

Cider Australia AGM

3 April 2017

Brunswick Street Cider House, 386-388 Brunswick St, Fitzroy VIC 3065

DRAFT Minutes of Meeting

Meeting opened at 13.50

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

Sam welcomed attendees to the AGM, noting that the visit to Dan Murphy's Alphington store earlier in the day was well supported and interesting, and that there are many positive outcomes to report on at this meeting.

Approval of AGM Minutes

Attendees approved the Minutes of the 2016 AGM held on 19 May 2016.

Committee Report

Policy and Lobbying

Executive Officer Jane Anderson noted that at the 2016 AGM, members supported the Cider Australia position to link tax reform and labelling (i.e. don't cut rebate without a level playing field for smaller producers), to call for the WET rebate for 100% Australian juice ciders only, and to continue with the category segmentation/Made with 100% Australian apples logo promotion. The Executive Committee has done so, with the exception of the logo promotion (to be covered later).

On taxation, announced reforms are limited to WET rebate scheme changes rather than full scale tax reform. Importantly, Cider Australia engaged positively with the Government during consultations and raised awareness of the need for better cider industry integrity and funding for export promotion.

Implementation of the **WET rebate reforms** is underway with further consultation on draft legislation (to amend eligibility rules) expected next month. Two programs to come out of the reform package are:

- **\$50m export and inbound tourism package** – this is over 3 years and will be run by Wine Australia (AGWA). Details are currently being agreed between WFA, Australian Vignerons, Wine Australia and the Department of Agriculture and Water Resources. Cider Australia is being consulted on the package, and we expect cider to access some funding.
- **\$100,000 pa grant on eligible cellar door sales** for producers that claim more than \$350,000 per year (the maximum rebate). The Government released a consultation paper in March on eligibility. In summary it is proposed that cellar door and online/mail order sales be eligible, that the physical cellar door must be open at least 20 hours per week and be within 50km of the wine's place of production, and with place of production meaning a single location with a minimum of 4 hectares of plantings producing a minimum of 10

tonnes of fruit OR a premises where a minimum of 20 tonnes of fruit is used in the manufacture of cider. Members are encouraged to look at the proposals and comment if they are likely to be affected (either direct to the Government, or via Cider Australia). It is unlikely Cider Australia will put forward a consolidated position as the proposals are highly business-specific. See <http://www.agriculture.gov.au/ag-farm-food/wine-policy/public-consultation-wine-tourism-cellar-door-grant>

On **labelling integrity**, Cider Australia's policy position is unchanged and we will continue to push for changes to the Food Standards Code in 2017.

Enforcement of labelling has been an ongoing battle, with producers either ignoring Government directions to change their labels or making small concessions to 'just' comply with the rules.

Cider Australia will investigate 'alcopop' rules to ensure products are taxed appropriately. Currently, the legislation states that grape wine-based and beer-based products that 'mimic RTDs' or are like 'RTDs' should be taxed like RTDs, but the legislation does not say anything about cider/fruit wine.

It is encouraging to see **cider research** efforts coming to fruition, with a PhD scholarship awarded to University of Tasmania student Madeleine Way, and Tasmanian researchers publishing a cider article in Food Chemistry.

Jane provided a snapshot of the cider industry based on recent data, showing that cider is the fastest growing off-premise category (6.5% cider vs 3.3% total liquor). The market share of top brands (including Somersby) declined in 2016, and there is a clear trend towards craft and premium offerings in cider/beer/spirits/RTD. Australian's are drinking less per capita but spending more.

Exports are a small (\$16.5m) but growing share of total industry revenue (\$310m), with 25% pa growth forecast for the next 5 years. Key markets currently are the UK (24%), NZ (20%), US (16%) and Japan (9%). Again the focus (and growth potential) is on higher value craft products.

Consumer Labelling

Promotion of the 100% Aussie Apples logo is on the backburner following challenges developing a compliance framework with Horticulture Innovation Australia. A Cider Australia logo is seen as a viable alternative. Further work in this area has halted due to lack of resources.

Category Development

Sam Reid reported on his engagement with Dan Murphy's during the past year on a new segmentation for Craft Cider. The premise is that like craft beer, cider needs a way to signify what is a premium offering, and this is an opportunity for growth in the category.

