MINUTES FOR THE ANNUAL GENERAL MEETING OF THE AUSTRALIAN BEVERAGES COUNCIL LTD
HELD FROM 12.00 NOON TO 12.30 PM ON TUESDAY 18 SEPTEMBER, AT THE STAMFORD PLAZA
SYDNEY AIRPORT, CNR O’RIORDAN & ROBEY STS, MASCOT, NSW.

PRESENT:

Members
Jaideep Chandrasekharan - Fosters Australia
John Connolly - BOC Gases
Andrew Dawson - Cadbury Schweppes
Robert Cumming - PepsiCo Australia
George Elholou - Air Liquide
Belinda Ford - Coca-Cola South Pacific
Toni Fox - PepsiCo Australia Holdings
Howard Gilmour - Coca-Cola South Pacific
Bruce Herbert - Coca-Cola Amatil (Aust) Pty Ltd
John McLean - Bundaberg Brewed Drinks
Daniel Martin - Visy Beverages
Malcolm Matthews - Aluminium Can Group
Jim Moshovelis - Coca-Cola South Pacific
Joanna Price - Coca-Cola South Pacific
Bill Robinson - Air Liquide
Glen Rogers - Cadbury Schweppes (Aust)
Arthur Shelley - Bertshell
Neil Smith - Cadbury Schweppes (Aust)
Peter Sullivan - Beaudesert Soft Drinks
Alan Talbot - Bevco
Brad Voysey - Sensient Technologies Australia
Melinda Wade - Sugar Australia
Eric Wilson - Frucor Beverages

Staff
Tony Gentile - Chief Executive & Director
Melanie McPherson - Science & Regulatory Affairs Consultant
Melanie Eardley - Administration Officer

1.0 WELCOME

President, Andrew Dawson, welcomed all present.

2.0 APOLOGIES

Apologies & Proxies were received as follows:

Peter Ballard - Jolt Corporation in F/O Chairman
Max Burslem - Cascade Beverages in F/O J. Chandrasekharan
Scott Etherington - Bevco Pty Ltd in F/O A. Talbot
Daren Fullerton - PepsiCo Australia in F/O T. Fox
Gordon Hope - Hopes Goulburn Cordials in F/O A. Shelley
Angelo Kotses - Bickfords Australia in F/O T. Gentile
Malcolm Lack - Alchemy Cordials in F/O T. Gentile
Jonathan Moss - Frucor Beverages in F/O T. Gentile

Other apologies received:
James Brazier - Coca-Cola South Pacific
Michael Cake - Bundaberg Sugar
Ray Dunn - Givaudan Australia
Other apologies continued:

Nick Goddard - Unilever Australasia
Roland Kaldor - Fosters Australia
Angelo Kotses - Bickfords Australia
Andrew Lawrence - Visy Beverages
Graham Lee - Ecolab
Casey Lewis - Cadbury Schweppes (Aust)
Mick McCann - Australian Beverage Enterprises Co-operative Society
Arthur Mitropoulos - Cadbury Schweppes (Aust)
Julie Newlands - Unilever Australasia
Mark Padwick - Sanden International
Peter Swain - Golden Circle
Chris Tidmarsh - Lillyman Bros
Ian Turner - Saxby’s Soft Drinks

3.0 MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

The minutes of the previous annual general meeting as circulated were approved.

4.0 BUSINESS ARISING FROM THE MINUTES

There was no business arising from the minutes

REPORTS

5.0 PRESIDENT’S REPORT - ANDREW DAWSON

The President reported as follows:

“...it should have been Brad van Dijk from PepsiCo as your President presenting this report. Brad was promoted to a position within PepsiCo’s snack food division resulting in February this year to my reelection to the President’s position.

In addition to Brad van Dijk, Michelle Allen from Coca-Cola stepped down as Vice-President. Brad van Dijk’s and Michelle’s departure meant that we welcomed Darren Fullerton and Joanna Price to the Board.

In the subsequent vote to fill the two vacant positions of Vice-President, Joanna Price and long term Board member Ian Turner from Saxby’s Soft drinks were respectively elected as Vice-Presidents.

