

**HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS**

**INQUIRY INTO
CRIME IN THE COMMUNITY**

AUSTRALIAN FEDERAL POLICE SUBMISSION

1. Introduction

1.1 The Australian Federal Police (AFP) welcomes the inquiry by the Standing Committee on Legal and Constitutional Affairs into crime in the community and its focus on victims, offenders, and the fear of crime.

1.2 We have attached for the Committee's consideration the following

- The governance arrangement and structure of law enforcement in Australia (*Attachment 1*); and
- A copy of the AFP's presentation on controlling illicit drug supply, including in relation to the heroin shortage, to the House of Representatives Standing Committee on Family and Community Affairs Inquiry into Substance Abuse (*Attachment 2*).

2. Background

2.1 The AFP is the major instrument of Commonwealth law enforcement. Its role is to enforce Commonwealth criminal law and protect Commonwealth and national interests from crime in Australia and overseas. The AFP is Australia's international law enforcement and policing representative and the chief source of advice to the Government on policing issues.

2.2 The AFP's functions are set out in section 8 of the Australian Federal Police Act 1979. Within that framework, under section 37(2) of the Australian Federal Police (AFP) Act 1979, the AFP receives a Ministerial Direction that outlines the Government's priorities and expectations for the AFP for a given period. The current Direction states that the AFP will pursue the following outcomes:

- that criminal activity is deterred in areas impacting on the Commonwealth Government's interests;
- that those individuals and interests identified by the Commonwealth Government or the AFP as being at risk are kept safe and secure as a result of AFP protective services;
- that policing activity creates a safer and more secure environment in the ACT, Jervis Bay and Australia's external territories;
- that the Commonwealth Government contributes effectively to international law enforcement interests; and

- that community confidence in the honesty, effectiveness and accountability of the AFP is high.

2.3 Given this breadth of function, the AFP occupies a unique position in the Australian criminal justice environment as an agency that has both a national and community-policing role.

2.4 A performance outcome framework structures this unique role in the Australian law enforcement environment with two distinct outcomes in service provision.

- Outcome 1: The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas; and
- Outcome 2: Policing creates a safe and secure environment in the A.C.T. (funding for this Outcome is provided by the A.C.T. Government.

2.5 The AFP's community policing role in the Australian Capital Territory (ACT) is by way of a purchase agreement with the ACT government. Community policing is also provided for four external territories (Jervis Bay, Norfolk Island, Christmas Island, and Cocos Island).

3. The AFP's Relationship with the Terms of Reference

3.1 From its broad perspective, the AFP notes that serious crimes that cross national and international boundaries are generally crimes that are experienced locally, even if that effect is indirect. This leads to an understanding that crime is often multi-jurisdictional in either its nature or in its sources, so that crime occurring at the local community level is often found to have links at the national and international levels. Accordingly, the AFP suggests that the Committee's focus on community could be usefully taken to reflect and incorporate the wider notion of a *national* community.

"To tackle organised crime it is therefore necessary to look at it from both perspectives – local and global, understand the links: to feed intelligence in both directions. Think globally, act locally. One need only look at the example of heroin flow to understand this. The majority of heroin for the UK market is produced in Afghanistan, and trafficked by Turkish organised criminals. However a kilo of heroin can also result in, at UK street level, £220,000 worth of stolen property, 220 victims of burglary, 220 recorded crimes, costing the police £100 for each initial response and between a further £650 and £10,000 to prosecute an offender. One kilogram of heroin is also enough to produce 107 addict crimes per month. At this level it is the local communities that suffer."

Sir Keith Povey,
HM Inspector Of Constabulary¹

3.2 In line with this the AFP submits that the Committee's focus on two types of broad crimes—*against property* and *against the person*—does not provide an adequate coverage of the types of crimes committed that impact either directly or indirectly on the community.

3.3 We would suggest, should the Committee wish to maintain these two groupings, that the addition of a third type—*crimes against the national interest*—would enable the Committee to consider and appreciate a more complex understanding of crime in the community.

