



IMPERIAL TOBACCO AUSTRALIA LIMITED
ABN 46 088 148 681

16 July 2019

Committee Secretary,
Senate Legal and Constitutional Affairs Committee,
PO Box 6100,
Parliament House,
Canberra ACT 2600

Dear Ms Dunstone,

Customs Amendment (Immediate Destruction of Illicit Tobacco) Bill 2019

Thank you for your email of 12 July 2019 regarding the *Customs Amendment (Immediate Destruction of Illicit Tobacco) Bill 2019*. Imperial Tobacco Australia (ITA) welcomes the opportunity to make this short submission in relation to the matter.

Imperial Tobacco Australia is an Australian-based wholly owned subsidiary of Imperial Brands, the world's fourth largest international tobacco company. ITA entered the Australian market in September 1999 at the request of the ACCC to ensure that competition was maintained following the global merger between British American Tobacco ("BAT") and Rothmans International.

From the Parliamentary website¹ we understand the purpose of the Bill is to amend the *Customs Act 1901* to enable the destruction of illicit tobacco immediately upon seizing it. This amendment comes on the back a series of changes adopted from the 'Black Economy Package' in the 2018-19 Federal Budget and 'will streamline the processes for dealing with tobacco products which have been imported in contravention of these new requirements.'²

It is our understanding that the Senate referred this bill on 4 July 2019 to the Senate Legal and Constitutional Affairs Committee, who in turn will report on it by 19 July.

The illicit tobacco trade is a serious, and complex, problem. The World Health Organisation recognises that "[F]rom many angles, the illicit trade of tobacco products is a major global concern, including health, legal and economic, governance and corruption. The illicit tobacco market may account for as much as one in every ten cigarettes globally."³

¹ https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/bd/bd1819a/19bd069

² https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/bd/bd1819a/19bd069

³ <http://www.who.int/campaigns/no-tobacco-day/2015/event/en/>



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This is equally so in Australia where the *KPMG Illicit tobacco in Australia (2018 Full Year Report)*⁴ estimated illicit consumption of tobacco to be 14.1% of total consumption. If this had been consumed legally it would have represented an estimated excise value of \$2.02 billion.

ITA is opposed to illicit tobacco in all forms and cooperates with authorities globally to help prevent illegal tobacco products from finding their way into legitimate market. There is evidence that it funds organised crime and in some instances terrorism.

ITA is supportive of the illicit tobacco measures adopted in the 2018-19 Federal Budget, these are now fully implemented as of 1 July 2019 with the finalisation of changes to the excise regime including the key requirements for a permit to import tobacco and the changing of the taxing point to the border. We see the *Customs Amendment (Immediate Destruction of Illicit Tobacco) Bill 2019* as the final piece in delivering the budget measures and allowing authorities to go about their duties.

We therefore support the *Customs Amendment (Immediate Destruction of Illicit Tobacco) Bill 2019* that will enable the Comptroller-General of Customs to destroy illicit tobacco immediately upon seizing it and effectively deal with prohibited tobacco imports.

Finally, we would be happy answer any questions in relation to this submission.

Gary Dickson

Regulatory and Legal Compliance Manager
Imperial Tobacco Australia.

⁴ KPMG Illicit tobacco in Australia (published 3 May 2019)