Dan Murphy's introduced a new cider segmentation including a Craft Cider section last week. Around 20 members visited Dan Murphy's Alphington store prior to this meeting to see the new set-up with Craft Ciders displayed in a separate bay to Apple Ciders, Pear Ciders and Flavoured Ciders. The approach is a great outcome and Dan Murphy's appears to be best placed to lead this strategy. In the longer term, Cider Australia would like to see even greater segmentation, perhaps starting with Australian Craft and International Craft, moving to a Traditional and New World split when consumers are ready.

Australian Cider Awards

The 2016 Awards was very successful with 30% growth in entries (200+ entries) and more standout entries allowing for harder judging (60% of entries medalled in 2016 compared to 70% in 2015). There was one new class, apple and pear blends. There was stronger growth in entries in the standard classes compared to the specialty classes.

The 2017 Awards will open for entries in early June and close on 8th September. The format will not change as it is working well. Judging will take place on 27th & 27th September at the William Angliss Institute in Melbourne. There are no new classes, and only minor revisions to the Style Guide. The main difference this year is that Cider Australia will mail out entry labels, rather than asking participants to print their own labels.

The 2017 Awards Presentation Dinner will take place on the evening of Friday 27th October at the same venue as last year, The Craft & Co. This is 3 weeks later than usual as the date of the Australian Cider Festival has been delayed and we have decided to hold the Dinner and Festival on the same weekend.

This year Cider Australia will introduce a new Award to recognise the contributions of individuals to the Australian cider industry. This will be presented at the Awards Dinner, and the recipient will be determined by the Executive Committee.

The international judge this year will be Eduardo Coto, a Spaniard living in Germany. This fits with our desire to bring some European expertise to Australia. Eduardo's itinerary is still being confirmed, but he is likely to visit a few cider regions and we will be looking for hosts in each region to show Eduardo around. Eduardo will not be able to stay in Australia for the Awards Dinner and Festival due to the 3 week delay. We will hold some cider education seminars for producers in lieu of a Master Class and Producers Forum, and topics are yet to be decided. Members are encouraged to provide feedback on topics of interest.

Australian Cider Festival

The 2016 Festival was a roaring success. The new venue (The Malthouse Theatre Courtyard) proved to be an excellent location. Bottle Shop Concepts provided professional event management services. The number and demographics of attendees was pleasing (650+ attendees, 61% women, 79% attendees under 30 years old), and Bottle Shop Concepts was blown away by the audience. Despite being an excellent promotional opportunity, the Festival made a \$9k loss.

We will run the Festival at the same venue in 2017 on Saturday 28th October. This is 3 weeks later than past years so we could secure the same venue. Sponsorship is very important as the event is not designed to make a profit. There is some room to cut costs and minimise losses. We also need volunteers to join a working group as the current Executive Committee is stretched and desperately needs help.

Financial Report – Shane McLaughlin

Shane McLaughlin, Treasurer of CA presented the Financial Report for 2016 (summary *attached*). The accounts show a \$14k loss in 2016 which is a good result given the major upgrade of our website was a big expense, and the Festival loss was higher than expected.

The accounts are now running in Xero and the Treasurer role is now much easier and will allow as

smooth handover in the future.

An analysis of cashflow to year end shows a slight shortfall in May which is manageable.

We are projecting a small profit of \$10k in 2017-18, assuming we increase membership and keep the costs of the Festival down. There will also be an increase in the EO's salary.

There are currently 60 Full and 6 Associate members (plus sponsors) paid up for 2016-17. Membership revenue is now around \$22k compared to around \$13k in previous years.

Election of Office Bearers

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

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

Vice-President: Warwick Billings was nominated (1 Sam Reid, 2 Nyall Condon), and as the only nominee was declared elected.

Vice-President: Nyall Condon was nominated (1 Shane McLaughlin, 2 Sam Reid), and as the only nominee was declared elected.

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

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

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

Digital & Website Manager: Mark Ellis was nominated (1 Nyall Condon, 2 Sam Reid), and as the only nominee was declared elected.

It was suggested that the Executive Committee include some general members to assist with succession planning and learning.

2017-18 Working Groups

The working groups and responsibilities will be the same as last year:

- CATEGORY DEVELOPMENT: Consumer and customer engagement (including digital)
- CONSUMER LABELLING: Aussie Apples logo roll-out, education and policing
- CIDER FESTIVAL: 2017 Cider Festival in Melbourne & 2018 transition
- AWARDS: Awards management and review, national Awards structure
- POLICY, LOBBYING & TECHNICAL: Ongoing lobbying including cider definition (ATO & FSANZ), WET/WET rebate and Country of Origin Labelling

Eric Walters from Grand Ridge Brewery offered to assist with the Festival, as did Simon Day from The Brunswick St Cider House. Nathaniel Dunn expressed an interest in helping with Marketing/PR. [After the meeting, Jack Moore also offered to assist with the Festival]

Others willing to assist on any of these groups are asked to contact Jane Anderson or a member of the Executive Committee.