One only has to look at the daily media reports to see the sustained attack that our products continue to be subjected to. Whether it be the ‘so called’ lack of fluoride in bottled water being responsible for tooth decay, or the popularity of bottled water being responsible for environmental damage to the now perennial one of sugar and obesity, acidity and dental erosion and so forth, the daily attacks have not ceased.

Our staff and committees have as always worked diligently to respond to these issues and to remove the road blocks for our businesses placed there by the various NGOs. My thanks go to them for their sustained efforts during a busy and challenging twelve months.

It has not all been negative and a number of positive outcomes eventuated. I will live the details of most to our committee chair persons and our Chief Executive. I do wish to note however the success achieved through sustained lobbying in the early removal of the sugar levy.

On 1 December, Treasurer Peter Costello announced that the levy would be repealed as of that date. This was a year earlier than provided by the legislation. The Beverages Council had
opposed the levy from the outset and had lobbied for its repeal throughout the period of its operation. The repeal represented a considerable savings to our industry and I commend our chief executive for never giving up in opposing this onerous and unfair tax on our consumers.

As of this meeting Mark Cowsill is stepping down from the Board to be replaced by Frucor's Australian Managing Director Jonathon Moss.

I would like to note my special thanks to Mark Cowsill for his support and active contribution to the operations of the Council. To past president Brad van Dijk's for his great contribution not only as President but also as Vice-President and chair of the Public Affairs Committee for over two years.

In conclusion my thanks also go to our Honorary Treasurer, Arthur Shelley, my other fellow Board members, committee chairs and members and to our staff, Tony Gentile and Melanie Eardley for their contribution and hard work on behalf of our Industry”.

6.0 HONORARY TREASURER'S REPORT AND ADOPTION OF ACCOUNTS

The Honorary Treasurer, Mr. Arthur Shelley reported as follows:

“It is my pleasure to present the Council’s audited accounts for the year ended 30 June 2007 for approval.

The Council has operated within the budgets set for it by the Board of Directors resulting in a balanced outcome between income & expenditure for the year.

Given the increased level of activity with the launching of the “Commitments” policy and active representational work on a wide range of issues, avoiding a deficit outcome was a major consideration for both our chief executive and I.

I’m pleased to report that as a consequence the Council is in a sound financial position, capable of meeting its obligations with current assets of $260,000 against current liabilities including provisions of $144,000.

I would like to commend our staff for their commitment in ensuring that the Council continues to operate in a sound financial environment”.

7.0 CHIEF EXECUTIVE'S REPORT

Tony Gentile reported as follows:

“The Council’s staff is of necessity involved in all aspects of the Council’s activities, I will leave the reporting of our work in the area of health, nutrition and obesity to Public Affairs Committee chair Belinda Ford and science & regulatory affairs to Technical Committee chair Neil Smith.

Aside from these major areas of the Council’s operations, staff responsibility in addition to the administration of the Council and the Australasian Bottled Water Institute also includes dealing with the media and governments as appropriate.

Media

The Council was represented and reported at different times on all free to air TV channels and Sky News.

Topics covered included:

- Adoption of our new “Commitments” policy
- Caffeine and its use as a flavouring agent
• Obesity
• Bottled water vis-à-vis tap water

Radio has also been a medium used to attack our products and the Council has regularly been interviewed in the year ending 30 June on:

• Bottled water and fluoride
• Environmental impact of bottled water
• Obesity
• Soft Drinks Obesity & Dental health
• Fruit Juice Obesity & Dental Health
• Energy Drinks, caffeine & children’s consumption
• Sports drinks and dental health
• Bottled Water versus tap water

Government Affairs

A successful Board meeting was held in Canberra last February where senior public servants from Health, FSANZ and AFFA met with both the Board and the Technical Committee.

The Council also met regularly with past Assistant Minister for Health, the Hon. Christopher Pyne, and had a very successful introductory meeting with Shadow Minister for Health, Nicola Roxon.

Our evidence to the Senate Community Affairs Committee on the FSANZ amendment legislation is also resulting in a review of various “editorial statements” in the Food Standards Code that negatively impact on our industry.

AusDrinks2008

Preparation for AusDrinks is both time consuming and engrossing for our Administration Officer, Melanie Eardley. Much of the work is in hand with a conference and exhibition scheduled for May 18-20 next year.

