



MEDIA RELEASE

www.bata.com.au



**BRITISH AMERICAN
TOBACCO**
AUSTRALASIA

Tuesday, 15 July 2014

Enforcement pays off

British American Tobacco Australia (BATA) today congratulated authorities for using the increased penalties under an amendment to the Customs Act 1901, made in 2012, to prosecute two illegal tobacco importers for smuggling over 1.4 million cigarettes from Korea in June 2013.

If the cigarettes were to be sold on our streets, it would have cost the Government \$570,000 in lost tax revenue.

The Queensland pair were each sentenced to 20 months jail, the prosecution being the first of its kind in Australia underscoring the booming illegal tobacco problem the country is facing due to growing excise levels and a growing customer base looking for cheaper cigarettes.

BATA spokesperson Vesna Ciric said 13.9% of Australia's tobacco consumption is illegal representing close to \$1.1 billion in lost excise.

"There's a growing amount of illegal tobacco in our country and we believe that greater investment is needed by Australian enforcement authorities to stop the problem at the border and also at a retail level," Ms Ciric said.

"Tobacco smuggling penalties were beefed up in November 2012 to include a maximum of 10 years in jail. This is the first time these penalties have been applied in practice and should be applauded.

"Last year the illegal tobacco rate climbed to record levels and jumped 20 per cent over 12 months following the introduction of plain packaging.

"Customs, ATO and Australian police authorities have made some significant illegal tobacco busts this year in Sydney and Melbourne as well as the discovery of 385,000 illegal tobacco plants in Victoria between March and May.

"Last year tobacco seized by authorities could have cost the government over \$150m in lost tax revenue. But that's a drop in the ocean compared to the \$1.1 billion that escaped government coffers in total.

"Escalating excise levels on cigarettes are attracting illegal tobacco criminals to trade in Australia and with three more 12.5 per cent tax increases over the next two and a half years, on top of twice yearly tax increases linked to the average Australian wage, the incentive to import cheap cigarettes will become far greater.

"Tobacco in Australia is amongst the most expensive in the world which makes us a gold mine for smugglers who sell their branded packs for half the price of legal cigarettes.

"It will also make it more lucrative for smokers to purchase illegal cigarettes and chop chop, filling organised crime gangs pockets with huge profits.

"Enforcement agencies are doing a good job but we cannot underestimate the amount of illegal tobacco still coming across our borders. Enforcement along with punishment will send a clear message to those who are running these illegal operations."

Media contact: Vesna Ciric on 02 9370 1222 or follow on Twitter @ BATA_Media