

26 March 2026

Committee Secretary
Senate Legal and Constitutional Affairs Committee
PO Box 6100
Parliament House Canberra ACT 2600

ILLEGAL TOBACCO CRISIS IN AUSTRALIA

Freight & Trade Alliance (FTA) is the peak body representing the international trade and logistics sector, including freight forwarders, customs brokers, importers, exporters, and logistics service providers.

FTA also acts as Secretariat to the Australian Peak Shippers Association (APSA), the designated shipper body under Part X of the Competition and Consumer Act 2010. APSA also represents the interests of Australia's containerised exporters and importers at the Asian Shippers Alliance (ASA) and the Global Shippers Forum (GSF).

FTA and APSA note the illicit tobacco trade is increasingly driven by highly organised and sophisticated criminal networks that exploit vulnerabilities across the import supply chain, undermining revenue, distorting legitimate trade and posing broader community risks.

This submission outlines a series of practical, targeted reforms to strengthen regulatory controls and enforcement, supported by four key recommendations aimed at enhancing the integrity of Australia's border processes.

Recommendation 1 – for sea cargo import consignments, implement a direct payment model for duty and GST whereby cargo owners provide their banking details directly to the Australian Border Force, reducing financial reliance on intermediaries and the risk of identity theft.

Recommendation 2 – the Australian Border Force to convene a targeted industry roundtable with key stakeholders, including stevedores, shipping lines and peak industry bodies, to develop a more consistent and transparent framework for managing the downstream impacts of cargo interventions.

Recommendation 3 – ensure appropriate Australian Border Force resourcing, commensurate to the volume of targeted import consignments to maintain both the effectiveness of enforcement activities and the efficient flow of legitimate trade.

Recommendation 4 – the BorderWatch program to be reformed, restoring a model of trusted engagement between industry and Australian Border Force (ABF) officers.

Trade System Reform

FTA and APSA acknowledge that border and biosecurity processes play a critical role in protecting Australia while also enabling legitimate trade. To that end FTA, APSA and other key industry representatives have over many years proposed reforms that focus on strengthening supply chain integrity, improving transparency and reducing the risk of illicit trade.

Key recommendations include:

- expanding the Integrated Cargo System (ICS) so all importers, not just those in the Australian Trusted Trader Program (ATTP), can nominate authorised licensed customs brokers as the only parties permitted to lodge import declarations on their behalf;
- earlier reporting obligations requiring more detailed information to be provided to the Australian Border Force (ABF) before goods depart the place of export, allowing pre-arrival risk assessment similar to US arrangements; and
- implementing verified digital identities such as the [Relationship Authorisation Manager \(RAM\)](#) for traders to enhance supply chain security and traceability.

Complimenting this approach, FTA and APSA have provided detailed analysis and recommendations through submissions to the Simplified Trade System (STS) process, addressing the need to streamline the cargo intervention model, reduce regulatory duplication, improve data sharing and system integration, and enhance transparency and predictability for industry.

In particular, the [FTA/APSA Submission - STS Consultation Paper 2024](#) (6 May 2024) includes 23 specific recommendations targeting structural inefficiencies, data transparency, regulatory duplication, and cost drivers across Australia's trade system.

One key recommendation from the FTA/APSA submission was for the Australian Border Force (ABF) to limit the ability of customs brokerages to make EFT payments of duty and/or GST on behalf of client importers.

Under this proposal, cargo owners would provide financial banking data directly to the ABF, reducing opportunities for identity theft and the misuse of legitimate importer details to facilitate illegal importations, including 'piggyback' consignments.

This approach would also safeguard community interests by addressing risks associated with illicit imports, including illegal tobacco and other prohibited and restricted imports being a factor of increased prominence following last year's Bondi terrorist attack.

Importers would receive notification of any proposed debit and could report suspected attempts to import illicit goods, materially reducing opportunities for misuse while mitigating reputational and financial impacts on legitimate importers.

Unlike other proposed solutions, a key advantage of this proposal is that it can be implemented without changes to the Integrated Cargo System (ICS).

This would appropriately be restricted to the sea cargo environment, which is more commonly targeted for illegal tobacco importations. Direct payment mechanisms that simplify financial flows, reduce administrative layering, and improve visibility for cargo owners represent a practical reform aligned with broader trade modernisation objectives.

