

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

Question No. 46

Senator Williams asked the following questions at the hearing on 18 October 2011:

1. What is the government doing to reclaim any of the \$1.1 billion in lost revenue caused by the illicit tobacco trade?
2. If Plain Packaging is implemented, how much more revenue is expected to be lost due to the illicit trade?

The answers to the honourable senator's questions are as follows:

1. This quantum of lost revenue quoted is based on estimates about the size of the illicit tobacco trade contained in tobacco industry commissioned reports on illicit tobacco. Customs and Border Protection has previously expressed concerns regarding the accuracy of these estimates and has not been able to evaluate these estimates because the detailed methodology about the survey on which these figures have been based was not published.

Customs and Border Protection has specific control strategies in place to manage the risk that tobacco smuggling poses to the border. These strategies are focussed on preventing revenue loss through methods designed to deter, detect and disrupt attempts to import illicit tobacco.

In the past four financial years, detections of illicit tobacco by Customs and Border Protection have successfully prevented revenue evasion of approximately \$439 million. Additionally, successful prosecution action over the same period has resulted in 255 convictions, 17 custodial sentences, and fines, penalties and costs of \$19,113,197 being awarded against those involved in the importation of illicit tobacco.

2. Customs and Border Protection has made a number of seizures of counterfeit cigarettes in recent years. The easy availability of copying software and technology means that the quality of counterfeit packaging and labelling is already very high. A move to plain packaging is unlikely to be a factor in facilitating the activity of counterfeiters.