



29 January 2016

Country of Origin Labelling Taskforce
originlabelling@industry.gov.au

Dear Taskforce

Cider Australia appreciates the opportunity to comment on the proposals contained in the country of origin labelling (CoOL) consultation package.

Cider Australia is supportive of many aspects of the proposed new CoOL system and appreciates that the design seeks to reduce costs to business. As it stands, however, the reform package misses an opportunity to ensure consumers of cider are provided with better information about the origin of the ingredients in cider. We strongly believe that the most important consideration for a consumer of cider is where the juice originates rather than where the product is fermented, and that the CoOL system should require cider labels to state the origin of the juice.

Food covered by the framework
(ref: Consultation RIS, Q1)

Under the proposals, cider along with all other alcoholic beverages is classed as a non-priority food. Cider Australia does not believe cider should be excluded from the list of priority foods. Cider is simply fermented fruit juice. It is confusing that cider is not treated in the same manner as fruit juice and vinegar – both highly comparable products whose inclusion as priority foods is justified.

Cider Australia provided the Taskforce with the *attached* flowchart of the cider making process in October 2015 to illustrate the cider production process. As illustrated on the flowchart, the only major difference between cider and fruit juice is that cider undergoes fermentation. Similarly, cider and vinegar are only one step away from each other from a production perspective – the only difference between cider and vinegar is a second fermentation process whereby alcohol is converted into vinegar by acetic acid-forming bacteria. Cider should be treated in a similar manner to both fruit juice and vinegar from a labelling perspective and indicate the proportion of Australian ingredients.

More generally, the consultation package does not demonstrate the benefits of excluding cider from the new CoOL system. While alcohol as a category may have ranked lower than other foods in the Colmar Brunton survey (and it is worth noting that one factor causing alcohol to have ranked relatively poorly is that one third of Australians don't drink), this

does not mean that the costs of mandating the new labels on cider would outweigh the benefits. Given a reasonable transition period, any labelling and compliance costs associated with new CoOL obligations is likely to be manageable. Cider Australia would be pleased to forward the Taskforce information on indicative labelling costs and timeframes for typical small to medium cider producers.

With further regards to compliance costs, Cider Australia understands that some beer companies have expressed an interest in voluntarily using the new label on exported product. The consultation package is clear that anyone that voluntarily uses the label must still comply with all the rules. This suggests that the costs of complying with the rules are not excessive.

Wine drinkers greatly value knowing where the fruit in their wine originates. For this reason, grape wine has its own standalone legislation setting out origin rules for labelling. Despite being a fermented juice product, like wine, cider relies on the generic country of origin labelling rules. It is important these rules provide an effective framework for cider, even if the same rules are not mandated for other alcoholic beverages (for example, wine, as adequate consumer protections exist through other legislation). Cider Australia suggests a more detailed analysis to determine if there is a net public benefit in including cider as a priority food.

Definition of substantial transformation

(ref: Item 3 – Draft Information Standard, Part 1, Section 8 and Item 4 (AMAG Certification))

As a non-priority food, the information on a cider label will depend on whether cider is deemed to be a substantially transformed food. Cider and fermented foods generally do not appear in the lists of changes and processes considered a substantial transformation (Attachment A to consultation package item 6). For industry certainty and clarity, whether cider falls in or out of this definition should be clearly specified in regulation (or at a minimum in explanatory documentation).

The Taskforce has advised Cider Australia (by email dated 19 January 2016) that *‘turning imported apple juice into alcoholic cider through a process of fermentation is likely to be considered to be substantial transformation’*. If this is the case, cider labels will need to state where the product was fermented (i.e. Made in) and need not say anything about the origin of the ingredients. This interpretation is of major concern to Cider Australia:

- we believe the origin of the juice is of primary relevance to consumers and not the country of fermentation.
- as noted already, this would mean that consumers of fruit juice products and vinegar could look at the label and tell if the juice originated in Australia, but not consumers of cider. This inconsistency may not concern producers of other fermented food products where they are defined as priority foods and separately required to indicate the proportion of Australian ingredients.
- it is inconsistent with the approach of the Australian Made Campaign in defining which foods can use the 'Made in Australia' kangaroo logo. The Campaign's *Code of Practice* has a detailed list of the processes that are not considered to be a substantial transformation and cannot claim to be 'Made in Australia'. This list includes packaging or

bottling, reconstituting, pasteurisation and fermentation (e.g. in the production of wine, cider or salami). Thus, cider is not currently permitted to use the "Made in Australia" kangaroo logo and can only display the kangaroo logo if the ingredients are grown in Australia. The Campaign's list was refined over several years and seeks to maximise certainty for businesses while retaining the integrity of the kangaroo logo. Cider Australia believes that by adopting a looser and less definitive definition of substantial transformation than the Australia Made Campaign, the CoOL reforms could reduce consumer confidence in origin claims on products.

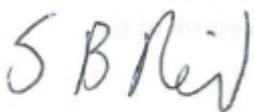
The CoOL system should provide greater specificity on the processes that are not considered to be substantial transformations in line with the Australian Made Campaign's *Code of Practice*. Diverging from this approach would risk the credibility of branding that has been built up over several years.

In relation to the proposed labels, Cider Australia echoes the concerns of Apple and Pear Australia Limited concerning the inclusion of the kangaroo logo on any food products that contain a low percentage of Australian ingredients. Consumers associate the logo with foods that are grown in Australia, and including the kangaroo logo on the labels of such products is likely to confuse rather than assist consumers.

I strongly urge the Government to refine the proposals in the consultation package to ensure that CoOL laws for cider are effective for consumers, the cider industry and Australian growers.

Please do not hesitate to contact me on 0434 734 797 or president@cideraustralia.org.au if you require any additional information.

Yours sincerely

A handwritten signature in blue ink that reads "S B Reid". The signature is written in a cursive style with a light blue background behind the text.

Sam Reid
President