3.4 In this third possible grouping, crimes include trafficking offences, fraud, tax evasion, and corruption. In the community context such crimes need to be understood as types of offences that, if not investigated and prosecuted, contribute to a decline

in civil society. In other words, as high profile cases of individuals or groups flaunting the laws are liable to result in a loss of community faith and ultimately, a loss of community integrity. Further, the Committee will recognise that a considerable number of these types of offences also impact upon the Australian economy in terms of revenue collection.

3.5 Two clear examples that illustrate the point are crimes associated with what is commonly known as “chop chop” as well as those surrounding paedophilia.

3.6 Australian tobacco smuggling is primarily confined to chop chop—untaxed tobacco sold in plastic bags. Cut tobacco is subject to excise duty. According to one consultant’s analysis of the Australian tobacco industry, taxes account for over 70% of tobacco prices and revenue losses from the illegal trade “were over \$300 million for 2000, rising to \$450 million for 2001.”³ Rates of duty payable on cut tobacco are around \$230 per kilogram. In December 2000 the Australian Tax Office (ATO) seized 46 tonnes of illegal tobacco with an estimated street value of \$5.46 million. It was estimated to represent approximately \$10 million in unpaid excise. These seizures were the subject of an ATO Media Release (*Attachment 3*). The multi-jurisdictional nature of tobacco smuggling and the worth of multi-agency co-operation were highlighted in a Media Release by the Minister for Justice and Customs in February 2001 (*Attachment 4*).

3.7 Investigations into illegal tobacco and excise avoidance as well as drug and firearms trafficking offences clearly demonstrate that any number of other crimes may sit behind the initial offence—for example, extortion; crime in the transport industry; and money laundering.

3.8 Child-sex tourism and child pornography on the Internet also illustrate the desirability of considering both community and crime types more broadly:

“... in Australia, some of the estimates which have been given of the cost of fraud are as follows. Although now somewhat out of date, the Australian Federal Police (AFP), in a submission to AUSTRAC, estimated in 1996 that between A\$3 and A\$3.5 billion was lost through fraud in Australia annually (Walker 1997). AFP Annual Reports indicate much smaller sums involved in fraud cases actually dealt with which have ranged from between A\$125,970,000 in 1997-98 and A\$207,269,000 in 1999-2000 (Australian Federal Police 1998-2000). The ever-increasing trend in the dollar value involved in these cases over the last few years is of particular concern. The National Survey of Crimes Against Businesses found in excess of A\$235 million lost by fraud against businesses in the retail, manufacturing, primary industry and tourism/recreation sectors in the year 1992-93 (Walker 1994), while KPMG’s 1999 survey found losses of more than A\$239 million due to all forms of fraud including thefts by staff, customers and suppliers, with the average cost per incident of A\$1.1 million (KPMG 1999).”

Russell Smith
Australian Institute of Criminology²

3.10 In the case of child-sex tourism we see Australian nationals travelling overseas to commit crimes against children in developing countries. Such offences are often difficult to investigate, as there can be significant difficulties in obtaining evidence from overseas; there are considerable obstacles in place when dealing with witnesses who are children, particularly children who have been sexually abused or exploited; and there is a particularly low level of reporting of abuse. In developing countries these factors may be compounded by poverty, lack of basic infrastructure and/or a lack of transparency in the criminal justice system. The perpetrators of these offences live in our local communities. Whether they attack children

Child pornography on the Internet demonstrates our point that transnational crime affects all Australians and that the actual offence is a local crime somewhere. The AFP is involved in the co-ordination of national and international investigations into the illegal use of the Internet to transmit and distribute child pornography. The recent case of the "Wonderland Club" (*sic*) is an example of this role and relates to a United Kingdom-led investigation into the largest (at that time) international network of paedophiles operating in some 18 countries, involving 180 identified suspects and the transmission of over one million images. Australian enquiries resulted in the arrest of 4 suspects — two by Western Australian Police and one each by Victorian and New South Wales police. To join the club, individuals required a nomination and the invitation was offered only after approval by senior figures. Membership of the group entailed the provision of 10,000 pornographic images to the group and status appears to have been based on whether members produced their own material by abusing children or simply complied from Internet. To this end, in the UK some members had recorded themselves abusing their own children and, in one case, a member offered his children for sex with others in the club. The group held over 760,000 images. The AFP treats these images as evidence of a crime in progress and would argue that they clearly demonstrate the impact upon a child and/or community somewhere. *Interpol* has established a website of the images of the victims for identification purposes, but to date no Australians have been identified among the children.

