

Cider Australia AGM

3 June 2019

**C3 Convention Centre
64 Anglesea St, SOUTH HOBART TAS 7004**

DRAFT Minutes of Meeting

Meeting opened at 3:00pm

Introduction and Welcome by Sam Reid, President of Cider Australia (CA).

Sam welcomed attendees to the AGM being held during the AusCider 2019 conference.

Approval of AGM Minutes

Attendees approved the Minutes of the 2018 AGM held in Batlow, NSW on 17 May 2018. Jane noted the key actions at this meeting, all of which have been completed:

- Richard Feyn to lead 2018 Festival organisation
- ACRAD program groups to develop project outlines
- Implement Membership fee increases
- Explore new design for 100% Australian certification

Jane also reminded attendees that the Association must agree to comply with the Trade Practices Compliance Notice tabled at the 2018 AGM. In particular, producers must not discuss pricing, terms of trading, sales strategy or production with their competitors, or agree to collude or boycott.

Committee Report

Market Development

Sam Reid outlined progress made by Cider Australia over the past year to move forward its vision for Australian Craft Cider which is to increase its market share from 10% to 30% by 2023 (5 Years). He noted that the industry is uniting behind the 100% Australian Grown trust mark and Brand Proposition, and that other activities in Cider Australia's strategy are well underway. Consumer education on cider is not being done to scale at present but will be a focus in the future.

Sam thanked Wine Australia for their support in pushing forward the Export and Regional Wine Support Package – Cider Program work and introduced Amelia Harris (Communications Manager, Export & Regional Wine Support Package) to update attendees on the Program.

Amelia introduced the package and noted it is in its third and final year. The program came about because there was limited information on cider markets around the globe, Australian producers did not have access to a coherent go-to-market strategy or a brand proposition that is meaningful in international markets. Development of a brand proposition for Australian Craft Cider and the trust mark is complete. The next phase of the Cider Program includes finalisation of a go-to-market strategy for producers to use in international markets, and an Australian cider brand launch in one

of these markets.

Amelia noted upcoming wine tourism workshops are available to cider producers, and Jane agreed to circulate details (see <https://www.wineaustralia.com/whats-happening/wine-tourism-and-wine-export>).

Jane updated Members on the trust mark roll out. It was launched on 5 October 2018 but then stalled due to a potential challenge to our Trade Mark applications. However, with the public objection period closing at 5pm today (3 June 2019), the roll out is now well underway with 47 producers signed up to use the trust mark. A trust mark webpage has been developed with information for producers, consumers and trade. Artwork and other collateral is now available on a Member-only portal on the Cider Australia website. Jane to send out details on how to gain access next week.

Jane will undertake a survey of Members in June to measure support for the trust mark, as this is a KPI in both the ERWSP Cider Program and the Hort Innovation project which is also supporting the trust mark roll out.

Jane noted that the focus on a paper audit process to verify compliance with trust mark eligibility criteria has moved to an examination of the viability of provenance testing. Cider Australia will explore research on this including submitting a funding proposal to Hort Innovation.

Sam noted that Dan Murphy's is continuing to implement its craft cider segmentation.

Cider Conference

Cider Australia and the Batlow CiderFest signed an MOU late last year agreeing to the transition of conference management to Cider Australia. Cider Australia secured a \$20,000 grant from the Tasmanian Government to enable us to take the conference to Tasmania. A largely Tasmanian organising committee organised the event to be held over 4 days and in the same week as the annual conference of Fruit Growers Tasmania. Jane thanked the team – Caro Brown from Cider Tasmania, Nigel Swarts from TIA/UTas, Tom Lewis from Fermentas, Kevin Dodds from NSW DPI and Ian Cover from Fruit Growers Tasmania. The international keynote speaker Jane Peyton (UK) travelled around Tasmania and experienced the Tasmanian Cider Trail prior to the conference.

Cider Australia has secured funding from the WA Department of Primary Industries and Regional Development and the City of Kalamunda (Perth Hills) to take next year's conference to WA. AusCider 2020 will be based in the Perth Hills with Andrew Carruthers from Carmel Cider to host and lead the local organising team. This is an excellent opportunity to engage with the WA cider industry and will help to promote the newly established WA Cider Trail.

