

House of Commons  
Committee of Public Accounts

**THE MISUSE AND  
SMUGGLING OF  
HYDROCARBON OILS**

Forty-fourth Report of Session 2001–02

*Report, together with  
Proceedings of the Committee,  
Minutes of Evidence and Appendices*

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## Committee of Public Accounts

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Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No. 148. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publications

The reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at [www.parliament.uk/commons/selcom/pachome.htm](http://www.parliament.uk/commons/selcom/pachome.htm). A list of reports of the Committee in the present Parliament is at the back of this Report.

### Contacts

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### Footnotes

In the footnotes of this Report, references to oral evidence are indicated by ‘Q’ followed by the question number; references to the written evidence are indicated by the page number as in ‘Ev .....’.

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# FORTY-FOURTH REPORT

**The Committee of Public Accounts has agreed to the following Report:**

## **THE MISUSE AND SMUGGLING OF HYDROCARBON OILS**

### INTRODUCTION AND LIST OF CONCLUSIONS AND RECOMMENDATIONS

1. In *Tackling Indirect Tax Fraud*, published in November 2001, Customs set out their estimates of revenue loss in the oils and alcohol sectors and from VAT missing trader fraud. They also set out the Government's proposals for tackling fraud in these areas and new initiatives being considered. In total Customs' estimate of tax not collected as a result of fraud was between £6.4 billion and £7.8 billion, but this did not include a full assessment of fraud against VAT where work was still on going.<sup>1</sup> We have already published our Report on losses to the revenue from frauds on alcohol duty.<sup>2</sup>

2. Within the overall estimate of fraud, the amount on hydrocarbon oils duty was between £450 million and £980 million in the UK (2 per cent to 4.3 per cent of the amount collected—£22.6 billion in 2000–01).<sup>3</sup> In the Budget 2002 the Government set a target to reduce the market share of illicit fuel to 2 per cent by 2005–06 and announced that new measures would be introduced to tighten controls over rebated fuel to help achieve this.<sup>4</sup>

3. On the basis of a Report by the Comptroller and Auditor General,<sup>5</sup> we looked at how Customs were tackling fraud on hydrocarbon oils duty in Great Britain and in Northern Ireland.

4. In the light of this examination, the Committee draws three overall conclusions.

- On the UK mainland the misuse of rebated fuel (fuels, mainly red diesel, on which the duty is substantially lower than normal diesel because it will not be used in vehicles on the highway) is the most serious problem. Revenue lost, £450 million in 2000, represents 4 per cent of the market and is increasing rapidly. Customs now have a target to reduce frauds to 2 per cent of the market by 2005–06 and this makes it essential that they further develop their intelligence gathering, building on new arrangements announced in the Budget 2002 to introduce an approval scheme for distributors.
- As we saw when we looked at losses from fraud on alcohol duty,<sup>6</sup> taking effective action against fraudsters not only requires effective intelligence but the ability to respond quickly to emerging threats. This is particularly important as Customs switch resources from ports and road-side checks to risk-based targeting of larger, more organised crime. They took about 18 months to respond to evidence of a sharp increase in the misuse of rebated fuels on the mainland, and need to continue to monitor other potential threats, for example smuggling from Europe to the mainland and decanting of fuel from lorries returning to the UK for use in other vehicles.
- In Northern Ireland, both smuggling and the misuse of rebated fuels are a significant problem. Losses could be around £190 million, which is a high

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<sup>1</sup> HM Customs and Excise, *Tackling Indirect Tax Fraud*, November 2001

<sup>2</sup> 35<sup>th</sup> Report of the Committee of Public Accounts, *Losses to the Revenue from Frauds on Alcohol Duty* (HC 331, Session 2001–02)

<sup>3</sup> C&AG's Report, paras 1.8–1.9 and Figure 5; HM Customs and Excise, *Tackling Indirect Tax Fraud*, November 2001