only while in non-Australian communities or not, their criminality is a component of the overall picture of crime in Australia affecting the quality of our community and our reputation as a society.

4. Comment on the Terms of Reference of the Review

4.1 *The Types of Crimes Committed Against Australians*

4.1.1 As raised in the previous section (specifically 3.4), the AFP contends that there is a broad spectrum of crimes committed against Australians that are not covered by the Committee's information paper. These crimes against the national interest pose a significant threat to the Australian community and often have links to what may initially appear to be very local crimes. In particular we note that offences such as trafficking (drug and people), fraud, money laundering, intellectual property offences, environmental crimes and, post-September 11, increasingly terrorism are all issues that are faced by the AFP but also, it needs to be stressed, by the State and Territory police agencies.

4.1.2 This point also relates to the issue of emergent or new crimes that will increasingly challenge law enforcement efforts to maintain a certain standard of community compliance. While the AFP continues to regulate existing crimes it is increasingly concerned with the potential in terms of quantity and quality (i.e., modes of operation) of "new" crimes—eg, e-crime, identity theft, and drink-spiking. These crimes are of particular concern to law enforcement agencies as they are crimes that involve new modes of operation and very uncertain numbers in terms of actual offences.

4.1.3 In particular, the AFP notes that the issue of drug offences appears to have been omitted from the Information Paper. It would likely be of benefit to the Committee to consider the impact of drug-related criminality on the community.

4.1.4 Drug-related criminality also opens up an avenue to the Committee that the AFP feels relevant to an inquiry into crime in the community: that of structural or root causes of crimes in the community. By way of example the AFP in its community policing capacity in the ACT recently conducted Operation Anchorage—an ambitious operation to reduce burglary figures by 20 per cent. Anchorage was run during the period 26 February 2001 to 30 June 2001 in the ACT.

4.1.5 Operation Anchorage not only succeeded in reducing burglary offences by 21 per cent, but also clearly demonstrated that the vast majority of burglary offences were being committed by young males (17-24 years of age) who were supporting a heroin addiction.

4.1.6 Operation Anchorage demonstrates that at least three elements exist in terms of these types of drug-related offences: opportunity, capability, and motivation. Opportunity and capability are often areas that are addressed by crime prevention programmes that focus on target hardening and so forth, but the issue of motivation arguably requires an approach or approaches that are not necessarily law enforcement related (whole of government responses etc).

4.1.7 Operation Anchorage also illustrates the principal argument of our submission: that local or local community criminal activities are often related to crimes and causes of crimes that extend far beyond their local boundaries. And thus, while police services at the local community level can continue to affect actual rates of burglary over periods of time, given that such offences are often committed in an effort to support the addiction, successes in strategies such as supply reduction at the national and international level may well impact upon certain local offences.

4.2 *Perpetrators of crime and motives*

4.2.1 Assuming the Committee accepts the AFP's proposition that the types of crimes committed could be expanded to reflect interrelationships between many crimes with offences and activities that occur in other jurisdictions (national and international) then the Information Paper's proposition that most crime is committed by young people requires examination.

4.2.2 The qualitatively different nature of sophisticated and transnational crime (in terms of crimes that enable—e.g., money laundering & fraud; and crimes that often cause—e.g., drug and firearm trafficking) ought not be excluded from examination by the Committee in preference for quantity or immediacy of criminal offences.

