

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

Question No. 108

Senator Humphries asked the following question at the hearing on 24 May 2012:

- a) Referring to the proposed ban of duty free tobacco, when will this proposed ban come into place?
- b) Does this give sufficient time for Customs, the airports and retailers to reconstruct their outlets and is there enough time for all three to implement these changes by the proposed date?
- c) How will Customs police the new duty free ban with fewer officers?
- d) Is it the belief of Customs that it will also serve to encourage travellers to attempt to smuggle extra cartons of cigarettes into Australia or increase illegal tobacco smuggling through our ports and airports?
- e) Has there been any research or assessment as to what this ban will mean for passenger flows after international flights?
- f) What kind of consultation did Customs have with the Government, the airports and retailers prior to the announcement of the duty free ban?
- g) Given the cuts to passenger processing (\$34 million last year and \$10.4 million this year), and staff cuts to passenger processing, does Customs have a plan for dealing with a bigger workload?
- h) Has Customs projected the cost of increased enforcement and communication with passengers associated with the proposed reduction in tobacco related allowance effective from September 1 2012?
- i) Have any additional funds been allocated to address the projected increased cost of enforcement and communication with passengers associated with the proposed reduction in tobacco related allowance effective from September 1 2012?
- j) Does Customs have an operation plan for dealing with the duty free ban?
- k) Will passengers be required to take their excess tobacco through and pay duty on it?
- l) Will passengers have the option to surrender it?
- m) Will this process be conducted within the current Customs infrastructure at each terminal or will they require separate areas within the terminal to perform this process?
- n) Is it the responsibility of Customs to collect, pulp, redesign and reprint 2-3 million passenger cards? If so, how long will this take and how much will it cost?
- o) Will Customs implement an education program, or an awareness campaign? If yes how much will this cost and how long will it run for?
- p) Does Customs hold concerns that that the ban to duty free tobacco will impact on queuing times at the primary line?
- q) Do you believe the deadline is enough time to put the appropriate infrastructure in place to manage the extended queues?

The answer to the honourable senator's question is as follows:

- a) This measure is not a ban on duty-free tobacco but rather a reduction in the concession which commenced on 1 September 2012.
- b) The change was successfully implemented on 1 September 2012.
- c) Customs and Border Protection has been provided \$11.9m in extra funding from Government to implement the measure and has streamlined processes required for the management of excess tobacco.
- d) No - Customs and Border Protection has developed procedures to encourage compliance with duty-free limits and to support the honest traveller who declares goods in excess of the concession limit.
- e) Customs and Border Protection undertook consultation with industry and other stakeholders leading up to the implementation of this measure. Customs and Border Protection took steps to minimise any impact on passenger flow, including new arrangements to abandon tobacco. Government has also provided \$11.9m in extra funding for an awareness campaign and additional staff. Implementation of the measure on 1 September 2012 did not result in any impact on traveller flow at the Primary Line.
- f) The proposal to reduce the duty-free threshold on tobacco products was a Cabinet- in-confidence initiative managed by Treasury. Customs and Border Protection cannot comment on any prior consultation undertaken by Treasury.

Customs and Border Protection will continue to manage its workload through a risk based intelligence led approach. The 2012-13 Budget contained an additional investment of \$7.9m in SmartGate technology which will play a major part in our ability to maintain the current facilitation rate. This investment is for an additional 20 SmartGate terminals to be installed at Australian international airports over the next two financial years. These extra SmartGates terminals will enable up to 80 per cent of eligible users to use the technology by the end of 2013-2014.

- g) Customs and Border Protection has been provided \$11.9m in extra funding from Government to implement the measure and has streamlined processes required for the management of excess tobacco.
- h) See (g) above.
- i) See (g) above.
- j) Yes Customs and Border Protection has an operational plan.
- k) Passengers who choose to keep their excess tobacco will be required to pay duty on the total amount of tobacco.
- l) Passengers who chose not to pay duty on excess tobacco can abandon it.
- m) Customs and Border Protection will carry out the process for dealing with the change to the duty-free concession within existing infrastructure.
- n) The Incoming Passenger Card is managed by the Department of Immigration and Citizenship (DIAC). An updated Incoming Passenger Card is now available. The cost for the complete replacement of the Incoming passenger Card was approximately \$300,000.
- o) Customs and Border Protection is continuing to conduct an awareness campaign. The campaign covers print, online and airport advertising in Bangkok and Dubai. The campaign costs approximately \$1.5M and will run to the end of February 2013.
- p) The implementation did not result in any impact on traveller flow at the Primary Line.
- q) Customs and Border Protection is not aware of any requirements to change existing infrastructure. The measure was successfully implemented on 1 September 2012.