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Border Holds

Since December 2025, members have reported a marked increase in the frequency and duration of ABF cargo interventions (commonly referred to as border holds), particularly in the Full Container Load (FCL) environment, with flow-on impacts also being experienced across Less than Container Load (LCL) and air cargo consignments.

While industry fully supports the need for targeted enforcement activity to address illicit imports such as illegal tobacco, recent operational experiences indicate that the volume and length of these holds are creating significant commercial and logistical pressures across the supply chain.

In many cases, extended intervention timeframes are resulting in substantial container storage and detention costs for the delay in returning empty containers, often amounting to tens of thousands of dollars per consignment.

While stevedores may, on occasion, provide partial relief on terminal storage charges, this does not typically extend to container detention imposed by shipping lines.

Furthermore, stevedores generally apply strict criteria to any storage relief, particularly where an intervention is classified as a “late tag”, meaning the container has already been discharged and available prior to the hold being applied. In these instances, relief is often denied, leaving importers and intermediaries exposed to significant and unavoidable costs.

This creates a disproportionate financial burden on legitimate trade participants who have no control over the intervention process, and limited visibility on expected timeframes or outcomes.

Enforceable guidelines and procedures are required that address:

- guidance on expected timeframes for intervention processing;
- improved communication protocols for impacted parties;
- a consistent approach to storage and detention relief where delays are attributable to regulatory intervention; and
- review of “late tag” treatment to ensure that industry is not unfairly penalised for circumstances outside its control.

Such an approach would maintain the integrity of enforcement activities while ensuring that the financial and operational impacts on legitimate trade are better understood and managed.

Recommendation 2 – the Australian Border Force to convene a targeted industry roundtable with key stakeholders, including stevedores, shipping lines and peak industry bodies, to develop a more consistent and transparent framework for managing the downstream impacts of cargo interventions.

Resourcing

FTA and APSA recognise the increasing complexity and scale of illicit trade, particularly in relation to illegal tobacco, and support the Australian Border Force in its efforts to strengthen detection and enforcement activities.

However, recent industry experience suggests that the escalation in intervention activity has not always been matched by sufficient operational capacity to process inspections and clearances in a timely manner.

This can result in extended delays for legitimate consignments, even where no non-compliance is ultimately identified.

FTA and APSA recommend that the Australian Government ensure that ABF is adequately resourced, including both personnel and infrastructure, to effectively manage increased inspection volumes without creating undue delays across the broader supply chain.

This includes consideration of:

- additional frontline operational staff to undertake inspections and assessments;
- investment in infrastructure and technology to streamline intervention processes; and
- enhanced coordination with other border agencies to reduce bottlenecks and duplication.

Recommendation 3 – ensure appropriate Australian Border Force resourcing, commensurate to the volume of targeted import consignments to maintain both the effectiveness of enforcement activities and the efficient flow of legitimate trade.

BorderWatch

Members have reported significant limitations in the current BorderWatch reporting process, creating operational uncertainty for businesses attempting to support compliance and enforcement outcomes.

On multiple occasions, members claim they have identified consignments they believed may represent potential “piggyback” shipments. In these circumstances, appropriate internal escalation occurs and BorderWatch is contacted with supporting documentation, including related documentation and the basis for the concern.

The response typically received is a direction to submit the information via the BorderWatch online reporting portal. Some have reservations following this process due to the potential sensitive nature of referrals preferring to have trusted and known officers they could contact as previously existed.

Others who comply with this request have reported that the process provides no mechanism for meaningful follow-up engagement. When reporting parties subsequently seek guidance on the appropriate course of action, they are often advised that no operational direction can be provided.

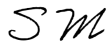
This creates a practical and commercial dilemma for industry, especially those operating in rapid delivery models where delays can have significant customer and contractual implications.

Proceeding with delivery of a consignment that may later be identified as non-compliant exposes the operator to risk, while holding freight without clear regulatory direction may alert the customer or lead to escalation without any formal authority to justify the decision.

As a result, the current framework inadvertently discourages proactive reporting by industry participants who are otherwise seeking to support the objectives of the ABF. Industry remains committed to working with government to identify and report suspected non-compliance. However, without clearer protocols, businesses are left managing regulatory risk without the benefit of appropriate guidance from the responsible authority.

Recommendation 4 – the BorderWatch program to be reformed, restoring a model of trusted engagement between industry and Australian Border Force (ABF) officers.

Yours sincerely,



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