<sup>4</sup> Budget 2002

<sup>5</sup> C&AG's Report, *HM Customs and Excise: The Misuse and Smuggling of Hydrocarbon Oils* (HC 614, Session 2001–02)

<sup>6</sup> 35<sup>th</sup> Report of the Committee of Public Accounts, *Losses to the Revenue from Frauds on Alcohol Duty* (HC 331, Session 2001–02)

proportion of the £750 million collected in duty. It is a scandal that in one part of the UK approximately half of all garages are selling only illicit fuel, which brings the tax system into disrepute. However, Customs cannot tackle this on their own. The involvement of paramilitary organisations, the general security situation and the risks of local unrest and disobedience require joined-up action across the various authorities involved, and with the Northern Ireland Organised Crime Task Force.

5. Our more specific conclusions and recommendations are as follows.

*On Customs' approach to tackling frauds on hydrocarbon oils duty in Great Britain*

- (i) In the Budget 2002, Customs introduced new measures to tighten controls over rebated fuel, including the introduction of a new European Union marker in the fuel. In addition, they are exploring more effective markers, where removal might make the fuel unusable. However, Customs also need to assess the effectiveness of alternative approaches to taxing fuels. For example in Denmark traders purchase fuel at normal rates and reclaim the duty against their VAT liability.
- (ii) To deter people using rebated fuel in their cars, Customs levy penalties of around £700, which appear low. Prosecution is costly, and Customs only do it where the likelihood of securing a custodial sentence is high. As a result, only one per cent of those found misusing rebated fuels in roadside checks are prosecuted. Elsewhere, for example in dealing with smugglers, Customs have moved to asset confiscations, including lorries, and should look at introducing a more rigorous vehicle seizure policy for misusers of rebated fuels.
- (iii) Customs have switched their focus to larger, more organised fraudsters. They are currently investigating 16 cases and prosecuting 29. It takes on average 2 years for Customs to bring a case. The length of time prosecutions take can only reduce the impact of Customs work, and diverts resources away from increased, risk-based, counter-fraud activity. Customs should analyse and compare their performance with other prosecuting organisations in the UK and overseas, to see whether there is best practice that could reduce the time taken.

*On Customs' approach to tackling frauds on hydrocarbon oils duty in Northern Ireland*

- (iv) The length of the border in Northern Ireland and the security situation has made it difficult for Customs to distinguish the levels of smuggling from legitimate cross border shopping. It has also been difficult to set outcome-based targets to reduce the levels of fraud. Customs need to further explore ways of getting better data, for example by working jointly with the Government of the Republic of Ireland to gain intelligence through surveys of filling stations in that country.
- (v) Around 400 to 450 of the 700 filling stations in Northern Ireland are involved in selling illicit fuel, of which around 200 to 250 sell only or largely illegal fuel. As well as revenue losses, there is a serious impact on legitimate business. Effective action lies in more joined-up working with other agencies, such as local authorities, the Health and Safety Executive, and Trading Standards. Customs should also explore whether their own sanctions against those selling smuggled fuel should be strengthened.

CUSTOMS' APPROACH TO TACKLING FRAUDS ON HYDROCARBON OILS DUTY IN GREAT BRITAIN

6. On the UK mainland, Customs collected some £21.85 billion in hydrocarbon oils duty in 2000–01, of which 80 per cent was collected from the nine major oil refineries. The main risk is from frauds on diesel, which in 2000 Customs estimated totalled £450 million,

up from £200 million in the previous year (Figure 1). Every one per cent increase in the illicit share of the diesel market represents a revenue loss of around £125 million a year. Their strategy therefore focuses on the use of intelligence to tackle suspicious users of rebated fuels, regional blitzes on suspicious users and increasing the number of investigations, targeting organised criminal gangs involved in large scale fraud.<sup>7</sup>

**Figure 1: Revenue lost on the mainland from the use of UK non-duty paid fuel in 2000**

	Petrol £million	Diesel £million		Total £million
	Fraud and legitimate cross border shopping	Fraud	Legitimate cross border shopping	Fraud and legitimate cross border shopping
Mainland UK	150	450	900	1500

Source: Comptroller and Auditor General's Report

7. Customs said that once the level of fraud began to take off they responded relatively quickly, in about 18 months. They had increased the resources allocated to tackling misuse and the Government had announced consultation on longer-term measures.<sup>8</sup> We looked at the way Customs are tackling the illegal use of rebated fuel, their response to other types of fraud, including smuggling, and the range of actions they take against fraudsters.