Australian Cider Festival

The 2018 Festival was held at the Mercure Sydney, in conjunction with Australian Cider Forum and Awards Dinner. Thanks to Richard Feyn for hosting and ensuring everything ran smoothly. Unfortunately attendance was very low due to a crowded calendar and limited promotion, and the event ran at no profit for significant effort. The Executive agreed that the Festival is no longer needed and Cider Australia will not run it in 2019.

Australian Cider Awards

The 2018 Awards was a successful event. There were a few class changes and similar entry

numbers to the previous year. Judging was held at the William Angliss Institute for the fourth year, with the show split for the first time with two separate panels of judges, overseen by Behn Payten in his third and final year as chair. Eric West (US) was guest judge. There were fewer medals than last year but many more gold medals indicating a continual improvement in the quality of entries.

Entries to the 2019 Awards will open on 1 July and close 27 September, a few weeks later than usual. Judging will be on 23 & 24 October and the Awards Dinner on Friday 8 November at The Craft & Co in Collingwood, VIC. We are pleased to announce that Max Allen is back to host. We have secured an impressive judging panel:

- chaired by Sebastian Crowther MS (Real Wines, formerly Rockpool)
- Tom Oliver (UK)
- Jody Scott (NZ's Zeffe Cider)
- Loïc Le Calvez (VIC)
- Nathan Hyde (VIC)
- James Kendell (Small Acres Cider)
- Samara Fuss (Philter Brewing)

There will not be any changes to the classes in 2019.

Policy, lobbying and technical

Cider Australia engaged in many government processes during the year including FSANZ reforms (pregnancy, sugar/carb, energy labelling), the Alcohol Bev Sector Cons Group (FSANZ) and ATO Stakeholder Group. Container Deposit Schemes continue to challenge the cider industry.

Cider Australia released a position paper on cider labelling integrity in April 2019 and wrote to all relevant Members of Parliament to seek support for changes to the cider production standard.

The ACRAD Program is now established with the University of Tasmania to lead (Nigel Swarts). Research leads are exploring various funding sources and the first proposal in the Value Chain Analysis research stream has been submitted to Hort Innovation. It was suggested that Program 2 (Production Growing Systems) should include a section on biennial bearing and how best manage this with cider.

Priorities

Cider Australia's priorities in the coming year will be:

Short term

- ERWSP – Cider Program
 - Go to market strategy
 - Roll-out and measure success
- Cider integrity – application to amend Code

Ongoing

- Australian Cider Awards
- AusCider conference
- ACRAD Program

Financial Report – Shane McLaughlin

Shane McLaughlin, Treasurer of CA presented the Financial Reports for 2018 (Attachment A). The accounts show a \$1.39 profit in 2018 which is as you'd expect for a not-for-profit. Key costs this

year were legal expenses related to Trade Marking of the 100% Australian Grown trust mark.

We are projecting a profit of \$1,615 in 2019. AusCider 2020 is forecast to generate \$10,000 in profit, assuming sponsorships are secured, ticket sales can be increased and costs kept down.

There are currently 92 Full and 22 Associate members (including sponsors) for 2018-19. There has been jump in membership since the trust mark was launched. Membership revenue is now around \$35k compared to around \$25k in 2017, a result of the membership fee increase implemented this financial year. Sponsorship revenue was static at \$29k.

Election of Office Bearers

All positions were declared vacant and Jane Anderson conducted the annual election.

President: Sam Reid was nominated (1 Richard Feyn, 2 Shane McLaughlin), and as the only nominee was declared elected.

Vice-President: Warwick Billings was nominated (1 Shane McLaughlin, 2 Sam Reid), and was elected.

Treasurer: Shane McLaughlin was nominated (1 Sam Reid, 2 Warwick Billings), and as the only nominee was declared elected.

Secretary: Gus Kelly was nominated (1 Sam Reid, 2 Phil Kelly), and as the only nominee was declared elected.

Digital & Website Manager: Mark Ellis was nominated (1 Glen Fahey, 2 Warwick Billings), and as the only nominee was declared elected.

Category Development: Andrew Carruthers was nominated (1 Sam Reid, 2 Shane McLaughlin), and as the only nominee was declared elected.

Tim Jones offered to contribute to the ACRAD Program work.

