding:** Implementing a cost-recovery model where a small portion of tobacco excise is ring-fenced to fund the task force’s investigations and retail inspections.
- 2. Independently Chaired Policy Roundtable:** We have proposed a one-off funding allocation of \$75,000 in Budget 2026 to facilitate a rapid-response stakeholder consultation and a high-level policy roundtable to tackle this urgent and emerging issue of illicit tobacco in New Zealand.

Topics for consideration should include:

- **Tobacco controls:** Examine current policy and regulation to determine drivers of growth in illicit tobacco and associated criminal activity.
- **Evidence-Based Harm Reduction:** Make policy recommendations for reduced-harm nicotine products—including vapes, oral nicotine pouches, and HTPs—following international public health evidence.
- **Enforcement:** Evaluate whether current agencies have adequate powers (e.g., search and seizure) and resourcing (including seizure storage facilities) to effectively disrupt the illicit tobacco trade.
- **Retail safety:** Determine what measures would prevent a deterioration of safety in the retail environment and protect the social fabric of shopping precincts.
- **Public Health Messaging:** Consider effective and targeted communications to support Smokefree 2025 objectives and better educate the public on the risks and consequences of purchasing illicit tobacco.

Our proposed timeline:

- **Month 1:** Comprehensive industry consultation and production of a Discussion Paper.
- **Month 2:** Hosting of the National Illicit Tobacco Roundtable at Parliament House, bringing together retailers, associations and senior leadership from Treasury, Health NZ, Justice, Police, and NZ Customs.
- **Month 3:** Delivery of a final report to the Minister, providing a unified action plan for 2026/27 and beyond.

3. **Comprehensive Retail and Wholesale Licensing:** New Zealand lacks a unified licensing framework for tobacco sales, creating a significant enforcement gap at the retail level.
 - **Mandatory Licensing:** New Zealand should explore implementing a mandatory licensing regime for all tobacco wholesalers and retailers, bringing them in line with vape merchants. This would allow for "fit and proper person" testing of business owners and provide authorities with the power to revoke licenses for non-compliance.
 - **Aggressive Penalty Reform:** Current fines are insufficient deterrents. New Zealand should align with the Australian model by significantly increasing fines and introducing tough custodial sentences for commercial scale smuggling.

4. **Enhanced Border Protection and Intelligence:** While the 2020 Customs and Excise (Tobacco) Amendment Act introduced vital permit requirements, further investment is needed to counter sophisticated smuggling tactics.
 - **Technological Investment:** Funding for high-volume cargo and baggage X-ray scanners is essential for detecting mis-declared shipments.
 - **Intelligence-Led Targeting:** Expanding the use of advanced data analytics and postal sorting technology to identify small package importations in the international mail stream.
 - **Expanding Specialised Units:** Increasing the number of tobacco-scenting detector dog units at major ports and mail centres remains one of the most effective detection methods.
 - **Offshore Disruption:** Strengthening intelligence-sharing partnerships with international enforcement agencies to disrupt smuggling syndicates before shipments reach New Zealand shores.
 - **Anonymous Reporting:** Establish a high-profile, anonymous reporting hotline (and web portal) specifically for illicit tobacco and vape sales.

5. **Disrupting the Digital Black Market:** illicit tobacco in New Zealand is sold blatantly on social media and public marketplaces.
 - **Engagement with Platform Providers (Meta, etc.):** Establish formal, intelligence-led cooperation with social media platforms to facilitate the immediate removal of non-compliant listings.
 - **Courier and Postal Service Accountability:** Enact legislation similar to the US PACT Act, which prohibits the delivery of tobacco products to consumers by postal and private courier services unless the sender is a licensed entity and rigorous age-verification occurs.

- **Banning Online Retail Sales:** Consistent with Article 11 of the WHO Protocol, New Zealand should consider a total ban on the retail sale of tobacco products through the Internet and telecommunication-based modes to close the primary loophole used for "shot-gun" type small-package importations.
6. **Ratification of the WHO Protocol to Eliminate the Illicit Trade in Tobacco Products:** While New Zealand is already a party to the Framework Convention on Tobacco Control (FCTC), the Protocol provides the specific legal tools needed to secure the global supply chain.
- **Track and Trace Regime:** Implementation of the Protocol would mandate a global tracking and tracing system using unique, secure identifiers on every cigarette pack. This allows authorities to determine exactly where a product was diverted into the black market.
 - **Supply Chain Control:** The Protocol requires strict licensing of all persons and equipment involved in the manufacture and distribution of tobacco products, alongside mandatory due diligence and record-keeping.
7. **Starving the Illicit Economy:** Enforcement alone cannot solve the problem of illicit tobacco; the strategy must include a commitment to making the New Zealand market a low-value target for transnational criminal syndicates.
- **Market Contraction:** The most effective long-term deterrent to organised crime is the successful achievement of the Smokefree 2025 goal. By reducing daily smoking prevalence to below 5%, the government naturally shrinks the available customer base, rendering the New Zealand market less profitable and less attractive to transnational criminal networks.
 - **Integrity and Transparency:** In alignment with WHO FCTC Article 5.3, all anti-illicit operations must remain strictly independent of industry influence. Ensuring that policy is driven solely by public health and national security interests protects the integrity of the Task Force.

Conclusion

The emergence of a sophisticated illicit tobacco market in Aotearoa New Zealand represents a significant risk and if it continues would be a failure of our current enforcement architecture. If left unaddressed, this trade will continue to dismantle the public health benefits of the country's Smokefree commitment, reduce the tax base, and invite the same organised criminal violence currently destabilising Australian communities into New Zealand.

We are at a pivotal moment. By implementing a multi-agency strategy—centred on establishing a task force and green lighting a policy round table—New Zealand can reclaim regulatory control. By ratifying the WHO Protocol we can signal to our international partners how seriously Aotearoa is taking this threat to our communities. We must act now to ensure that our high-excise health policies serve the wellbeing of New Zealanders, rather than providing a primary funding stream for transnational, serious and organised criminal networks.

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