

# Tracking Australia's black-market tobacco from criminal smugglers to cigarette shops

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Four Corners    Laws

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Some of the stores Four Corners visited were selling packs for less than half the price of legal cigarettes.

It takes less than 30 seconds after entering a store in Melbourne's south-eastern suburbs before we have a pack of illicit cigarettes in our hands.

There are no screening questions.

No suspicious looks.

In fact, the black-market tobacconist — on Buckley Street in the bustling suburb of Noble Park — is having a sale on Manchester cigarettes.

**"It's still on special — \$13," the cashier says.**

The store quickly fills with more people waiting to be served.

Metres away is another tobacconist.

Here a pack of 20 Manchester Sapphires goes for \$15 cash. That's less than half the price of the cheapest legal pack of cigarettes you can buy.

Around the corner is a TSG franchise store also slinging Manchester cigarettes.

The packs are everywhere.

According to Victoria Police, there are 1,300 standalone tobacco stores in Victoria, and of those, 1,000 sell some kind of illicit tobacco.

In the 2019 census more than 15,000 businesses were registered to sell tobacco in the country, but how each is policed and how laws are enforced differs for every state and territory.

Experts say a combination of sky-high cigarette prices, historically lax enforcement and a laser-like focus on cutting smoking rates have combined in a perfect storm to fuel an explosion in Australia's black market.

But how does that black market operate? How has it been allowed to spread across the country seemingly unchecked?

A Four Corners investigation has followed a web of shipping routes, Middle Eastern factories, false documents, unmarked white vans and violent criminals, all fuelling the multi-billion-dollar industry.

### **In the back of a van**

At a warehouse south of Brisbane, two men wearing shorts and T-shirts wheel trolleys stacked with boxes through a car park.



A man moves boxes from a warehouse south of Brisbane. (*Four Corners*)

They load boxes out of a white van parked nearby, chatting as they work.

When *Four Corners* approached the men, there were cartons of Manchester cigarettes in clear view. The brand is brought into the country illegally, isn't taxed, and doesn't carry the mandatory Australian government plain packaging and health warnings.

We follow one man who drives a short distance to a self-storage unit and loads up. Black-market cigarettes are commonly stored off-site to minimise stock losses if there's a police raid.



A man loads boxes into a van. (*Four Corners*)

The man whose company operates from the warehouse owns at least half a dozen tobacconists across Brisbane.

But how do the illicit cigarettes flooding our market get here?

At a covert location in Sydney, the Australian Border Force (ABF) scans and screens boxes and shipping containers for illicit cargo.

In one container, barely concealed behind a flimsy barrier of cardboard, are 10 million Manchester cigarettes.



Boxes of Manchester cigarettes have been hidden behind cardboard in a shipping container. *(Four Corners)*

Border force Assistant Commissioner Tony Smith says the millions of cigarettes in this warehouse are only from the previous week.

On the streets, the load would have fetched millions of dollars, but the people importing it might have paid as little as \$150,000.

Smith says Border Force has already seized 268 tonnes of loose-leaf tobacco, and 1.2 billion cigarettes this financial year. Sold legally, this would have netted the government \$2.3 billion in revenue.

"That's excise that could have gone back into government coffers, which is actually being used by serious organised crime," he says.



The border force warehouse has millions of cigarettes seized in the past week. (*Four Corners*)

"And the worst part about that, it's not just being wasted; it's been used for other forms of criminality. It could be converted into border control drugs, weapons, firearms, or anything else that is no longer a victimless crime."

### **'I'm one of Kaz's boys'**

Last year, on average, there were about two arson attacks a week linked to the illicit tobacco trade in Victoria, according to police.



A store in Ballarat was set alight in 2022. (Supplied)

It is not just tobacconists that have burned in the dead of night. Businesses linked to serious organised crime figures have also been torched as several syndicates have settled personal grievances and vied for control of this lucrative market.