**(a) How Customs are tackling frauds on rebated fuel**

8. Customs see the illegal use of rebated fuel in road vehicles is the main risk they face on the mainland, because these fuels (see Figure 2 below) are much cheaper than normal diesel and are readily available. Rebated fuels can be purchased from oil distributors, and are also available from some filling stations. No licence is required to buy or sell rebated fuels, and approved distributors may also supply "tied oils" such as solvents duty-free providing they are only used for industrial purposes.<sup>9</sup>

**Figure 2: Rebated Fuels**

	Normal diesel (ULSD)	Chemically marked Rebated Gas oil (Red Diesel)	Chemically marked Kerosene (Paraffin)
Definition	A heavy mineral oil distilled from crude oil.	A heavy mineral oil similar to diesel.	A heavy mineral oil which distils at a lower temperature than gas oil.
Duty Rate	45.82 pence per litre	3.13 pence per litre	Fully rebated, i.e. no duty is paid.
Main legitimate use	Motor fuel for road vehicles.	Motor fuel for off-road vehicles such as tractors. It is effectively interchangeable with normal diesel.	Heating fuel for domestic and commercial premises.
Main suppliers	Filling stations	Oil distributors and some filling stations.	Oil distributors and in small quantities hardware stores.

Source: Comptroller and Auditor General's Report<sup>10</sup>

<sup>7</sup> C&AG's Report, paras 1.11, 1.17 and Figures 3, 7

<sup>8</sup> Qs 9, 112, 130

<sup>9</sup> C&AG's Report, paras 3.2, 3.4

<sup>10</sup> *ibid*, para 3.5 and Figure 9

9. To enable Customs to detect whether rebated fuels are being used illegally, the fuels are mixed with chemical markers and dyes prior to sale. The marking process usually takes place at oil refineries. In the case of red diesel, a dye and a chemical marker known as quinizarin are added, while for kerosene a colourless marker called coumarin is used. It is illegal to remove these markers, so as to pass off the rebated fuel as regular diesel.<sup>11</sup>

10. Traditionally, a major part of Customs' overall approach to tackling oils fraud has been to test for misuse of rebated fuels at the point of consumption. Customs have 15 Road Fuel Units and 16 Road Fuel Auditors located throughout the UK. Up to the end of 2000 the majority of the Road Fuel Testing Units mainly organised roadside checks. They stop vehicles to test fuel for the presence of the markers, which would show whether fuel was being used illegally.<sup>12</sup> However, while Customs still undertake 20,000 roadside checks a year, random testing at point of use is no longer their primary control.<sup>13</sup>

11. Customs have made a major move towards a risk based approach. They use intelligence to spot suspicious users. For example, they track the sale and purchase of kerosene and red diesel from the oil producers and refiners to the distributors and wholesalers and on to the retailers and consumers, to identify unusual and suspicious transactions.<sup>14</sup> They also target resources on the types of business and areas of the country that are most at risk, which has led to major campaigns, for example in the North of England.<sup>15</sup> Working in this way, Customs have significantly increased the "hit rate" from their counter-fraud activity, from around 4 per cent expected in random tests to about 40 per cent on targeted investigations.<sup>16</sup> A further indicator of the growth of fraud in rebated fuels, and the success of Custom's intelligence-based approach, is that in 2001–02 Customs disrupted 19 laundering plants (which illegally remove the chemical markers and any dye from rebated fuels), compared with none two years earlier.<sup>17</sup>