Other business

Cider Australia's priorities for 2017-18 are:

1. Cider labelling integrity and we are aiming to develop a new cider production standard, similar to the wine production standard 4.5.1. This will require a new source of funding, and we are currently exploring options for grant funding.
2. Continuation of our category development work
3. Industry integrity and ensuring the sustainability of Cider Australia.

Caro Brown suggested that in the longer-term, it would be great if Cider Australia could underpin research in the cider space as an umbrella organisation, as a more efficient way to secure grant funding.

Funding is an ongoing issue for Cider Australia. We are looking to the Export Package for assistance with export capacity and promotion activities, and a new Leadership in Agricultural Industries Fund for assistance to set up Cider Australia in a more sustainable way. This Fund is aimed at Australian agricultural peak bodies, will give one-off grants of up to \$500k to build leadership capacity and capabilities, and applications are open until 17th May.

2017 Awards and Festival

Interested members are asked to express an interest in volunteering on the 2017 Festival Working Group. Limited places are also available to steward at the 2017 Australian Cider Awards judging. If you have not already contacted Jane Anderson to express an interest, please do so soon.

Presentation by Gabe Cook

Gabe provided a summary of the work of the UK's National Association of Cider Makers (NACM). The NACM has 11 full members (87% of UK cider by volume) and 6 affiliate (regional association) members, and is a lead member of the AICV (European Fruit Wine and Cider Association).

Gabe also mentioned the inaugural Global Cider Forum to be held on 6th & 7th September 2017 in Frankfurt. This event aligns with Drink Tech in Munich, and is a great opportunity to meet with international cider makers and industry participants.

Gabe discussed new market statistics from Westons that will be released publicly next week. Ian Cameron from Westons will share this document with Cider Australia members once it is released. Exports of cider from the UK are worth £100m annually and set to grow.

Sam Reid closed the meeting at 15:41

Attendees

Sam Reid (CA President) – WILLIE SMITH'S
Shane McLaughlin (CA Treasurer) – HILLBILLY CIDER
Nyall Condon (CA Secretary) – FLYING BRICK CIDER CO
Mark Ellis (CA Digital Manager)
Jane Anderson (CA Executive Officer)
Clare Mackie – DAYLESFORD CIDER

Jack Moore – PINK LADY CIDER CO
Gus Kelly – KELLY BROTHERS CIDER
Caro Brown – BRADY’S LOOKOUT CIDER
Drew Henry – HENRY OF HARCOURT
Michael Henry – HENRY OF HARCOURT
Kellie Tunstall – GRAND RIDGE BREWERY
Eric Walters – GRAND RIDGE BREWERY
Nita Hedditch – LEANwine
Bernadette Russo – SUMMERSNOW JUICE/BELLEVUE ORCHARD
Peter McDonald – THE CIDE PROJECT
Ian Cameron – WESTONS WORLD BRANDS
Rich Coombes – BATLOW CIDER CO
Sam Block – CHEEKY GROG CO
Ben Clifton – BEECHWORTH CIDER
Mike Conolly – WILLIE SMITH’S
Naomie Clark-Port – FRANKLIN CIDER CO
Tony Port – FRANKLIN CIDER CO
Nathaniel Dunn – THE CIDER LINK
(invited guest) Gabe Cook – THE CIDEROLOGIST AND NACM (UK)
(invited guest) James Duvnjak – DAN MURPHY’S

Apologies

Warwick Billings (CA Vice President) – LOBO CIDER
Clive Crossley – RED SAILS
Lynne Uptin – RED SAILS
James Kendell – SMALL ACRES CYDER
Corey Baker – RED BRICK ROAD CIDER
Karina Dambergs – RED BRICK ROAD CIDER
Graham Jones – KANGAROO ISLAND CIDERS
Rhondda Nicholas – POMOLOGIST CIDER
Behn Payten – PAYTEN & JONES WINES
Troy Jones – ST RONAN’S CIDER
Eric Driessen – ST RONAN’S CIDER

Philip Turnbull (CEO of APAL) and Sandy Clark (President of the Winemakers’ Federation of Australia) were invited to attend as guests but were unable to attend.