AusDrinks will be held at the Sheraton Mirage on the Gold Coast, with the gala dinner planned across the street at the luxurious Versace Hotel.

International Council of Beverages Associations

ICBA met twice last year - first in Las Vegas on the 22nd & 23rd October prior to InterBev and then in Beijing from the 4th to the 8th June in conjunction with the International Beverage Forum on Science & Health (IBFSH). Both meetings were well attended with delegates from Europe, North America, Asia and Australia.

Matters dealt with at ICBA level include:

• Codex Alimentarius proposals and standards
• World Health Organisation (WHO) initiatives impacting on beverages
• Obesity / School Canteens / Advertising
• National & International Policies on Marketing to children
• Research Studies
• Benzene
• Fortification
• Global Water Policy, and other
• Environmental issues

Our host the China Beverages Industry Association recognised Australia’s contribution at the ICBA by asking me to chair one of the major Forum sessions.
Industry Policy

Maintaining up-to-date policies is a challenging and time consuming task. This year your Board initiated a review of all policies and adopted a new policy on Water. In conclusion my thanks to the Board for its continued support, to Melanie Eardley for her dedication, to our Technical Consultant Melanie McPherson for her work above and beyond the one day a week for which she is employed and to our Committee chairs & members for their support and contributions.

Conclusion

My thanks go to our office bearers, board members and committee chairs for their ongoing support. Without it the Council would not have been able to fulfill its mandate in the past year.

8.0 Public Affairs Committee Report - Belinda Ford

The Chair of the Public Affairs Committee, Ms Belinda Ford, reported that:

“The Public Affairs committee began the year with Brad van Dijk as chairperson. On his election as President, the Board appointed Joanna Price as committee chair and in July this year, given the need for Joanna to take leave from her position, I was appointed as acting chair until the Board met to consider the position.

The committee was charged by the Board with responsibility of advising and supporting the chief executive on matters arising from the following issues:

- Health & Nutrition
- Consumer & Competition
- External Communications

“Commitments” Policy Launch & Outcomes

A “Soft” media launch via a Press Statement containing the new Policy guidelines was sent released on Tuesday the 29th of August.

The analysis of the media showed that stories that included interviews with the Council were portrayed in a more positive light.

‘Neutral Media’ reports made up for the majority media stories of the reports; it should be noted however that stories deemed as neutral” were categorised on the basis of being straight forward reporting of the new guidelines - this form a reporting perspective is in fact a very positive outcome.

10th International Congress on Obesity

The Council actively participated in the Congress however a decision was taken not to issue any media releases during the Congress, nor to seek any media participation. The media reporting of ‘soft drinks’ was in generic form when also mentioning fast / junk food.

The positive stories during the Congress provided clear indication that the Council’s “Commitments” policy helped to mitigate negative publicity. The media items that included interviews with The Council or other industry representatives were portrayed in a more positive and balanced manner. In some examples the Council’s guidelines were portrayed as an example for other food and beverage sectors in the battle against obesity.

Overall there were 2% more positive stories than negative stories concerning soft drinks. Three of the negative stories were one and the same story about dental decay which was published in three different rural publications. The other five negative stories were in relation
to food and beverage taxes. Overall, the Committee’s aims to minimize negative publicity during the Congress, was achieved.

“Commitments” Policy Further Outcomes

Standardised Serving Sizes

It was important for the operation of the proposed FOP/BOP labelling system for non-alcoholic beverages serving sizes to be standardised.

We were able to coordinate this with New Zealand and agreement was reached that any beverage packaged in a container marketed as a single serve would be deemed to be a single serve. A 600 mL limit was agreed for carbonates and 500 mL for juices.

In multi-serve packs it was agreed that 250 mL be the serving size for both carbonates and juice.

Development of FOP Logo

The Council cooperated closely with the AFGC to arrive at a consistent labelling %DI logo. The adopted logos were detailed in the Council’s Style Sheet distributed to assist bottlers.

The Council actively cooperated and participated in the AFGC Logo Launch at a function in Parliament House in November 2006. The launch was officiated by the AFFA Minister and the Parliamentary Secretary for Health.

It received formal endorsement from the Dietitians Association of Australia, the Beverages Council and the Confectionery Association.

“Commitments” Policy Audit

Our “Commitments” policy contains a series of Key Performance Indicators (KPIs) and a commitment to appoint an independent auditor to report on the industry’s efforts to meet these KPIs.

