



Position Statement on Cider Product Integrity

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Cider Australia's goal is to build a sustainable cider category by undertaking activities that improve the quality of ciders produced and marketed in Australia. Australia's current cider production standards are a significant barrier to achieving long term industry growth. Strengthening and simplifying these rules will improve efficiency in the market and enable the cider industry to continue to grow and diversify.

Cider Australia believes the rules governing the production of cider in Australia lack integrity. Both the cider industry and consumers rely on these rules to ensure products are safe and the information provided about products is accurate and meaningful.

Sensible regulatory requirements that are consistent across food categories and with the rules in other countries where practical will minimise compliance costs and reduce barriers to exporting, giving the cider industry the best chance at achieving sustainable growth.

What is the problem?

The cider regulatory framework in Australia is not delivering the benefits it should to the cider industry or consumers.

- ✗ It fails to define a minimum juice content as per definitions in all other international markets.
- ✗ It fails to address the market failure that arises as consumers and producers struggle to differentiate higher quality products in the marketplace.
- ✗ It imposes unnecessary compliance costs on producers through inconsistent design across the Food Standards Code and WET definitions.
- ✗ It results in an uneven playing field for smaller producers and Australian orchardists.

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More about the problem

The **Australia New Zealand Food Standards Code** (the 'Code') specifies the ingredients, additives and processing aids permitted in the production of cider, compositional requirements and the information that must be included on labels. However:

- the range of products that fall under definition of cider in the Code is wide and does not align with consumer expectations or the rules in other countries¹. Cider is defined as a fruit wine made from fermented or partially fermented apple and pear juice, but the Code allows it to contain **unlimited** amounts of water, sugar and other ingredients. In effect **there is no minimum quality standard for cider, in contrast to the stringent rules for grape wine.**
- **producers are not required to declare important consumer information about the ingredients in cider products** such as the fruit content or its country of origin. In fact, the current rules on country of origin labelling are that a cider label can say "Made in Australia" even when the juice content is 100% imported concentrate. Surely this would mislead all but the most informed consumers?
- **it is difficult for producers to identify the rules that apply to cider.** Permitted additives and processing aids are listed in many different parts of the Code, and in many cases the rules are inconsistent with those applying to grape wine. Cider is a fruit wine and with a few exceptions should have the same requirements as grape wine. This situation is burdensome for all cider businesses, and especially so for smaller producers who have less resources to navigate regulatory requirements.
- **the Code is out of date** and does not define several established styles of cider and there are products in the market (such as apple brandy) which are not covered by appropriate production and compositional rules.

A further issue confounding the cider industry is that **Wine Equalisation Tax legislation employs a completely different and narrower definition of cider than the Code.** This not only adds yet another layer of complexity for cider businesses to manage, but it means that the ATO and food standards enforcement agencies are working to a different purpose. The information on labels is virtually useless to the ATO, and intelligence gathered by the ATO does not assist labelling enforcement. As a result, there are high levels of non-compliance and enforcement resources are wasted.

Why does this matter?

The cider industry is a significant contributor to the Australian economy, particularly rural and regional economies in the apple-growing regions of Australia. The \$500,000 Cider Program was established under the Commonwealth Government's Export and Regional Wine Support Package in recognition of the cider industry's economic contribution and growth potential with regards to inbound tourism and exports.

¹ Major cider producing countries have a minimum juice content requirement as follows: Germany 95%; Spain 100% (natural) and 50% (sparkling); US 50%; France 50%; UK 35%; Denmark 15%; and Sweden 15%. Source – Cider Australia research.

Failure to address product integrity puts at risk the future of the Australian cider industry because growth in value is being driven by craft ciders made with 100% Australian Grown fruit. Resulting falls in investment and direct employment would have dramatic flow on impacts throughout the cider supply chain.

Cider Australia estimates that over 85 per cent of the cider ‘made in’ Australia is actually ‘made with’ imported juice concentrate and not Australian grown fruit as you’d expect. Most cider consumers are not aware of this fact. A voluntary declaration on the labels of the small percentage of ciders that are made with 100% Australian juice is not enough to bring attention to this issue. The fact that producers of ciders made with imported juice concentrate choose **not** to state this on their labels is evidence that this is something worth hiding from consumers.

For those consumers with a higher willingness to pay for craft products, inadequate rules make it difficult to interpret labels and even more difficult for producers and marketers to successfully differentiate quality products. Efforts by the industry to educate consumers about cider are stymied because of the relatively low market penetration of craft ciders combined with the aggressive marketing strategies of the large commercial brands.