Attachment – Financials

Profit & Loss
Cider Australia
1 January 2016 to 31 December 2016

31 Dec 16

Income	
Entry Fee - Awards Dinner	\$8,375.00
Entry Fee - Cider Awards	\$3,594.45
Entry Fee - Festival Tickets	\$21,902.27
Entry Fee - Masterclass	\$42.75
Entry Fee - Producer Forum	\$251.75
Interest Income	\$10.58
Memberships	\$26,503.96
Sponsorship	\$27,500.00
Stallholder Fee	\$12,300.00
Total Income	\$100,480.76
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Gross Profit	\$100,480.76
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Plus Other Income	
Reimbursement for group Austra	\$4,950.00
Total Other Income	\$4,950.00
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Less Operating Expenses	
Advertising/Marketing	\$9,860.76
Bank Fees	\$87.30
Catering	\$11,102.20
Consulting & Accounting	\$862.13
Design & Printing	\$6,295.81
Entertainment for festivals/Awarc	\$550.00
Equipment hire/purchase	\$14,237.84
Event management	\$16,462.93
Filling Fees	\$54.00
Insurance	\$1,408.00
Office Expenses	\$609.98
Photography	\$450.00
Subscriptions	\$445.96
Superannuation	\$2,842.06
Telephone & Internet	\$29.89
Travel/Accomodation - Internatio	\$2,524.91
Travel/Accomodation - National	\$9,897.16
Venue Hire	\$2,247.98
Wages and Salaries	\$29,916.12
Website	\$10,193.04
Total Operating Expenses	\$120,078.07
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Net Profit	-\$14,647.31
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Balance Sheet
Cider Australia
As at 31 December 2016

31 Dec 2016 31 Dec 2015

Assets

Bank		
Cider Australia	\$11,113.86	\$6,900.41
Total Bank	\$11,113.86	\$6,900.41

Current Assets

Accounts Receivable	\$3,525.00	\$0.00
Paypal bank Acc	-\$7,881.36	\$16,644.11
Total Current Assets	-\$4,356.36	\$16,644.11

Fixed Assets

Office Equipment	\$2,310.00	\$0.00
Total Fixed Assets	\$2,310.00	\$0.00

Total Assets	\$9,067.50	\$23,544.52
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Liabilities

Current Liabilities

Historical Adjustment	\$28,348.53	\$28,348.53
PAYG Withholdings Payable	\$743.73	\$638.03
Rounding	\$0.01	\$0.00
Superannuation Payable	\$765.17	\$700.59
Total Current Liabilities	\$29,857.44	\$29,687.15

Total Liabilities	\$29,857.44	\$29,687.15
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Net Assets	-\$20,789.94	-\$6,142.63
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Equity

Current Year Earnings	\$529.77	\$7,472.03
Retained Earnings	-\$21,319.71	-\$13,614.66
Total Equity	-\$20,789.94	-\$6,142.63

Profit & Loss
Cider Australia
1 January 2017 to 31 December 2017

Income

Entry Fee - Awards Dinner	\$8,500.00
Entry Fee - Cider Awards	\$14,000.00
Entry Fee - Festival Tickets	\$22,000.00
Entry Fee - Masterclass	\$50.00
Entry Fee - Producer Forum	\$250.00
Interest Income	\$10.00
Memberships	\$27,500.00
Sponsorship	\$27,500.00
Stallholder Fee	\$12,500.00
Total Income	\$112,310.00

Gross Profit **\$112,310.00**

Less Operating Expenses

Advertising/Marketing	\$9,750.00
Bank Fees	\$90.00
Catering	\$11,000.00
Consulting & Accounting	\$0.00
Design & Printing	\$6,000.00
Entertainment for festivals/Awards	\$550.00
Equipment hire/purchase	\$11,500.00
Event management	\$12,000.00
Filling Fees	\$54.00
Insurance	\$1,400.00
Office Expenses	\$600.00
Photography	\$450.00
Subscriptions	\$450.00
Superannuation	\$2,842.06
Telephone & Internet	\$50.00
Travel/Accommodation - International	\$2,500.00
Travel/Accommodation - National	\$6,350.00
Venue Hire	\$1,500.00
Wages and Salaries	\$29,916.12
Website	\$2,000.00
Total Operating Expenses	\$99,002.18

Net Profit **\$13,307.82**