The Haddara family has reportedly long dominated the illicit tobacco market in Victoria from its base in Melbourne's western suburbs. But its hold has been challenged by Kazem Hamad — a convicted heroin trafficker.

Hamad was deported to Iraq when he finished his trafficking sentence. However, he has waged war from overseas against the Haddaras and others involved in the black market, as well as his personal enemies.

Last September, a standover man was recorded on CCTV threatening a store owner in Melbourne's northern suburbs.

"Are you the boss of the store?" he asks.

"I'm one of Kaz's boys. I'm gunna give you a number, and I need you to call this number today.

"Make sure you call 'em, because if you don't call 'em ..."

Police linked the January firebombing of a home in Truganina, in Melbourne, to the ongoing tobacco feuds.



Fire crews try to put out the blaze at the Truganina home. (ABC News)

That firebombing killed 27-year-old performer Katie Tangey, who was house-sitting for her brother.

Katie and her brother are not connected to illicit tobacco. Police say the arsonists got the wrong address.

That death came about the same time gangland figure, boxer and tobacco black-market player Sam "The Punisher" Abdulrahim was executed in front of his girlfriend in the underground car park of a Melbourne serviced apartment block.

### **Following the route**

In the early hours of November 18 last year, the Cosco Valencia container ship ploughs towards Port Phillip Bay — its latest stop from South-East



Asia.

It makes its way through the heads, towards Melbourne's docks. Buried among its stacks of containers is one that stands to make somebody a lot of money.

Four Corners learned through confidential sources, this container was carrying illicit cigarettes before it was ultimately intercepted by ABF.



One of the Cosco Valencia's containers contained illicit cigarettes. (*Four Corners*)

There is no evidence the owners and operators of the Cosco Valencia were aware of its illicit cargo.

On the bill of lading — a document that shows one container's contents, the port it's shipped from, and the person it's addressed to — the container is listed as carrying tables.

It's actually full of cigarettes.

It's addressed to a building company in Sydney owned by a husband and wife. When Four Corners speaks to them, they deny any knowledge and say they have no link to black-market tobacco.

It's possible they are the victims of a practice called "piggybacking".

Piggybacking occurs when a legitimate company's details are hijacked by smugglers to lessen suspicions at the border.

In other cases, the containers are simply addressed to warehouses rented by the importers.



The Australian Border Force intercepted the load on the Cosco Valencia. (*Four Corners*)

While the Cosco Valencia load was intercepted by the ABF, estimates on how many are making it through to the community vary. It is widely accepted that traffickers only need a fraction of their attempts to be successful to turn a profit.

That's because smugglers can buy a container of cigarettes such as Manchester for a fraction of what they can sell it.

The cheap price goes all the way back to the factories they are made in.

## **Behind Manchester**

Several brands of cigarettes favoured by smugglers begin in the Jebel Ali free-trade zone, a sprawling, secure commercial and residential segment of the United Arab Emirates (UAE) city of Dubai.

Each year hundreds of billions of cigarettes are believed to be produced here.

"A lot of the manufacturing of a product like this within Jebel Ali could very well be legal and licit," Telita Snyckers says.

She is one of the world's foremost experts in the illicit trade.

"Part of the problem is that there's nothing wrong with these cigarettes at the point of manufacture. It's difficult to seize them, it's difficult to detain them because they're not illegal."



Jebel Ali is a free-trade zone in Dubai. (Getty Images)

Manchester is produced in a multitude of colours and flavours, and while packs often feature health warnings, they're not compliant with Australian standards.

Manchester could potentially be legally sold in countries with little to no tobacco regulation, such as the Central African Republic, Serbia and the Democratic People's Republic of Korea.

United Nations Office on Drugs and Crime research expert Ted Leggett says: "The thing about Manchester is that it is not clearly packaged for legal sale almost anywhere in the world.

"They can just say, 'It's just business. We're just selling to a wholesaler. If they want our product; we sell it to them. We ship to them, they're responsible from that point on."