4.2.3 When the Committee considers the motives of offenders we suggest that not only is it very difficult to ascribe motives given the great range of criminality that takes place in the Australian community every year, but also that the same reservations are to be held in terms of perpetrators.

4.3 *Fear of Crime in the Community*

4.3.1 When a community is well informed of the realities of its crime situation it is in a position to both assist in preventing criminal activity (e.g., neighbourhood watch schemes, target-hardening in terms of prevention) and to enjoy an appropriate lifestyle. The AFP in its ACT policing function has done some initial work on developing fear of crime indicators in the past in order to understand the balance between the fear of crime and the actual levels of crime in the community.

4.3.2 However, influencing the balance is often difficult as perceptions of crime appear to be driven by more than just events in the local community. Consequently, some elements of the community (eg., the aged) live with an undue fear of crime.

4.3.4 When this occurs there are obvious effects on the community in terms of a decline in the standard of living (e.g., fear to go out), economic costs (e.g., loss of business), and a decline in the belief of the rule of law.

4.3.5 The Committee might like to note that existing work on fear of crime indicators has shown that a heightened perception or fear of crime does not necessarily correlate with the actual levels of reported crime, and low scorings on indicators of a fear of crime within a community can often appear in locations where high levels of crime actually do exist.

4.4 *The impact of being a victim of crime and fear of crime*

4.4.1 Households and individuals across Australia experience a diverse range of crimes. There are two main sources of national statistics, which provide a picture of crime in Australia: crimes recorded by police, and crime victimisation surveys. There are also surveys that identify the population's fear of crime and satisfaction with police services.

4.4.2 Crimes recorded by police are those that have been either reported by a victim, witness or other person, or that may have been detected or identified by police. They do not provide a total picture of crime, as not all crimes come to the attention of police.

4.4.3 ACT Policing contributes to the Australian Bureau of Statistics *Recorded Crime Australia* collection on an annual basis. This is victim-based data for selected offences (particularly person and property related offences), prepared by the Bureau to give a nationally comparable set of offence data.

4.4.4 This collection can be complemented by information from other sources such as victimisation surveys and fear of crime surveys. The Australian Bureau of Statistics completed an analysis between the *Recorded Crime* results and the *Crime and Safety Survey* results after the 1998 *Crime and Safety Survey* results were available, to try to identify the extent of non-reporting of crime. The type of offence can dictate whether it will be reported to police. People are much more likely to report crimes against property (eg car theft) than crimes against the person (eg assault).

4.4.5 The Australasian Centre for Policing Research (ACPR) has engaged the services of ACNielsen to undertake a *National Survey of Community Satisfaction with Policing*, to replace the ABS run *Population Survey Monitor*, which ceased in November 2000. The new survey is a telephone-based survey, which includes questions relating to satisfaction with police services, as well as fear of crime type questions (eg "How concerned are you about being a victim of motor vehicle theft?", "How safe would you feel at home by yourself after dark?"). The survey is designed to deliver the ACPR research data to answer the following questions:

- What is the general level of satisfaction with services provided by the police?
- How safe do residents feel, and where and when do they feel at most risk?
- What do they perceive are the major problems in their own State/Territory and local neighbourhood?
- What is the level of satisfaction with contact with police, and the outcomes of contact, amongst those that have had contact with police?

4.4.6 ACT results for the financial year 2001-02 compare favourably with the national results. However, further analysis is required to compare the fear of crime and the results from both the ACNielsen survey and the historical *Population Survey Monitor* data with recorded crime levels, to see if there is a cause for the fear or lack of fear in the community.

4.4.7 The results from the survey are not publicly available, and are the property of the ACPR. Each police jurisdiction contributes to the cost of running the survey, and is supplied with a confidential copy of the data and reports.

4.4.8 What is known is that a victim of crime is more likely to be fearful of the crime re-occurring, particularly if it is an offence against the person.

