



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Federation Chamber

BILLS

**Customs Amendment
(Smuggled Tobacco) Bill 2012**

Second Reading

SPEECH

Wednesday, 22 August 2012

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Wednesday, 22 August 2012	Source House
Page 9685	Proof No
Questioner	Responder
Speaker Georganas, Steve, MP	Question No.

Mr GEORGANAS (Hindmarsh) (10:32): I rise to support the Customs Amendment (Smuggled Tobacco) Bill 2012. The bill creates new offences for smuggling tobacco products and for conveying or possessing smuggled tobacco products. I was very pleased that the Attorney-General announced this on World No Tobacco Day, 31 May, this year. It is a very special day for me because eight years ago I gave up smoking on World No Tobacco Day. I try to get the message out as much as possible to friends, workmates and family that smoking actually kills. Every cigarette you have brings you closer to cancer and many other illnesses. The more we can get that message out, the better for all of us. I also note at the outset that this Labor government has done everything it possibly can to get that message out, putting in a 100 per cent effort to curb the uptake of smoking tobacco.

We know that young people are the only market left in Australia for the tobacco companies. If you look at people over the age of 50, you see there are not many who smoke. There are two reasons for that: either they have given up or they are dead. That is why you rarely see people over 50 smoking. Therefore, the tobacco companies have only one market left in Australia in which to continue to grow and sell their product—that is, young people who for whatever reason are attracted to smoking.

As I said, this government deserves praise for its efforts to curb the uptake of smoking tobacco products, especially by young Australians, and all those efforts have been challenged by the big tobacco companies, sometimes right up to the High Court. Just recently, the High Court made a determination in the government's favour.

I have spoken on many occasions in this place about tobacco and how damaging smoking is to our health, and how we should all be doing all we can to encourage Australians to quit. Better still, they should never start. It is very important to get the message out to young people that they should never start, because quitting is a battle that will stay with them forever. Even although I quit eight years ago, I still consider myself to be addicted to tobacco. Every day the thought of having a cigarette passes through your mind. That is how addictive this product is. You are better off not having that addiction at all than having to battle it continuously.

Hence this government's well-founded but world-first plain-packaging legislation which diminishes the messaging of cigarette packets. As I have said, that is the only bastion of marketing to young people left—the marketing on the packet. I am very pleased that that will soon go, and so the reason to carry, show or 'sport' any cigarette packet and smoke its contents will be diminished.

We have heard from big tobacco representatives that plain packaging would be a bad thing because it would be easier for unscrupulous profiteers to take advantage of poor unsuspecting people with a propensity to form an addiction. This is what big tobacco say they fear. Their fear, of course, is that someone else will sell product instead of themselves; that their revenue will decrease. They know that plain packaging will reduce their revenue. They have said they fear an increase of counterfeit tobacco products smuggled into this country and sold to an unsuspecting population on the cheap, cutting their sales.

I would hope that most of us here would be more concerned with the number of Australians who put their lives in peril every day by smoking. I understand that around three million Australians continue to smoke around 22 billion cigarettes each year, and over 15,000 Australians are killed by smoking-related diseases, costing us all some \$30 billion per year. So we have 15,000 dead and \$30 billion up in smoke each and every year.

Dealing in tobacco products, in others' potential pain, misery and death, is utterly contemptible. Doing so shows utter contempt for the state. When you peddle that product, leading to misery for people because they get addicted, it costs the taxpayer billions of dollars when the state then has to pick up through the health system the pieces of shattered lives. I am speaking here of those who run illegal tobacco products.

There has long existed a difference between tax avoidance and tax evasion. Most of us are familiar with the basic distinction. All of us who submit a tax return each year know about using the rules to reduce tax by legal

means such as negative gearing. We also know that misinformation, lying on your tax return, is something quite different. Tax evasion is theft from the Commonwealth, and that means theft from each and every one of us—our neighbours, our community, our workmates and the population of Australia as a whole. In a democracy where we are all notionally equal under the law, theft from the state, theft from every one of our fellow citizens, is, in my opinion, a very serious offence. This is what these illegal profiteers of tobacco are doing. Not only are they killing people; they are also committing a serious offence against the state by avoiding taxes.

Many would reason that, while theft from each other is wrong, theft by someone overseas or by a foreign company here in Australia may be even worse as no Australian benefits. This is what we are looking at in this bill today— theft on a grand scale, deliberate and highly calculated, by smugglers of overseas product which is doing damage to each and every one of us, especially to young people, through evasion of the taxes which must be paid by Australian companies who play by the rules.

This bill targets those who would seek to defraud the Australian public to the tune of over a hundred million dollars per year. In fact, in each of the last two years the amount stolen from the Australian public by people who smuggle tobacco into Australia has been as much as \$135 million. This activity is illegal and punishable by a penalty equal to two to five times the amount stolen through tax evasion. I think we should throw the book at people or companies who know full well that they are breaking the law for substantial private gain. I do not think anyone would dispute that. I believe the financial penalty should be such that anyone would consider it madness to attempt to break laws through tax evasion and smuggling into Australia an addictive product which makes people ill and kills them.

I acknowledge that it can be difficult to extract these penalties from some criminals. In some cases, a guilty party may ensure he or she appears to have nothing to their name with which to pay the penalty. For this reason, this bill is very important. I support the added disincentive of a prison sentence of up to 10 years, which is applicable to this bill's new offence of smuggling tobacco products and applicable to any person who conveys or possesses tobacco products which the person knows were imported with the intent to defraud the Commonwealth of revenue. Jail time is not currently available as a deterrent for smuggling offences under the Customs Act. I think it is entirely appropriate that this bill carries that jail term.

During 2010-11, the Australian Customs and Border Protection Service made 55 seizures of smuggled tobacco products in sea cargo alone. That consisted of 258 tonnes of tobacco, which is 82 million cigarettes, representing \$135 million, plus GST. The reasons I support this bill are twofold—that smuggling defrauds the Commonwealth and that tobacco products will continue to kill people who are addicted to them. I commend the bill to the House.

The DEPUTY SPEAKER (Mr Lyons): I call the member for Aston.