

## **QUESTION TAKEN ON NOTICE**

### **BUDGET ESTIMATES HEARING : 23 May 2017**

#### **IMMIGRATION AND BORDER PROTECTION PORTFOLIO**

#### **(BE17/142) - Illicit tobacco seizures - loose-leaf versus sticks - Programme 3.1: Border-Revenue Collection**

Senator Pratt, Louise (L&CA 103) asked:

Senator PRATT: Okay. Is there any concern from the Department of Immigration and Border Protection about whether the increase in taxation on roll-your-own tobacco will lead to an increase in illegal cigarettes or tobacco being imported into Australia?

Mr Outram: Given that people are obviously addicted to nicotine products, whether it is a stick or loose-leaf tobacco, I do not think there will be a net shift in the illicit market. You might get a slight shift from one tobacco product to another, but I do not think it would make any difference in the overall size of the illicit market.

Senator PRATT: From your knowledge of the illicit market, is the illicit market mostly roll-your-own style tobacco?

Mr Outram: No, there is a combination.

Senator PRATT: It is tailor-made cigarettes as well?

Mr Outram: We seize a lot of loose-leaf tobacco. We seize a tremendous amount of sticks—in the tens of millions at a time.

Senator PRATT: What is the relative amount of loose-leaf versus sticks?

Mr Outram: I would have to take that on notice. This came up yesterday in terms of the various estimates of the size of the illicit tobacco market. The commissioner put on the Hansard that the department is doing a lot of work in coming up with a model to estimate more accurately the size of the market. He said yesterday that it was somewhere between, I think, three and 14 per cent of the illicit market, depending on which estimate you look at. So it is in that sort of quantum.

Answer:

In the year to date end of April 2017, illicit tobacco, made up of approximately 261 million cigarette sticks and 204 tonnes of loose-leaf tobacco, was detected at the border.

This includes tobacco circumventing border controls through concealment and deliberate, under declaration.