Food Nutrition Australia (FNA) was appointed in December. FNA is led by Sharon Natoli is a highly respected dietitian with a high media profile.

Scientific Analysis of Beverages Sales Volumes

The PA Committee funded a scientific analysis of product sales and the development of a scientific paper by Professor Tapsell (UOW) and Dr Gina Levy prior to commencement of any discussion with external authorities or partners about educational programs. The process has been delayed by the journal and the manuscript is currently awaiting peer review, and expected to be published in December 2007.

Nutritional Profiling Labelling

The Food Regulations Ministerial Council (FRMC) on 25 October referred to the Food Regulations Standing Committee (FRSC) the UK proposal for the introduction of a system of “traffic lights” labelling to identify, “good”, “neutral” and “bad” foods.
The Council has vigorously opposed any such proposal in its submission to the FRSC working party. It is understood that the Commonwealth Government is also opposed to the proposal.

**National Heart Foundation (NHF)**

A meeting with the NHF proved extremely useful in improving the relationship between the two organisations. The NHF is developing a “tick” category for water based beverages and the draft criteria have been circulated to Board members.

**Review of Health & Nutrition Website**

Dr Gina Levy was commissioned to review the “Health & Nutrition” section of the website. This review was completed before the end of the financial year.

In conclusion it is worth noting that the committee has a wide brief that needs discharging with limited resources - the achievements of the past year are totally due to the active assistance of committee members and the support of their companies and our small staff”.

### 9.0 TECHNICAL COMMITTEE REPORT

The chair of the Technical Committee, Mr. Neil Smith reported that:

**FSANZ Review**

The amendments to the FSANZAct have been finalised and passed into law. The proposed changes to the Trans-Tasman Agreement have not been finalised as they also include non-food items.

It is anticipated that the issues involved in the proposed repealing of NZ Dietary Supplementary Regulation will also impact on the Trans-Tasman Agreement and it is not expected that this will be finalised in the short term.

The most significant changes that have resulted from the amendments to the FSANZAct are the changes to the manner in which applications will be progressed. For all application submitted from the 1st October, the time frames and number of rounds of public comment will change. Also, applicants will be obliged to provide far more data with the initial application than has been the case. In expectation of these amendments, FSANZ have also developed a new Handbook for Applicants. The Council submitted a number of comments to the draft document.

Once applications have been submitted they will be assessed as fitting into one of the 3 new categories. The simplest of applications will be allocated to the first category, with one round of public comment and only 3 months for assessment and conclusion.

More complex applications will be allocated to either the second or third category with, respectively, 9 or 12 months for completion.

**Formulated Beverages**

After a four and a half year struggle the Food Regulations Ministerial Council (FRMC) finally approved a Standard for Formulated Beverages. This was considered to be a real achievement by both industry and government.

However, as the final Standard did not allow for a number of things we had originally sought, the Technical Committee is considering a series of applications to remove some of the anomalies that remain for the Industry. Whilst the Committee is concentrating on issues for products that are currently on sale in NZ, but that do not fit within the parameters of the new Standard, other issues are also being considered.
For its part the NZ Government launched an Inquiry into the NZ Dietary Supplements Standard and advised that this Standard would continue in operation for at least another three years.

**Benzene in Soft Drinks**

US reports of benzene levels in non-alcoholic beverages led to negative media. The International Council of Beverages Associations (ICBA) developed and adopted a Guidance Document to minimize levels of benzene in our products. The Council also adopted this Guide last year.

Traces of benzene can result from the interaction of vitamin C and benzoate preservatives. The Council, in consultation with both the Department of Health & FSANZ, published the Guidance Document on the Council’s website so that non-members may have access to it and agreed to collate testing by members and report to FSANZ by October 2007.

The Council has undertaken to report annually to FSANZ on the level of adoption of the Guidance Document and on the resulting changes to the incidence of benzene in products offered for sale.

**FSANZ Additives Review**

**Review of Permissions for Benzoate, Cyclamates and Sulphites**

FSANZ are reviewing permissions for benzoate, cyclamate and sulphite; and members of the Council’s Technical Committee have met with FSANZ on a number of occasions to discuss these. The Council has provided considerable data to FSANZ on usage and consumption levels.

