From: Customs Media

Sent: Friday, 10 June 2011 3:09 PM

**To:** Sashka Koloff **Cc:** Customs Media

**Subject:** Re: Media Watch query [SEC=UNCLASSIFIED]

### 1. Is there any intelligence to suggest that people are being smuggled into Australia in shipping containers from Singapore, or from anywhere else?

Customs and Border Protection takes these allegations seriously.

During the past 10 years Customs and Border Protection have inspected in excess of 1 million imported shipping containers.

There is currently no evidence or intelligence that people are being smuggled to Australia inside shipping containers, as claimed on A Current Affair on Tuesday 7 June 2011.

## 2. Are you aware of any cases of people arriving illegally in Australia via shipping containers? If so, can you please provide details?

There has been one instance of a body being found in a shipping container in Australia in 1999. The container was discharged in Fremantle on 29 October 1999 and railed to Adelaide where the body was discovered on 1 November 1999. It is suspected that a Tanzanian national travelled from Tanzania to South Africa illegally in a shipping container. However, for reasons unknown the person could not exit the container in South Africa and the container was subsequently moved to Australia. It is likely that due to the length of the voyage and the heat within the container the man died of dehydration in transit.

This incident was reported in the media at this time. Refer to the following articles for details:

- Body found in container Daily Telegraph 2 November 1999
- Body likely to be a stowaway The Advertiser 2 November 1999
- Body found in shipping container Illawarra Mercury 1999

# 3. Reporter Nick Etchells said in his report that on the issue of people being smuggled into Australia in shipping containers Customs has "flatly refused to get involved." What is your response to this?

Customs and Border Protection takes any allegations of illegal activity at our borders seriously.

A Current Affair first contacted Customs and Border Protection in regards to this matter on 17 May 2011.

Between 17 May and 7 June 2011, Customs and Border Protection made several requests to A Current Affair to provide detailed information on the allegations relating to the illicit trade of tobacco, smuggling people to Australia inside shipping containers, and corruption of Customs and Border Protection officers.

A Current Affair provided Customs and Border Protection with their vision on Wednesday 8 June 2011, the day after the program went to air.

Customs and Border Protection are currently analysing this vision to fully investigate these allegations.

4. The reporter also put forward the following claims, which he attributes to tobacco companies; "... one in six cigarettes sold in Australia is illegal 'chop chop'. Customs denies this but they don't actually have a task force that investigates tobacco smuggling. Most of the 'chop chop' profits go directly to organised crime." What is your response to this?

Customs and Border Protection is active in deterring and disrupting tobacco smuggling. We are working with the tobacco industry, international partners and other agencies to prevent, detect and deter trade in illicit tobacco. We also work closely with our law enforcement partners to disrupt smugglers and are coordinating and directing our resources to the areas that will have the most impact.

Over the past four calendar years, Customs and Border Protection has seized 994 tonnes of tobacco and 283 million cigarette sticks in sea cargo and successfully prevented potential revenue evasion of approximately \$403 million.

During 2010, Customs and Border Protection made 48 detections in sea cargo arriving in Australia, amounting to 284 tonnes of tobacco and 70 million cigarettes. Had these smuggling attempts been successful, the potential loss of revenue for the Australian Government would have been \$130 million plus GST.

Successful prosecution action has resulted in the disruption of organised tobacco smuggling operations. We continue to work closely with Commonwealth and state agencies in the investigation and prosecution of offenders.

During 2010, Customs and Border Protection successfully prosecuted 10 cases of tobacco smuggling, resulting in eight custodial sentences and 35 convictions, fines, penalties and costs of nearly \$411,000.

# 5. Are the figures presented in the Deloitte report consistent with Customs and Border Protection figures on the illicit tobacco trade?

Customs and Border Protection has concerns about the accuracy of some of the claims made in the Tobacco industry commissioned report, particularly in respect of the size of the illicit trade, as the detailed size and methodology of the survey on which it purports to be based has not been published.

Based on the difficulty in quantifying the size of the illicit market it is also potentially misleading to identify organised crime gangs as the fourth largest tobacco "player" in Australia just behind Imperial Tobacco which holds 17% of the legal market.

Discussions with QUIT Victoria have reaffirmed that they have serious concerns about the reliability and accuracy of the Tobacco industry data and its disparity with the data contained in the 2007 National Drug Household Survey.

Government agencies (Health and Ageing, Australian Tax Office and Customs and Border Protection) expressed reservations about last year's report which used two models (Smuggled and Consumption) and produced quite divergent results.

This current report uses the consumption model but given that no information detailed information has been provided regarding the methodology it is difficult to determine whether the comparisons with the previous report have any validity.

### **Kind Regards**

### **Customs and Border Protection Media**

From: Sashka Koloff

Sent: Friday, 10 June 2011 11:52 AM

**To:** Customs Media

**Subject:** Media Watch query

**Importance:** High

Media Watch is looking at a report that appeared on A Current Affair on 7 June 2011 called "Human Cargo". In the story, reporter Nick Etchells alleges that counterfeit cigarettes, 'chop chop', and immigrants are being smuggled into Australia via shipping containers. We would appreciate it if you could answer the following questions;

- 1. Is there any intelligence to suggest that people are being smuggled into Australia in shipping containers from Singapore, or from anywhere else?
- 2. Are you aware of any cases of people arriving illegally in Australia via shipping containers? If so, can you please provide details.
- 3. The reporter also put forward the following claims, which he attributes to tobacco companies; "... one in six cigarettes sold in Australia is illegal 'chop chop'. Customs denies this but they don't actually have a task force that investigates tobacco smuggling. Most of the 'chop chop' profits go directly to organised crime." What is your response to this?
- 4. Reporter Nick Etchells said in his report that on the issue of people being smuggled into Australia in shipping containers Customs has "flatly refused to get involved." What is your response to this?

We are also taking a look at a Deloitte report released in February 2011 titled *Illicit trade of tobacco in Australia*, which has received some media attention. It contends that the amount of illicit tobacco purchased in Australia in 2010 was approximately 2.7 million kilograms.

The Deloitte report also says that although the number of seizures has decreased, the amount of illegal tobacco seized rose between the years 2008/09 and 2010. The report claims that these figures are consistent with its estimate, based on market research, that illicit tobacco consumption in Australia increased by 150% between 2007 and 2010.

Are the figures presented in the Deloitte report consistent with Customs and Border Protection figures on the illicit tobacco trade?

Due to our production deadlines, we would appreciate it if you could get back to us by 5pm today, Friday 10 June, 2011. Please call me with any questions.

Regards,

Sashka Koloff

Media Watch, ABC TV