As it stands, the regulatory framework will not facilitate investment in orchards, processing facilities and other infrastructure, skills development, marketing or R&D. All of these are essential to the sustained evolution of the Australian cider industry.

What is the industry doing about this?

Cider Australia has launched a new trust mark that can be displayed on ciders made with 100% Australian grown fruit. This is an industry-led initiative that will reinforce the premium quality of Australian craft cider and drive integrity in the market.

Since its launch in October 2018, 35 Australian producers have signed up to use the trust mark on eligible cider products which is a great start. On its own, however, this initiative will have limited success in driving integrity in the cider market.



The solution

Cider Australia proposes that the Government:

- implements a minimum standard with respect to the proportion of juice in cider of 50% (by weight of finished product)
- redefines the meaning of cider and perry to exclude added alcohol² and permit all pome fruit products (currently only apple and pear products are allowed)
- defined apple and/or pear brandy, apple and/or pear spirit, fortified cider and Method Traditional cider and the permitted ingredients and compositional requirements for each product

² Alcohol must not be added specifically to increase ABV (only where it is necessary for the production of cider)

- explicitly states the additives and processing aids that may be used to produce each product
- sets out compositional requirements for each product including a maximum ABV for cider and perry of 15% (currently there is no upper limit).

Under this proposal, apple and pear juice concentrate would continue to be permitted in cider and perry production.

Cider Australia also proposes that the Government aligns the two definitions of cider by including in the WET definition a minimum juice content of 50% and permitting additions of tannins and oak.

Currently, non-apple/pear flavoured ciders below 8% ABV do not fall under WET and are excisable. There have been calls to lower this threshold and in-principle Cider Australia supports this view. However, we believe that lowering the ABV threshold before stronger production requirements are in place could result in many RTD-style products incorrectly claiming WET status. As this would place pressure on enforcement resources, no change is proposed at this time.

Next steps

The Commonwealth Government to ask Food Standards Australia New Zealand (FSANZ) to update the production rules for cider. Note that wine has its own standalone production standard which simplifies the regulatory compliance challenge for producers.

The proposed reforms are in line with FSANZ objectives in developing food regulatory measures and variations of food regulatory measures (under Section 18 of the FSANZ Act) which are to:

- provide adequate information relating to food to enable consumers to make informed choices
- prevent misleading or deceptive conduct
- promote consistency between domestic and international food standards.

Cider Australia has commenced engagement with the Fruit Wine and Cider Makers Association of New Zealand, and wider engagement with other stakeholders will be undertaken at the national cider conference which will be held in Hobart, Tasmania from 2-5 June 2019.

Key points

- The current production requirements applying to cider lack integrity and make it difficult for consumers and producers to differentiate higher quality products in the marketplace.
- Cider product integrity could be strengthened and the compliance task simplified by grouping all regulatory requirements in the one place, as is the case for grape wine,

and imposing some sensible, internationally accepted minimum standards on the production of cider.

- The key change is introduction of a minimum juice content of 50% in all cider produced in Australia. This would bring Australia in line with the US which is a comparable, albeit much larger, market.
 - These requirements could apply only to cider produced in Australia, as is the case for grape wine, though it is preferable for the rules to also apply in New Zealand as this would minimise complexity and possible barriers to trade.
 - The proposed changes will ensure that cider products and associated marketing claims align with consumer expectations, current industry practices and the regulatory approach in major overseas cider markets such as the UK and US.
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Who is Cider Australia?

Cider Australia is the national association for the cider industry in Australia. We are independent and not-for-profit and our goal is to build a sustainable cider category by undertaking activities that improve the quality of ciders produced and marketed in Australia.

What do we do?

- **Promotion** – raise awareness of the cider industry and create marketing opportunities and strategies to assist our members to grow their businesses
- **Advocacy and policy development** – facilitate policy development and present the common views of the industry to government and others
- **Education** – educate consumers about cider, and encourage professional and technical development, information sharing and benchmarking within the industry.

Key activities

- **Australian Cider Awards** – the largest cider competition in Australia and a key platform for promoting quality cider and helping producers to learn and benchmark their products.
- **AusCider conference** – we run the industry’s annual information exchange and networking event which connects cider producers, fruit growers, researchers, suppliers and other industry representatives from Australia and overseas.
- **100% AUSTRALIAN GROWN trust mark** – we launched the trust mark in October 2018, becoming the first country in the world to have a trust mark that promotes the authenticity of cider.

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