Other business

Member Portal

Jane noted that a new Member Portal on the Cider Australia website is now live and will contain trust mark artwork, brand guidelines, tool kit and other collateral. More content will be added over time including export guides, newsletters and Cider Australia meeting minutes. See cideraustralia.org.au/members/members-area/

Jane will email login details to primary contacts in each company in late June.

Special Resolution to amend Constitution

In late 2018 the ATO notified Cider Australia that it does not automatically qualify for an income tax exemption and therefore has been asked to submit tax returns for the past 4 years.

While Cider Australia is exactly the type of not-for-profit organisation that should be exempt from this requirement, we do not meet the exact wording of the tax legislation and therefore must obtain a private ruling from the ATO to confirm this. Cider Australia submitted an application for a private ruling in early 2019 but was advised that we first need to insert appropriate non-profit and winding up clauses in our Constitution and then register with the Australian Charities and Not-for-profits Commission (ACNC).

A proposed Special Resolution was circulated to Members on 13 May 2019 proposing such changes to the Constitution. Members unanimously agreed to the proposed changes.

Once these changes to the Constitution are registered with NSW Fair Trading, Jane will register with ACNC and then submit a new application for a private ruling to the ATO.

Quality Assurance – Diarmaid O’Mordha, Endeavour Drinks Group

Diarmaid works directly with suppliers to EDG and on quality issues. EDG aims to be on the front foot with quality issues and has recently done some work with the craft beer industry (assistance putting together a labelling guide and a product recall plan). Diarmaid offered to work with Cider Australia on similar projects, as well as collaborating on the development of mandatory pregnancy labelling and advising on Container Deposit Schemes requirements. It was agreed that Jane and Diarmaid will pursue these matters.

Cider integrity proposal

This proposal brings together the discussions Cider Australia has been having on the definition of cider over many years. We released the cider integrity position statement and posted to a broad range of MPs in May, and then met with the Fruit Wine and Cider Makers NZ Committee to discuss collaboration. There is broad agreement on most of the proposed changes and we will aim to submit a joint industry application to amend the Australia New Zealand Food Standards Code requirements applying to cider.

By way of background, our concerns on the production requirements applying to cider are:

- definition of cider in the Code is too wide (allows unlimited water, ethyl alcohol and many other ingredients)
- no country of origin requirement
- production requirements for cider are a mess
- many established styles are not defined
- different to WET definition

Our proposed solution is to:

- first update FSANZ requirements– a standalone cider production standard is the logical way to do this and would make it easier to understand what is required. The key change is inclusion of a minimum juice content of 50%.
- Changes to the WET definition are also desired, but are a next step.

The current proposal is as follows, and discussion is needed on the highlighted matters:

	FSANZ	WET	Proposed	AUS/NZ aligned
Minimum juice content	X	X	50%	✓
Added ethyl alcohol	✓	X	X	✓
Added sugar	✓	✓	✓	✓
Added water	✓	✓	✓	✓
Essences	✓	?	X	✓
Hops/flowers/spices	✓	X	✓	✓
Tannins	✓	X	✓	✓

Oak	✓	?	✓	✓
Caramel	✓	X	?	
Honey	✓	X	X	✓
Fruits	All fruits	Apple, pear	Apple, pear, other pome fruits	✓
Vegetables	All vegetables	X	X	✓
Other ingredients	All grains and cereals	X	X	✓
ABV	Min 1.15%		0 – 15% cider 15-22% fortified cider	
Products defined	cider perry	cider perry fruit wine	Cider, Perry, MT cider, fortified cider, apple/pear brandy, apple/pear spirit, vintage cider no/low alcohol cider	

Question 1 – should caramel be permitted?

- Most do not support, but there is a concern that excluding caramel could impact imports. Further, a recent court decision (re Savannah Cider) has confirmed that caramel made from caramelised apple juice is permitted.
- It was noted that caramel is an allowable addition in the UK, but also that major brands such as Westons do not include for Australian market.
- It was agreed that Cider Australia will do more research on which caramel products are permitted (if any) in France, Spain and the US. Where broadly permitted, we will include in our proposed definition of cider.

Question 2 – should the minimum ABV of cider be lower than 1.15% (i.e. 0%)?