4.4.9 Repeat victimisation is more likely to occur with assault than for other crimes covered in the *Crime and Safety Survey*. Assault victims in the 1998 survey experienced an average 2.5 incidents in the period covered by the survey, compared with an

average of 1.3 incidents for household victims of burglary and 1.1 incidents for household victims of motor vehicle theft (Source: *Crime and Safety, Australia, April 1998*, ABS Catalogue number 4509.0).

4.4.10 In the 1998 *Crime and Safety Survey* proportionally more victim than non-victim households surveyed had deadlocks on all doors, security on all windows, and burglar alarms. This may indicate that victims of burglary are more conscious of home security, and try to remove the opportunity for further victimisation.

4.5 Strategies to support victims and reduce crime

4.5.1 Given the AFP's national remit for criminal investigations, facilitators and the higher echelons of criminal enterprises are actively targeted rather than the street-level elements of criminal enterprises. However, the AFP undertakes a number of strategically targeted investigations into routine matters to ensure there is a credible criminal law deterrent to such offences and thus an increase in compliance as a general strategy to reduce crime at the national level.

4.5.2 The AFP also, given its finite investigative resources and the number of offences referred, uses a Case Categorisation and Prioritisation Model (CCPM) to ensure that resources are applied to high priority matters. The AFP's CCPM uses set criteria to evaluate referrals. Two key elements include the impact of the crime upon the community and the underlying criminality of the matter.

4.5.3 This again highlights the multi-jurisdictional nature of a considerable amount of crime committed against Australians. Crimes committed in the local community often have links to crimes at the national and international level. While these locally committed offences need to be dealt with by the relevant agencies, the capability and opportunity to commit these offences often depend upon actors and their actions in other jurisdictions. As a strategy to effectively disrupt criminal markets this approach depends upon catching and deterring the high-end of offenders and consequently on an effective sentencing regime.

4.5.4 The AFP in its ACT policing function has a statutory obligation (*Victims of Crime (ACT) Act 1994*) to provide victim support. Specialised Victim Liaison Officers support members in meeting those legislative obligations and assist victims in their dealings with the criminal justice system. Whether the police are the best source of this sort of support is an issue that has been raised in the past.

4.6 Apprehension rates

4.6.1 Over the past two years, apprehension rates in the ACT have increased across specific offence categories. Apprehension rates vary across offence categories, given the circumstances and nature of the offence. For example, about 46% of offences against the person have been resolved by apprehension of an alleged offender, whereas about 76% of offences against good order are resolved by apprehension of an alleged offender.

4.6.2 One contributing factor to the increasing apprehension rates is the performance of specific operations run to target certain offences or offenders (see discussion on Operation Anchorage at 4.1.4-4.1.7 for example).

4.6.3 As discussed in the discussion on Operation Anchorage, drug addiction was a strong explanatory variable in the numbers of offenders. Another identified factor was the changes to bail legislation. These changes enable magistrates to refuse bail unless the offender can present exceptional circumstances. This had the effect of removing a large number of regular offenders from the community. Consequently there was less opportunity to commit crime, so the crime levels decreased.

4.7 *Effectiveness of sentencing*

4.7.1 The AFP's disruptive impact on the criminal environment and the extent of our impact upon the fear of crime in the community is dependent upon an effective sentencing regime. That is, a sentencing regime that punishes serious criminality appropriately.

4.7.2 The AFP contributes to the effectiveness of sentencing by ensuring generally that the Commonwealth's legal framework, in particular the AFP's powers and responsibilities, and the available offences, are appropriate to the evolving criminal environment and consistent with community expectations. The AFP's federal responsibilities mean that we are particularly interested in strong and effective penalties for offences committed in this jurisdiction.

4.7.3 The AFP, when performing its ACT policing function has seen potential to consider other approaches falling under what is commonly known as alternative sentencing. Alternative sentencing options include diversionary conferencing schemes and early intervention programmes.

4.7.4 The AFP introduced a court diversion scheme, known as Diversionary Conferencing, on 1 January 1994. It was implemented as a means of achieving restorative justice for victims of crime by bringing them together with offenders outside of the court system to discuss issues arising from the offender's criminal conduct.