**Benzoate**

The Council has provided data on the use of benzoates to FSANZ who are now expecting to have the Draft Assessment Report (DAR) out for comment in late 2007, with the Final Report to go to the Board in mid-May 2008. If there are no reviews of their recommendations, then this will be expected to be gazetted in mid-2008.

Until the DAR is released the Committee continues to keep a watching brief on this issue.

**Cyclamates**

FSANZ released an Initial Assessment Report (IAR) recommending a significant reduction to the permitted level for cyclamate. The IAR also noted the provisions for the 12 month stock-in-trade; however it was felt by the Technical Committee that this did not adequately address the need for a lead time for reformulation.

The Council submitted comments asking that FSANZ reconsider the reduction from 600 mg/kg to 300 mg/kg, down to a more realistic 400 mg/kg. Further, the Council has asked for a 18 month lead time for manufacturers to address the final reduction.

**Sulphites**

The Council provided data to FSANZ and is now waiting for the IAR to be released. The Council is of the understanding that FSANZ will be recommending a significant reduction in the permitted levels, due to the number of children exceeding the ADI for sulphites. However, the Committee is also anticipating challenging the ADI level for sulphites. A significant reduction in the permitted limit will cause a number of problems for beverage manufacturers.
P293 - Nutrition, Health and Related Claims

FSANZ released a Preliminary Final Report (PFR) on Nutrition, Health and Related Claims earlier this year for public comment. The Council submitted comments to it.

This revised document contains a number of substantial variations to the previous document, the Draft Assessment Report (DAR) that had been released for comment in December 2005. In particular, the disqualifying criteria and the newly proposed method for calculating whether a product is disqualified or not, is totally new.

FSANZ have proposed using a calculator, drafted from a UK model used to determine whether foods were suitable for advertising to children. In the response to this document, the Council has questioned the validity of using a model designed solely for the use in determining suitability for children, to determining health claims for the total population.

The PFR does contain the previously proposed 7 high level claims. Under the new proposed system, there may be some beverage products that will meet the criteria and be able to use 1 or 2 of these high level claims.

FSANZ were anticipating finalizing the draft Standard this year and were expecting to have it gazetted by the end of 2007, however they have now advised that due to the complexity of the issues that have been raised through the public comment, that they will need additional time to complete the review of the comments. FSANZ are now expecting to have the Final Assessment Report (FAR) ready for submission to the FSANZ Board by March 2008, with this possibly being gazetted by May 2008.

Whilst the PFR is far from ideal, it should be noted that there are some improvements for beverages from the previous draft. These include:-

1. The original disqualifying criteria was set at 16 grams sugar per serve. Given the Council’s decision to consider any package up to 600 mL as a single serve, this would be more restrictive than 4.5 grams per 100 mL which equates to 27 grams per 600 mL serve.

2. The proposed DAA (Dietitians Association of Australia) model recommended a disqualifying criteria for energy of no more than 175 KJ’s per 100 gm. This was specific to the group of beverages that included soft drinks, cordials and dairy drinks with <50% dairy.

Food Standards Code Regulations for Pesticides in Water

After much consideration and discussion with FSANZ staff, there is now an agreement on how this will be best progressed. THE COUNCIL is currently collecting information from members and it is expected that the revised application will be re-submitted shortly.

FSANZ are asking for considerable safety data as well as information on the occurrence in bottled water, of the range of pesticides for which the application is seeking to have limits apply.

Permission for Exclusivity of Novel Foods

FSANZ released a combined IAR / DAR on the proposal for permission for a period of exclusivity for novel foods. The IAR / DAR proposed a 15 month period of exclusivity, during which a successful applicant for a novel food would have the exclusive right to market that novel food. This is in consideration of the considerable time and money that will need to be spent by an applicant in order to gain permission for a novel food.

Whilst the Council strongly supports the need for this period of exclusivity, FSANZ have only proposed a 15 month period. THE COUNCIL has submitted to FSANZ that they should
reconsider this time, with a view to increasing this to 24 months. This would reflect the fact that the original applicant can only do limited product development and preparation of an advertising campaign until final approval is given, at which time the exclusive period would commence. However the applicant’s competitors will be able to use that period of exclusivity for product development as well as preparing to go to market with the competing product.