12. Another key part of Customs' strategy is to improve the effectiveness of the markers used in rebated fuel. The Chancellor announced in Budget 2002 that from August 2002 a European Union marker called Solvent Yellow would also be added to red diesel and kerosene, in line with developments elsewhere in European Community Member States.<sup>18</sup> Customs are also discussing with universities other possible solutions, involving the development of markers which, if they were removed, would make the fuel unusable.<sup>19</sup>

13. To further improve controls on the distribution of rebated and tax free fuel, the Chancellor also announced in the Budget plans to introduce legislation to provide for an approval scheme for all distributors of rebated fuels. Distributors would be required to keep records and make periodic returns about the supplies of rebated fuels they make to consumers, and would have to obtain additional information from customers to ensure that fuel was not being misused. These arrangements will further improve Customs' intelligence data.<sup>20</sup>

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<sup>11</sup> C&AG's Report, paras 3.6, 3.11

<sup>12</sup> *ibid*, para 3.7

<sup>13</sup> Qs 13, 126

<sup>14</sup> C&AG's Report, para 3.13

<sup>15</sup> Qs 25, 115

<sup>16</sup> Q10

<sup>17</sup> Q116

<sup>18</sup> Budget 2002

<sup>19</sup> C&AG's Report, para 1.14; Qs 116, 119, 123, 224

<sup>20</sup> Budget 2002

14. Denmark has different arrangements for controlling the use of rebated fuels. In 1999, they abolished the system of selling rebated fuels at a price that took account of the lower duty rate. Instead traders, who must register with the tax authorities, buy the fuel at the normal duty paid rate and then reclaim the duty by netting it off from any VAT due to the tax authorities. Customs recognise that they need to learn the lessons from this approach. But they told us that while it had tightened control over misuse of rebated fuels, it was more costly to administer both for Customs and for traders. It had also opened up the risk of other types of fraud, for example VAT repayment fraud.<sup>21</sup>

**(b) Customs response to other types of fraud, including smuggling**

15. There are differing views about the scale and risk of smuggling of fuel on the UK mainland. The Road Haulage Association, one of the UK's largest trade associations, considers it is a significant and growing problem. Customs, on the other hand, believe that because it is logistically difficult and relatively high risk, and the profits are lower than misusing red diesel, smuggling is limited at present. Operational data from a series of exercises, at least four in the last 18 months, supports this conclusion.<sup>22</sup>

16. Other risks include the illegal decanting of diesel. This involves filling the normal tanks of vehicles, particularly lorries, with cheaper fuel on the continent, and then returning to the UK where the fuel may be decanted into a storage tank for use by other vehicles.<sup>23</sup> It is not illegal to have a lorry with a larger than average tank and return with that tank full, having left the country with it empty. Many do so because it is a legal way of keeping costs down. The offence only occurs if the haulier shifts fuel from one tank to another.<sup>24</sup>

17. Checks undertaken by Customs staff at ports in the South East of England over a two-day period in the summer of 2000 found that over 70 per cent of haulage vehicles stopped had larger than normal fuel tanks.<sup>25</sup> However, Customs have not found it easy to prove that hauliers are decanting, and even if 10 per cent were doing so, the total impact on the market would only be one third of one per cent. Consequently, Customs' approach at present is to target their resources on the other main risk areas.<sup>26</sup>

**(c) The range of actions Customs take against fraudsters**

18. Where Customs have caught individuals misusing or smuggling fuels, they have traditionally taken action to seize the vehicle, but to restore it to the owner following payment of the duty due, a fixed penalty and any storage costs. The maximum fixed penalty is £250 and Customs can impose this for each breach of the law.<sup>27</sup> In practice, a person could be fined £250 for putting rebated fuel in the vehicle and £250 for using it, and with duty on the fuel and a restoration fee of about £100, the likely penalty is £700.<sup>28</sup>

19. However, Customs' focus has moved from the individual user to targeting large, more organised frauds, which can involve assessments of tax of up to £250,000. It has

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<sup>21</sup> C&AG's Report, para 3.22; Q11