4.7.5 The Australian National University and the University of Maryland in the United States commenced the collection of data for the Re-integrative Shaming Experiment (RISE) from 1 July 1995. RISE was an independent evaluation of the effectiveness of diversionary conferencing. Results have indicated that diversionary conferencing was most significantly successful in relation to reducing repeat offending by juveniles involved in violent crime.

4.7.6 The evaluation further indicated some success in reducing re-offending among juvenile shoplifters. Results in relation to other types of property crime and drink driving were less conclusive. The substantive conclusion from RISE was that restorative justice can work, and can even reduce crime by violent offenders but that there is no guarantee it will work for all offence categories. The report recommended further research prior to the rapid expansion of diversionary conferencing trials.

4.7.8 The ACT Police Early Intervention and Diversion Program commenced in December 2001. It has received funding from the Commonwealth as part of a national project launched by the Council of Australian Governments in April 1999. The Program is being implemented through ACT Community Care Alcohol and Drug Program and the AFP, and involves providers from the non-government sector in the implementation phase.

4.7.9 The police element of the Program will concentrate on the diversion of minor drug offenders prior to involvement in the judicial system through referral to a variety of education and treatment options. The ACT model involves police referral to the Assessment and Coordination Team, a new team within the Alcohol and Drug Program, ACT Community Care. The ACT is responsible for assessing offenders and recommending appropriate diversions to education and treatment services. The assessment stage will be managed within the health system, with no involvement from the AFP.

4.7.10 Opportunities for diversion exist at community, pre-court, pre-sentencing and post-sentencing stages and include:

- Simple Cannabis Offence Notice Scheme;
- ACT Policing Early Intervention and Diversion Program;
- Court Alcohol and Drug Assessment Scheme (CADAS); and
- Treatment Assessment Program under the *Drugs of Dependence Act 1989*.

4.8 Community safety and policing

4.8.1 As discussed under the fourth term of reference "*The impact of being a victim of crime and fear of crime*" the ACPR manages the *National Survey of Community Satisfaction with Policing* as performed by ACNielsen. This survey contains a number of questions concerning the communities perceived safety, or lack of safety, as well as questions relating to confidence in police.

4.8.2 Community safety is an important issue for police to manage. ACT Policing has *Suburban Crime Prevention Teams*, which have been developed to target problematic areas within the ACT, with the view of improving the community in respect to crime and safety.

4.8.3 Specific suburbs will be targeted, based on crime data and intelligence. A survey will be distributed throughout the area, to obtain the community's view on crime, safety and fear of crime. The Suburban Crime Prevention Teams will then saturate the area, with information, visible police presence, and other means.

4.8.4 At the end of a set period, the surveys will be distributed again, and the results compared to the original responses, to identify whether the campaign was successful. Possible improvements can be identified during and after the process.

4.8.5 The aim of these suburban teams is to improve the community's attitude to police, crime, safety, security and other issues. If the community can be educated to improve their situation, the opportunity for crime is reduced.

1. Sir Keith POVEY, "Making Multi-lateral Agreements Work – The UK's Commitment to International Co-operation in the Fight Against Transnational Organised Crime", *Transnational Organized Crime Conference Hong Kong* 18-21 March 2002
2. Russell G. Smith, "Defining, Measuring, and Reporting Fraud Risk Within Your Organisation", *Applying Risk Management to Implement a Proactive Fraud Prevention Strategy in Financial Services* Sydney, 19-20 July 2001
3. PricewaterhouseCoopers, *The Current Economic and Policy Environment for the Australian Tobacco Industry* June 2001 (<http://www.bata.com.au/pdf/Pages%20from%20current%20economic%20policy%20environment%20for%20ati1.pdf>)

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ATTACHMENT 3



Media Release - Nat 2000/109

Biggest week ever for chop chop seizures

The Tax Office has seized a record 46,000 kilos of illegal tobacco, known as "Chop Chop", following operations in Victoria and Queensland this week.

