

21 October 2002

Mr Bob Charles MP  
Chairman  
Joint Committee of Public Accounts & Audit  
Review of Australia's Quarantine Function  
Parliament House  
Canberra ACT 2600

Dear Mr Chairman

**Submission No 47 – Department of Agriculture Fisheries Forestry –  
Australia Response by Diageo Australia Limited**

You may recall that Diageo Australia Limited (Diageo) has previously provided two submissions to your current review of Australia's Quarantine effectiveness, and appeared as a witness at your Sydney hearings. Diageo would like to thank you for putting a number of our concerns directly to the Australian Quarantine Inspection Service (AQIS), namely:

- The attempt by AQIS to apply domestic food labelling requirements to spirituous products to be offered for sale in the duty free market;
- The release into home consumption by AQIS of an imported liqueur detected as inadequately marked for the Australian market; and
- The Random Surveillance Program which discriminates against the large volume / low risk importers, whilst seemingly "misses" the low volume / high risk importers.

Diageo has now seen the departmental response to the Committees questions on these matters and is concerned that these responses will not adequately assist the Committee.

In terms of our duty free labelling issue, Diageo can confirm that it is jointly challenging with the industry's representative body, the Distilled Spirits Council of Australia (DSICA), a recent decision by Food Standards Australia New Zealand (FSANZ) to not exempt duty free products from domestic labelling requirements.

This is however, a separate issue from the administration of the food standard codes by AQIS, in which the industry was subject to a sudden and dramatic turnaround in the treatment of duty free product, and at significant cost in terms of compliance. We ask that the Committee not be distracted by the AQIS response that this issue is a FSANZ issue alone.

Diageo is also deeply disappointed that AQIS continue to claim that a consignment of Baileys Irish Cream arriving in Australia as a parallel import and inspected by AQIS staff, was adequately labelled for the Australian domestic market. The Committee will note that from our subsequent submission of 20 September 2002, that Diageo had actually acquired a bottle from that consignment from the domestic retail market and traced it back to the importer. This bottle was also supplied to Committee. The Baileys Irish Cream bottle in question was intended for the duty free market before arriving in Australia as a parallel import. Under AQIS' own interpretation of the food standard codes, it should have failed local labelling requirements.

Diageo can only assume from the AQIS position that either:

- AQIS officers at the time were not thorough or accurate in their examination;
- Duty free labelling standards are now sufficient for domestic retail sale; or
- This importer has made several parallel imports of Bailey's Irish Cream, and the Random Surveillance program as a risk management tool, is simply failing just as Diageo has been trying to argue.

As further evidence of the 1 in 20 system not identifying the high risk shipments of alcohol, Diageo now submits another imported product which has recently entered the domestic market. To add to the brandy, liqueur and ready to drink products highlighted in our September submission, Diageo has also found a vodka based pre-mix spirit range known as "Vodka Kick" (VK) in the Victorian market, which it has traced to a Victorian wholesaler distributing on behalf of the product's UK owner.

Diageo has attached digital photos of the "Vodka Blue" and "Vodka & Blackcurrant" VK products. The Committee will note the absence of the number of standard drinks and importer's local name and address, information AQIS has said in its submission to you is as follows:

"Both standard drinks and importer details are essential components of alcohol labels. Standard drinks labelling is a food safety issue which enables consumers to determine a safe quantity of alcohol to consume. Importer details are essential in the traceability of the product."

Again, Diageo continues to be happy to provide any assistance to the Committee, and in this regard it should feel free to contact me in the first instance on the above contact details.

Yours sincerely

**Ron Ainsbury**  
**External Affairs Director.**