<sup>22</sup> *ibid*, para 2.2; Q61

<sup>23</sup> *ibid*, para 1.13

<sup>24</sup> Q133

<sup>25</sup> C&AG's Report, para 2.13

<sup>26</sup> *ibid*, para 2.14; Qs 132, 137

<sup>27</sup> C&AG's Report, paras 3.16–3.17

<sup>28</sup> Qs 36, 127

raised the total value of assessments from about £3 million to nearly £8 million over 2 years. Customs are also considering a more rigorous vehicle seizure policy, which had proved effective in the case of tobacco smuggling.<sup>29</sup>

20. In 1999–2000, Customs prosecuted less than one per cent of the offenders detected by Road Fuel Testing Units. Prosecution is a costly and time-consuming option, and Customs only take such action if the likelihood of securing a custodial sentence is high.<sup>30</sup>

21. Having prosecuted a case, Customs will provide the court with a statement identifying how a convicted defendant has benefited. The court will then decide the amount to be recovered in the light of information about the defendant's realisable assets. In 2001, confiscation orders arising from cases of hydrocarbon oils fraud amounted to £49,000.<sup>31</sup>

22. Customs are currently prosecuting 29 cases relating to fraud on hydrocarbon oils and investigating a further 16 cases. It takes on average two years for Customs to bring a case, so these cases have not reached the point at which a confiscation order will have been made.<sup>32</sup>

#### CUSTOMS' APPROACH TO TACKLING FRAUDS ON HYDROCARBON OILS DUTY IN NORTHERN IRELAND

23. In Northern Ireland, Customs collected some £750 million in 2000–01 in hydrocarbon oils duty. However, Customs estimate that the revenue losses from fraud and legitimate cross border shopping increased substantially from £140 million in 1998 to £380 million in 2000 (Figure 3).<sup>33</sup> Well over half this figure could be legitimate cross border shopping, but Customs do not have accurate data because of the number of crossing points and the security situation.<sup>34</sup>

**Figure 3: Revenue lost in Northern Ireland from the use of UK non-duty paid fuel in 2000**

	<b>Petrol £million</b>	<b>Diesel £million</b>		<b>Total £million</b>
	Fraud and legitimate cross border shopping	Fraud	Legitimate cross border shopping	Fraud and legitimate cross border shopping
Northern Ireland	150	230		380

*Source: Comptroller and Auditor General's Report, Figure 6*

24. We looked at Customs' assessment of the risks to the revenue in Northern Ireland, how they are responding to an increase in smuggling and how they are dealing with filling stations selling illicit fuel. We took into account the Report by the Northern Ireland Affairs Committee in 1999.<sup>35</sup>

<sup>29</sup> Qs 34, 38, 117, 126, 195, 199

<sup>30</sup> C&AG's Report, para 3.18

<sup>31</sup> Ev 25

<sup>32</sup> Qs 34, 39, 69

<sup>33</sup> C&AG's Report, paras 1.2, 1.11 and Figure 6; Qs 14, 55

<sup>34</sup> Qs 46–47, 55, 82, 103, 105, 240

<sup>35</sup> 3<sup>rd</sup> Report of the Northern Ireland Affairs Committee, *Impact in Northern Ireland of Cross-Border Road Fuel Price Differentials* (HC 334, Session 1998–99)

**(a) Customs' assessment of the risks**

25. Customs' assessments of the risks in Northern Ireland differ markedly from the mainland, because:

- While there is misuse of rebated fuels both on the mainland and in Northern Ireland, smuggling is a significant problem across the border with the Republic of Ireland. This is due to the difference in duty rates (in January 2002 on diesel there was a price difference of about 29 pence (38%) per litre) and the 300-mile land border with the Republic with 200 crossing points.
- There is a high level of non-compliance generally in Northern Ireland, and any long-term solution must be part of a wider improvement in compliance levels. Without that, any ground made in, for example, reducing smuggling might lead to a compensating rise in other forms of fraud, such as the misuse of rebated fuels.<sup>36</sup>
- any action has to be taken with the context of the overall security situation in Northern Ireland.<sup>37</sup>

