



# Tobacco Reform Operational Impacts Fact Sheet 1

## Why are there changes?

The Australian Government is continuing to combat the illicit tobacco trade by introducing new measures that protect Commonwealth revenue. This was announced as part of the 'Black Economy Package – combatting illicit tobacco' in the 2018-19 Budget. The changes will also provide Australian Border Force (ABF) officers with new enforcement options to seize illicit tobacco and infringe tobacco smugglers.

## What is changing and when?

**The new Customs (Prohibited Imports) Regulation 4DA(9) prohibits:**

- cigarettes
- tobacco containing cartridges for use with heat sticks
- loose tobacco
- molasses tobacco
- flavoured tobacco
- all other tobacco products *except cigars and previously regulated goods below.*

The following goods remain prohibited as follows:

- Reg 4U: Chewing tobacco and snuff > 1.5kg (smaller quantities are not prohibited)
- Reg 4D: Unmanufactured tobacco leaf and refuse

**These new measures take effect from 1 July 2019. These changes result in:**

- Prohibited tobacco can only be lawfully imported under permit.
- Most tobacco being a prohibited import with the exception of chewing tobacco less than 1.5kg and cigars ; and
- All tobacco remaining a dutiable good.

- Duties on all imported tobacco be paid immediately on importation from 1 July 2019.

## What offences will apply?

The Government also recently implemented legislative changes that strengthen tobacco import offences. The maximum penalty for tobacco revenue evasion was increased to 10 years imprisonment.

## Are different modes of entry treated differently?

Tobacco prohibited import and duty regulations apply to all modes of entry with a few variations:

**Traveller:** No significant changes are occurring in the traveller environment with the exception of Persons under 18 years of age, who can no longer import prohibited tobacco.

**Mail:** Prohibited tobacco cannot be imported through the mail and permits will not be issued. This will mean that tobacco can no longer be imported through the mail. Regulatory exemptions for cigars and smokeless chewing tobacco/snuff still apply, so these can be imported via mail.

**Air Cargo and Sea Cargo:** Permits are required for prohibited tobacco other than chewing tobacco less than 1.5kg and cigars. If accurately declared, transshipments and unaccompanied baggage will not require a permit.

**Warehouses:** Tobacco can no longer be entered into licensed customs warehouses under N20 prior to home consumption. Previously tobacco could be warehoused and duty paid when the goods were sold into home consumption. These changes will reduce the potential for leakage from warehouses into the black market.



## Who will be impacted and how?

The changes are expected to impact ABF operational areas, predominantly within Port Operations Command.

To support staff representatives from the Regional Commands, Customs Compliance and ABF officers in Canberra, are working through policy and procedural changes via a series of working groups and workshops. The outcomes of this work will be the identification and mitigation of risks to operational areas resulting from the tobacco measures.

### **Workload:**

It has been identified that some areas within Port Operations Command will experience an increase in workload. Analysis is underway to identify efficiencies, resourcing and recruitment requirements. Affected areas will be informed when any recruitment activities or solutions to offset workload increases will be in place.

### **System impacts:**

The Integrated Cargo System (ICS) will be modified. These changes will be communicated through internal release notes on the ICS intranet page in June

<https://bordnet.immi.local/corporate/information/systems/goods/integrated-cargo/releases-workarounds>

From 1 July 2019 the Detained Goods Management System (DGMS) will be replaced with the new Goods Management System (GMS). A first round of communications was released on 20 May 2019. More information on the new GMS can be found on the GMS intranet page at: <https://bordnet.immi.local/corporate/information/systems/goods/goods-management-system>

### **Policies and procedures:**

A number of policies and procedures are being revised to reflect the tobacco reform measures. Operational impacts were examined during regular working group meetings attended by representatives from operational work areas including Regional Commands. A series of Fact Sheets will be distributed prior to 1 July 2019 to provide ABF officers with critical information to assist them in implementing the tobacco reform measures. These will include information on the status of updates to policies and procedures. A draft of the new 'Managing Tobacco at the Border Procedural Instruction' has been distributed for review.

## Where can I go for more information?

Further information on the Policy measures and communications such as FAQs provided to industry can be found at [www.abf.gov.au/tobacco](http://www.abf.gov.au/tobacco).

For more information on the impacts to ABF staff a Tobacco Reform SharePoint site containing all tobacco communications material will be available from 6 June. Work group members will also distribute communications as appropriate.

### **Communications products include:**

- 'Tobacco Reform Operations Impacts Fact Sheet 2' – will provide a summary of operational impacts, known solutions and remaining scope that will continue to be developed and implemented after 1 July 2019. (May 2019).
- 'What is coming in July' – will provide a high level process summary of what is changing and what is remaining the same when processing tobacco at the border.
- 'ABF operational personas' – will summarise technological, logistical and procedural changes for mail, traveller, cargo and compliance areas (June 2019)
- '1 July Transitional Support Arrangements Guide' – will list support areas staff can contact with any questions or issues (June 2019)
- Tobacco Measures Timeline: A timeline outlining the staged rollout of both IT and business solutions to support operational change before and after 1 July.