**Fluoride in Bottled Water**

The Council, in conjunction with ABWI, lodged an application to permit the voluntary addition of fluoride, as a claimable nutrient, to packaged waters at a maximum level of 2 mg per litre (0.5 mg per 250 mL reference quantity) on the 23 August 2006. This application A588 was initially a paid application. After the advice from FSANZ that this was considered to be a complex, and therefore expensive, application to process, it was decided to have this moved to the general work-plan. The Council is expecting FSANZ to commence work on this some time later this year.

**A585 - Dimethyl Dicarbonate (DMDC)**

The Initial Assessment Report (IAR) for an application to alter the current permission for the use DMDC in soft drinks, was published on December 13, 2006. The applicant has sought to have DMDC moved from the list of approved preservatives, to be listed as a processing aid. This is based on the action of DMDC during production and it having no ongoing preservative action in the finished beverage.

Should this application be successful, products containing DMDC will not need to be labelled as containing a preservative.

**ACCC Labelling Review**

The Council had submitted comments to the ACCC on their draft Food and Beverage Industry: Food Descriptors Guideline to the Trade Practices Act. This Guide was finalised in November 2006 and a copy can be downloaded from the ACCC web site.

The Guide provides a trade practices perspective on industry representations about its food and beverage products. The Guide has been developed to assist food and beverage businesses in understanding the law as it generally applies to this area, together with examples of the types of claims businesses can, and cannot, make about their products and the context(s) in which such claims can be made.

This includes and explanation on why the Trade Practices Act 1974 (the Act) and the ACCC are relevant to food and beverage labelling issues and provides practical guidance on what manufacturers and suppliers should do to minimise the risk of breaching laws administered by the ACCC.

The Guide also addresses the appropriate use of terms such as fresh, natural and organic; and also considers certification for kosher and halal.

**Conclusion**

My thanks go to our Committee’s secretary and technical consultant Melanie McPherson, our chief executive Tony Gentile and to my fellow committee members for their contribution and participation in what has proved a busy and challenging year.

All reports were received with acclamation.
ELECTIONS

The President then declared all positions vacant and passed the chair to the Chief executive acting as returning officer.

10.0 ELECTION OF OFFICE BEARERS

Tony Gentile reported that he had received the following nominations:

10.1 President and Chairman of the Board

Andrew Dawson  Cadbury Schweppes

10.2 Two Vice-Presidents

Joanna Price  Coca-Cola South Pacific
Ian Turner  Saxby’s Soft Drinks

10.3 The Honorary Treasurer

Arthur Shelley  Bertshell Pty Ltd

There being a single nomination for each position, all were declared duly elected.

10.3 Nominated members of the Board

In accordance with the Memorandum & Articles of Association the following motion was put to the meeting (moved A. Shelley/ seconded P. Sullivan)

Motion on Notice

“That the Directors to be elected in accordance with article 37. (c) a. of the Articles of Association be:

- A nominated executive of Cadbury Schweppes (Aust) Pty Ltd
- A nominated executive of PepsiCo Australia Holdings Pty Ltd
- A nominated executive of Frucor Beverages Limited
- A nominated executive of Coca-Cola Amatil Ltd
- A nominated executive of Coca-Cola South Pacific & Korea Pty Ltd

The motion was carried on the voices and without dissent.

10.4 Other Members of the Board-

10.4.1 The returning officer advised that the M&A of Association provide for a minimum of four and a maximum of six members to be elected in accordance with Article 37. (c) b.

The following nominations received, were duly declared elected:

- Jaideep Chandrasekharan  Fosters Australia
- John McLean  Bundaberg Brewed Drinks
- Angelo Kotses  Bickfords Australia
- Peter Sullivan  Beaudesert Soft Drinks

Mr Andrew Dawson resumed the chair.
11.0 APPOINTMENT OF COMPANY SECRETARY

The Motion on Notice that:

“The position of Company Secretary be held by and discharged by the Chief Executive”

Was put (A. Shelley/P. Sullivan) and carried without dissent.

12.0 OTHER BUSINESS

There being no other business, the meeting was declared closed at 12.30 PM.

_________________________            ___________________________
Chairman                        Company Secretary
/     /                          /     /