26. A threat assessment produced by the Northern Ireland Organised Crime Task Force, has identified as a strategic priority reducing the loss to the Exchequer from the smuggling of hydrocarbon oils, fuel laundering, mixing rebated fuel and dilution of road fuel.<sup>38</sup> There is paramilitary involvement but they are not the only people engaged in these activities.<sup>39</sup>

27. Customs' strategy therefore builds on that used on the mainland by deploying mobile teams near the land boundary, disrupting laundering sites and publicising the risks to car engines from using laundered fuel.<sup>40</sup>

**(b) How Customs are responding to smuggling**

28. Because of the situation in Northern Ireland, Customs' approach to emerging evidence of rising fraud was initially tentative. However, from April 2000 they began to take more vigorous action by increasing the staff dedicated to hydrocarbon oils from 25 to 163 staff, supported by staff based on the mainland, whose primary task is to tackle oils fraud in Northern Ireland.<sup>41</sup>

29. To reduce smuggling, Customs have a substantial presence at the border. The scale of smuggling can vary, from somebody with a couple of tanks in the back of a van to tankers of 25,000 litres. Customs confiscate any vehicle used for smuggling even if it is the first time. In addition they will levy fines for the duty on the load and, if it is part of a pattern of activity, might raise an assessment for back duty and VAT. In 2000–01, Customs seized over 400 vehicles, over three times more than the previous year.<sup>42</sup>

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<sup>36</sup> C&AG's Report, paras 1.14, 2.5; Qs 82–84

<sup>37</sup> Q96

<sup>38</sup> C&AG's Report, para 1.18

<sup>39</sup> Qs 234–235

<sup>40</sup> C&AG's Report, Figure 3

<sup>41</sup> *ibid*, para 2.4; Qs 47–52, 55

<sup>42</sup> *ibid*, para 2.5; Qs 78–81

30. Particularly in the last two years, Customs have worked closely with the Government of the Republic of Ireland, and at an operational level have co-operated on cross border work. For example, in December 2001 Customs raided a number of addresses in Armagh and at the same time action took place south of the border, including seizure of financial assets. Under the European Union Convention on Mutual Assistance between Customs' administrations, they are looking at how the arrangements could work more effectively.<sup>43</sup>

### **(c) How Customs are dealing with filling stations selling illicit fuel**

31. Customs are not just trying to catch people at the border. They recognise the need to tackle the whole supply chain, from the smuggler's distributor, to the smuggler, to the retailer who sells illegal fuel.

32. There are around 700 filling stations in Northern Ireland. Customs estimate that around 400 to 450 of them are involved in selling illicit fuel, of which around 200 to 250 sell only or largely illegal fuel. This level of non-compliance is dangerously high, and is having a significant impact on legitimate business. For example, deliveries of legal fuel into Northern Ireland have almost halved the level in 1994, although the latest figures, for 2001, show that deliveries rose for the first time in five years.<sup>44</sup> Customs said that the oil majors are also concerned about the situation as they see it in their interest to have an orderly legal market.<sup>45</sup>

33. Customs' strategy is to visit regularly stations involved in selling illicit fuel, to make trading difficult for them. In the last 18 months Customs have visited 600 filling stations in Northern Ireland. They levied assessments of over £750,000 and seized 2 million litres of fuel.<sup>46</sup> To put this into context, an average filling station in Northern Ireland sells around 1.8 million litres of fuel a year.<sup>47</sup>

34. However, the effectiveness of Customs' activities is limited by difficulties in identifying the people behind the frauds, as opposed to managers of filling stations. Prosecuting can be difficult, because it is not easy to prove that those running the stations know the fuel is illicit. Even where they take action, filling stations are often quickly back in business, because Customs are not the licensing authority and do not have the power to close them.<sup>48</sup>