- Currently any product below 1.15% cannot be called 'cider'. The same applies for grape wine, whereas beer can be 0%. The issue is the low/no alcohol segment is growing rapidly, driven by consumer demand, and it is important to capture this in the cider category.
- Members noted that alcohol removal technologies are expanding rapidly and there is clear demand for these products. Others noted that there is widespread confusion about the requirements with regards to low alcohol products.
- It was suggested that to be called cider a product should be fermented.
- It was agreed that Cider Australia would look at the apple juice standard to ensure there is no duplication of definitions and consider further.

Question 3 – should we introduce a 'Vintage cider' definition?

- NZ has agreed the following definition of Vintage Cider to govern when a year of vintage can be placed on a label:
 - a) Sole ingredient is juice from fresh pressed orchard run apples
 - b) Concentrate not to be used. Apples can be cold stored for <60 days prior to fermentation
 - c) Only apple juice can be used for back sweetening. No concentrate and no sugar, other than sugar permitted for Methode and bottle conditioned cider
 - d) No chaptalisation with sugar permitted at fermentation, other than for secondary fermentation in Methode or bottle conditioned ciders.
 - e) Food additives affecting aroma or colour are not permitted

- f) No water is permitted, other than for additions using good manufacturing practices (GMP)
 - g) Minimum of 85% of fruit from given vintage
- The use of seconds (a) or cold stored fruit (second part of b) are important and a good news story in Australia.
 - Members queried:
 - Re d) whether not permitting chaptalisation is appropriate given it is allowed in France. May not be a concern in Australia given the fruit.
 - Re f) whether a maximum water content should be specified. It was agreed Cider Australia will check the rules for wine.
 - Members suggested the definition is too tight and too complex, and that a simple requirement that 85% juice content/85% juice from the current year should be sufficient. Cider Australia will discuss with NZ.

Members also queried whether non-pome fruits should be allowed in cider as there is strong growth in this segment of the market. The pros and cons of lowering the 8% minimum ABV for WET was discussed, but risks remain particularly with regards to potential exclusion of cider from WET if the range of products expands significantly.

While further work is needed on these questions, there was general support around the cider definition. Cider Australia will consult further with members on the proposed definition.

Sam Reid closed the meeting at 5:32pm

Attendees

Sam Reid	Willie Smith's (President of Cider Australia)
Jane Anderson	Executive Officer, Cider Australia
Warwick Billings	LOBO Cider (Vice President of Cider Australia)
Shane McLaughlin	Hillbilly Cider (Treasurer of Cider Australia)
Gus Kelly	Kellybrook (Secretary of Cider Australia)
Mark Ellis	Pobblebonk Ciderworks (Digital Manager, Cider Australia)
Jimi Anderson	Willie Smith's Cider Makers
Ray Billings	Batlow CiderFest
Caroline Brown	Brady's Lookout Cider
Ian Cameron	Westons Australia
Andrew Carruthers	Carmel Cider
Naomie Clark-Port	Frank's Cider
Nyall Condon	Flying Brick Cider Co
Clive Crossley	Red Sails Cider
Eric Driessen	St Ronan's Cider
Glenn Fahey	Darkes Cider
Jo Fahey	Darkes Cider
Richard Feyn	Sydney Brewery
Malcolm Friedman	Willie Smith's Cider Makers
Neil Fuller	Surges Bay Orchard
Tom Gurnett	Gurney's Cider
Nathan Harvey	Sydney Brewery
Wayne Hewett	Consultant: Cheeky Rascal Cider

Owen Inglis	Sidewood Cider
Graham Jones	Kangaroo Island Ciders
Tim Jones	Willie Smith's Cider Makers
Troy Jones	St Ronan's Cider
Phil Kelly	Kellybrook
James Kendell	Small Acres Cyder
Patrick Meagher	Simple Cider
Sheryn Mock	Mock Red Hill
Jennifer Morey	Cheeky Grog Co
Mark Morey	Cheeky Grog Co
Dave Nelson	Ninch Cider
Diarmaid O'Mordha	Endeavour Drinks Group (Dan Murphy's)
Rob Sinclair	Sinclair Orchards
Nathan Taylor	Willie Smith's Cider Makers
Lynne Uptin	Red Sails Cider

