

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 30 May – 1 June 2006

Question: bet 120 (ACCC)

Topic: Peel off health warnings on cigarettes

Hansard Page: E62

Senator MURRAY asked:

I should start by complimenting Senator Watson on taking only a minute and a half. My question is on behalf of Senator Allison. As you know, she has long had a strong interest in the tobacco issue. She wrote to you on 2 March 2006 on a concern with peel-off health warnings on the outside of cigarette packets, and has been advised that the ACCC has taken up this issue. Has the ACCC written to tobacco companies about peel-off health warning labels? If you have, perhaps you could let us have a copy of the letter. Have you offered any guidance or initiated any penalty action?

Mr Ridgway—Perhaps I could respond. The ACCC has written to tobacco companies indicating the ACCC's concerns with respect to this issue and indicating what the agency considers to be pertinent matters with respect to the adhesion of the labelling. We can provide a copy of that letter. I will take that on notice. Indeed, we can say in the broad that two of the majors have responded by indicating that the packaging will not have labels that are stuck on but printed directly onto the product. The third has indicated that it will be ensuring its processes are consistent with the issues raised by the ACCC.

Answer:

A copy of the letter sent to a number of tobacco companies (including Imperial Tobacco, US Tobacco and Philip Morris, which manufacture/import the majority of significant tobacco brands in Australia) is attached.

Our Ref: C2005/456-03
Your Ref:
Contact Officer: Ray Temperley
Contact Phone: 6243 1170

30 March 2006

«Name»
«Company»
«Address»
«Town»

Dear «Salutation»

TOBACCO LABELLING REGULATIONS: USE OF ADHESIVE LABELS

The purpose of this letter is to deal with an issue which has been the subject of recent complaints to the Commission, and concerns the use of adhesive labels on retail packages. Adhesive labels are permitted in certain circumstances by regulations 16 and 30 of the *Trade Practices (Consumer Product Information Standards) (Tobacco) Regulations 2004* ('the Regulations'), but the ACCC wishes to clarify areas of industry confusion on this matter.

Regulation 30, which is applicable to the new graphic health warnings, is in substantially similar terms to regulation 16, which has applied in substance since 1994. The essential requirement that adhesive labels be fastened firmly to retail packages so as not to be easily removable has been in place for more than a decade.

That said, the Commission is aware that there is some lack of certainty in the tobacco industry of what is meant by 'easily removable', and hence confusion as to whether or not adhesive labels are likely to comply with the regulatory requirements. In consequence, we are now writing to major manufacturers / importers of tobacco products, to provide some guidance on the how the Regulations might be interpreted.

The ACCC is not aware of any specific judicial decisions which would assist manufacturers / importers to discern the intent of the Regulations. However, as a matter of common sense, the ACCC would suggest that there may be grounds for concern if a label can be removed without being damaged or without causing damage to the underlying surface to which it is affixed. The ACCC requests that industry use this 'test' where use is being made of adhesive labels and seeks your assurance that any future usage of adhesive labels will meet this benchmark in seeking to ensure strict compliance with the regulatory requirement.

Please do not hesitate to contact us if you have any queries in relation to this letter. I would appreciate your written response to this letter providing the requested assurance by 14 April 2006.

Yours sincerely

John Wunsch
Director
Product Safety Policy