35. Customs believe that their activities would be more effective if they could make joint visits with key other bodies, for example local authorities, trading standards officers and the Health and Safety Executive. In this way Customs would assess illegal proprietors for the illicit fuel and VAT, Health and Safety would levy a fine, the local authority would revoke the proprietor's licence to trade and Trading Standards would prosecute where red diesel was sold as branded fuel.<sup>49</sup>

36. However, there are practical difficulties. Some authorities are reluctant to take action that could lead to local unrest and disobedience. Customs' staff are frequently threatened

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<sup>43</sup> C&AG's Report, para 2.5; Q237

<sup>44</sup> C&AG's Report, para 2.5; Ev 26, 29

<sup>45</sup> Q238

<sup>46</sup> Q236

<sup>47</sup> C&AG's Report, para 2.6

<sup>48</sup> Qs 16, 56

<sup>49</sup> Qs 17, 88

or assaulted, and those, for example trading standards officers, who live in the community could put themselves and their families at risk. There is the added risk that even if Customs make inroads into the illicit sale of fuel in filling stations, illegal activity might be driven underground or switch elsewhere, for example to other sites or to misuse of rebated fuels.<sup>50</sup> Customs have therefore been working with interested authorities and within the Northern Ireland Organised Crime Task Force, while recognising that the rate of progress will ultimately depend on wider improvements in compliance across society.<sup>51</sup>

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<sup>50</sup> Qs 89–95

<sup>51</sup> Qs 71, 89–95

MINUTES OF PROCEEDINGS OF  
THE COMMITTEE OF PUBLIC ACCOUNTS

SESSION 2001-02

MONDAY 25 FEBRUARY 2002

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon

Mr Ian Davidson

Mr Nick Gibb

Mr Brian Jenkins

Mr George Osborne

Mr David Rendel

Mr Gerry Steinberg

Jon Trickett

Mr Alan Williams

Sir John Bourn, KCB, Comptroller and Auditor General, was further examined.

The Committee deliberated.

Mr Brian Glicksman, Treasury Officer of Accounts, was further examined.

The Comptroller and Auditor General's Report on The Misuse and Smuggling of Hydrocarbon Oils (HC 614) was considered.

Mr Richard Broadbent, Chairman, HM Customs and Excise, was further examined; and Mr Mike Wells, Director, Law Enforcement Policy, HM Customs and Excise, was examined (HC 649-i).

A division of the House being called, the Chairman suspended the meeting for ten minutes.

The Committee resumed.

The witnesses were further examined.

The witnesses withdrew.

The Committee further deliberated.

\* \* \* \* \*

[Adjourned until Monday 4 March at half past Four o'clock.

\* \* \* \* \*

WEDNESDAY 26 JUNE 2002

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon	Mr George Osborne
Mr Ian Davidson	Mr David Rendel
Geraint Davies	Mr Gerry Steinberg
Mr George Howarth	Jon Trickett
Mr Brian Jenkins	Mr Alan Williams
Ms Ruth Kelly	

Sir John Bourn, KCB, Comptroller and Auditor General, was further examined.

The Committee deliberated.

Mr Brian Glicksman, Treasury Officer of Accounts, was further examined.

\* \* \* \* \*

Draft Report (The misuse and smuggling of hydrocarbon oils), proposed by the Chairman, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 4 read and agreed to.

Paragraph 5 postponed.

Paragraphs 6 to 36 read and agreed to.

Postponed paragraph 5 read and agreed to.

*Resolved*, That the Report, as amended, be the Forty-fourth Report of the Committee to the House.

*Ordered*, That the Chairman do make the Report to the House.

*Ordered*, That the provisions of Standing Order No. 134 (Select Committees (Reports)) be applied to the Report.

\* \* \* \* \*

[Adjourned until Monday 1 July at Four o'clock.]



REPORTS BY THE COMMITTEE OF PUBLIC ACCOUNTS  
SESSION 2001–02

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1	Managing Risk in Government Departments (HC 336) .....	23/11/01
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