In Victoria this week, the Tax Office and police seized 32,000 kilos of illegal tobacco and cutting machines used to manufacture Chop Chop. This haul has a street value of \$3.84 million and represents \$7.6 million in unpaid excise.

In Queensland, also this week, the Tax Office and police seized a further 13,500 kilos of illegal tobacco. This included three separate operations, including one involving an illegal grower in Mareeba in possession of 11,500 kilos of tobacco leaf, 300 kilos of Chop Chop and cutting machines. The total Queensland haul has a street value of \$1.62 million and represents \$3.2 million in unpaid excise.

In the last 24 hours, a further series of seizures from retailers have resulted in an extra 500 kilos of Chop Chop with a value of \$60,000, representing \$120,000 in unpaid excise.

The Tax Office's assistant commissioner for Excise, Bruce Thompson, said the unpaid excise associated with these hauls of nearly \$10 million is a significant loss to the community.

"This week's record haul represents our busiest week ever in cracking down on the illegal tobacco trade," Mr Thompson said. "The clear message to those involved in the illegal tobacco industry is they will be caught and prosecuted. We currently have 60 cases pending prosecution.

"We recently boosted our investigation team by adding an additional 40 investigators. Investigations will continue in the three main growing areas of Myrtleford in Victoria, Mareeba and the Glass House Mountains area in Queensland," Mr Thompson said.

In addition to the penalties under the Excise and Crimes Acts, licensed tobacco growers involved in the illicit trade risk loss of their licence. The Excise Act provides penalties for illicit transport, storage, manufacture and sale of tobacco. Offenders face penalties up to a maximum of \$55,000 and two years imprisonment. The Excise Act also provides for recovery of excise in respect of these illicit transactions.

The tobacco is typically seized in leaf form in bales of around 100kg each. The excise to be paid per kilo is approximately \$240.

CANBERRA
1 December 2000

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ATTACHMENT 4

Media Release

**SENATOR THE HON.
CHRISTOPHER ELLISON**

Minister for Justice and Customs
Senator for Western Australia

21 February 2001

Alleged Tobacco Racket Goes up in Smoke

Senator Chris Ellison, Minister for Justice and Customs, today congratulated members of the Australian Federal Police and the Australian Taxation Office, who thanks to a joint operation have smashed an alleged multi-million dollar illegal tobacco racket reaching from Queensland down into Victoria.

The Minister said the AFP/ATO operation commenced in Mareeba, Queensland where a truck was observed being loaded with 82 bails of tobacco leaf. He said it is alleged the tobacco was destined for the black market in Melbourne without the payment of excise put at more than \$2.1 million dollars.

"That's \$2.1 million that Australian taxpayers are missing out on," Senator Ellison said.

"The effect of attempting to avoid excise means ordinary Australians have to pay more in taxes. It's money that would otherwise have been invested into our roads, hospitals and schools."

It is alleged the AFP monitored the movement of the semi-trailer from Queensland to premises in Sunshine, Victoria. Two men were arrested as they were allegedly unloading the 100 kilogram bales of tobacco from a truck.

Search warrants executed in Victoria and Queensland allegedly located several hundred additional kilograms of tobacco, \$114,000 cash and a quantity of material all of which is allegedly related to the trade in illegal tobacco.

The two men have appeared in court. The 54-year-old alleged principal of the illegal operation has been charged with one count of Defrauding the Commonwealth and a further count of Possessing Excisable Goods. He was granted bail with a surety of \$30,000 and reporting conditions to appear again in the same court on 30 April 2001. A 23 year-old-man has been charged under Section 117 of the Excise Act 1901 and he too has been granted bail to appear in the Melbourne Magistrates Court on 30 April 2001.

Senator Ellison said that he was pleased to see the benefits of multi-agency cooperation in protecting the collection of Commonwealth revenues.

"The success of this operation has been made possible thanks to the cooperation and expertise of the Federal Police and Australian Tax Office."

Media Note – The tobacco will be available for filming at 2.30pm at The Bond Store known as