Four Corners asked the Emirati government what it was doing to stem the flow of Jebel Ali cigarettes being smuggled overseas.

The Emirati government did not respond by deadline.

Manchester is owned by Khaled al-Mahamid, a Syrian businessman and a prominent figure in the opposition to former dictator Bashar al-Assad.

Al-Mahamid may not have invented the brand, but licensing documents show he and his brother controlled the company's trademark from the late 2000s under the name J.S.S Tobacco Limited.

He is also listed as the company manager of Adam General Trading — an entity that distributes Manchester cigarettes from Dubai.

He's been involved in several other business ventures in the Middle East. While he owns Manchester, there's no suggestion he is involved in smuggling cigarettes.

On its website, Manchester claims to have "aficionados around the world".

"Since 2002, we've become a renowned name across the Middle East, Africa, Europe, and Asia."

It says it has expanded from the UAE to the entire globe and "keeps moving forward, defying challenges and innovating".



Licensing documents show Khaled al-Mahamid as the head of J.S.S Tobacco Limited. *(Getty Images)*

Leaked documents obtained by the journalism not-for-profit the OCCRP show Khaled al-Mahamid and his family own several properties in Dubai.

In a voice message to Four Corners, al-Mahamid says the cigarettes flooding Australia's market are counterfeit.

"Stop the fake cigarette, OK.

"Lots of fake cigarettes coming from Cambodia, Vietnam ... they're making a huge quantity.

"Not ours. This is all copy."

Al-Mahamid denies it is his cigarettes that smugglers are targeting.

**"We are not responsible for anyone doing smuggling," he says.**

"Today the big challenge for us is the coming of the copies to this country.

"We are doing all our business under the law of UAE. We are not responsible what everyone do in the end."

### **Is enforcement the answer?**

Black-market cigarettes are everywhere in Australia. We've found them on sale at the Spencer Street Mini Mart metres from Victoria Police headquarters and in the electorates of senior politicians such as Jim Chalmers and Peter Dutton in Brisbane, Mark Dreyfus in Melbourne and Health Minister Mark Butler in Adelaide.

Butler warns that illicit tobacco is now a dual threat: to public health, but also public safety.

"This is also a fight against serious organised crime. We've not recognised this is a very lucrative source of revenue to bankroll all of their other criminal activities, sex trafficking, drug trafficking and the like," he says.



Health Minister Mark Butler will not consider a freeze on tobacco tax hikes. (*Four Corners*)

The minister, and other tobacco control advocates *Four Corners* spoke to, believe that the key to crippling Australia's tobacco black market is

enforcement and stiffer penalties.

Over the past year, federal and state governments have increased fines and jail sentences for illicit tobacco offences. In August 2024, the South Australian government introduced fines of up to \$1.1 million for selling illicit tobacco. Victoria has introduced jail terms of up to 15 years.

But enforcement falls to local councils, public health officers, and consumer affairs — agencies never built to tackle a booming black market. Police target the organised crime syndicates running the trade but rarely shut down the retailers selling the cigarettes.



Packs of illicit cigarettes seized from a store. (*Four Corners*)

The health minister has faced questions over Australia's high tobacco excise. Would the government consider pausing tobacco tax increases to freeze legal prices and starve the black market of customers?

It's something the tobacco industry often lobbies for as it seeks to drive down the price of legal cigarettes.

Butler says that would be "raising the white flag" and letting criminals and the industry dictate government policy. He says cheaper cigarettes

inevitably lead to higher smoking rates: "It still kills more than 20,000 Australians [every year]."

But the minister concedes that organised crime is already controlling the market.

"Well, that's right ... they've been able to get a foothold, and I regret that that's the case, but, you know, the best time to deal with this would've been five years ago," he says.

"The second-best time is to deal with it now."

**Tobacco Wars reported by Dan Oakes goes to air on Four Corners on Monday 3 March at 8.30pm on ABC TV and [ABC iview](#).**

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