Invited guests

Amelia Harris	Wine Australia
Matthew Tack	Our Mates' Farm

Sponsors

Apologies

Douglas Inwood	3 Sons Cider
Bernadette Russo	Summer Snow Juice
David Pickering	CiderOz
Kevin Dodds	Batlow CiderFest/NSW DPI

Attachment A: Financial Statements

Profit and Loss
Cider Australia
1 January 2018 to 31 December 2018

31 Dec 18

Income	
Entry Fee - Awards Dinner	\$6,136.31
Entry Fee - Cider Awards	\$15,302.87
Entry Fee - Festival Tickets	\$3,227.81
Entry Fee - Masterclass	\$164.24
Grants	\$6,720.00
Interest Income	\$7.75
Memberships	\$33,943.18
Sponsorship	\$28,454.55
Stallholder Fee	\$3,299.99
Total Income	\$97,256.70
Gross Profit	\$97,256.70
Less Operating Expenses	
Awards Collateral	\$8,878.17
Bank Fees	\$22.00
Catering	\$12,076.39
Consulting & Accounting	\$3,403.48
Design & Printing	\$522.65
Entertainment for festivals/Awar	\$600.00
Equipment hire/purchase	\$3,589.85
Festival Collateral	\$384.53
Filling Fees	\$41.07
Freight & Courier	\$201.31
Insurance	\$2,175.30
Legal expenses	\$3,118.00
Office Expenses	\$796.90
PayPal Fees	\$778.31
Photography	\$677.27
Subscriptions	\$1,180.62
Superannuation	\$3,799.90
Telephone & Internet	\$265.34
Travel/Accomodation - Internatio	\$694.95
Travel/Accomodation - National	\$7,849.31
Trust Mark	\$6,200.00
Wages and Salaries	\$39,999.96
Total Operating Expenses	\$97,255.31
Net Profit	\$1.39

Balance Sheet
Cider Australia
As at 31 December 2018

31 Dec 2018

Assets

Bank	
Cider Australia	\$6,450.83
Total Bank	\$6,450.83
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Current Assets	
Accounts Receivable	\$16,047.70
Total Current Assets	\$16,047.70
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Total Assets	\$22,498.53
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Liabilities

Current Liabilities	
GST	\$1,165.26
Historical Adjustment	\$29,504.39
PAYG Withholdings Payable	\$1,429.73
Rounding	\$0.01
Superannuation Payable	\$1,023.05
Total Current Liabilities	\$33,122.44
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Total Liabilities	\$33,122.44
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Net Assets	-\$10,623.91
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Equity	
Current Year Earnings	\$12,519.25
Retained Earnings	-\$23,143.16
Total Equity	-\$10,623.91
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Cider Australia 2019 January to December
Profit and Loss

Income

Entry Fee - Awards Dinner	\$ 10,800
Entry Fee - Cider Awards	\$ 15,750
Entry Fee - Masterclass	\$ -
Entry Fee - Producer Forum	\$ -
Entry Fee - Festival	\$ -
Stallholder Fee - Festival	\$ -
Interest Income	\$ 15
Memberships	\$ 30,000
Sponsorship general	\$ 30,000
Hort Innovation Grant	\$ 14,280
Sponsorships/grant for AusCider	\$ 30,000
Entry Fee - AusCider	\$ 18,600

Total Income \$ 149,445

Gross Profit \$ 149,445

Less Operating Expenses

Advertising/Marketing	\$ 1,000
Awards Collateral	\$ 5,500
Bank Fees	\$ 700
Catering	\$ 14,200
Entertainment for festivals/Awards	\$ 550
Equipment hire/purchase	\$ 4,000
Festival Collateral	
Filling Fees	\$ 50
Freight & Courier	\$ 450
Insurance	\$ 2,500
Office Expenses	\$ 1,100
PayPal Fees	\$ 600
Photography	\$ 700
Subscriptions	\$ 1,200
Superannuation	\$ 4,000
Telephone & Internet	\$ 1,000
Travel/Accommodation - National	\$ 8,000
Venue Hire	
Wages and Salaries	\$ 42,000
Website	\$ 1,000
Hort Innovation Grant outgoings	\$ 14,280
AusCider expenses	\$ 35,000
Awards IT system investment	\$ 10,000

Total Operating Expenses \$ 147,830

Net Profit \$ 1,615