



Australian Fruit Juice Association

ANNUAL REPORT 2007/2008

CODE OF PRACTICE FOR THE FRUIT JUICE INDUSTRY

INTRODUCTION

This is the 15th Annual Report on the operation of the Code of Practice for the Fruit Juice Industry. The Code was developed over a number of years after extensive consultation with the industry, the Australian Competition Consumer Commission and Government authorities.

The Code is not intended to replace the provision of the Australian Food Standards Code, instead it has been designed as a mechanism to operate in line with legislation to ensure that fruit juice is not adulterated and that the public is not otherwise misled about fruit juice products.

It has operated successfully as an industry self-regulatory measure and has given support to the fruit juice industry being a responsible and law-abiding industry.

The Code applies to all fruit juices, fruit drinks and cordials as well as retail and industrial concentrate.

Forty five companies are signatories to the Code which is representative of close to the total Australian market.

The Code was developed and adopted under the auspices of the Australian Citrus Industry Council which at that time represented:

*Australian Fruit Juice Association
National Citrus Packers Association, and
Australian Citrus Growers.*

In 1999 the Council transferred ownership of the Code together with the data base to the Australian Fruit Juice Association, Members of which fund the cost associated with analytical testing and associated administration costs.

Current signatories to the Code are:

(AS AT NOVEMBER 2007)

ARDMONA FOODS LIMITED
APPLEDALE PROCESSORS CO-OP LIMITED
BEVCO GOUP OF COMPANIES
BROWNES/PETERS (WA) LTD
CADBURY SCHWEPPES PTY LTD
CASCADE BREWERY COMPANY P/L
CENTRAL BURNETT FRUIT PROCESSORS CO-OP
C.G.C. JUICES PTY LTD
CLASSIC FRUIT JUICES
COCA-COLA AMATIL (CCA Beverages)
CRUSTA FRUIT JUICES P/L
EASTCOAST BEVERAGES
ECO FARMS PTY LTD
ENTEE FOOD & BEVERAGE
ESSCENT PTY LTD
FIRMENICH LIMITED
GOLDEN CIRCLE LIMITED
GROVE FRUIT JUICES (TAS P/L)
GROVE FRUIT JUICES P/L (QLD)
H J HEINZ COMPANY AUSTRALIA
JUICY ISLE PTY LTD
JUST SQUEEZED FRUIT JUICES PTY LTD
KARRA VALLEY JUICE
KNISPEL FRUIT JUICES PTY LTD
LITTLE BOTTLE OF JUICE
MARANGAN PACKERS PTY LTD
MILDURA FRUIT JUICES
MOUNTAIN FRESH FRUIT JUICES
NATIONAL FOODS
NORCO CO-OPERATIVE LTD
NUDIE WORLD PTY LTD
NUGAN QUALITY FOODS OZ
GRENADE PTY LTD
P & N BEVERAGES
QUEST INTERNATIONAL
PARMALAT AUSTRALIA LTD
SANTARIUM HEALTH FOOD COMPANY
SDS BEVERAGES
SIMON GEORGE & SONS PTY LTD
STERIC PTY LIMITED
SUMMERTIME FRUIT JUICES PTY LTD
SUNCOAST FRUITJUICES
THE PRODUCT MAKERS (AUSTRALIA) PTY LTD
TODAY'S TREND ORANGE JUICE
WARRNAMBOOL FRESHA FRUIT JUICES
WILD ABOUT FRUIT

PRODUCT TESTING

To support the objectives of the Code which promotes "Truth in Labeling" and fair trade, an extensive analytical testing program was developed to monitor the authenticity of randomly selected products from the marketplace. The National Measurement Institute (NMI) has been commissioned to collect samples for analysis, the testing of which is extensive and includes the parameters as defined in the Australian Fruit Juice Parameters Manual as well as many other internationally accepted parameters which have been developed and used to great effect to detect unlawful activity.

The NMI testing facility is available to all industry participants to confirm authenticity of raw materials and in most cases the results are made available to the AFJA.

The testing of products from the Hospitality/Food Service segment has been added to the Testing Program. This was achieved through the close co-operation of the State Health Departments, Hotel & Club Associations. Also, apple juice has come under scrutiny since 2004.

In June 2006 AFJA joined the Quality Assurance and Control Program of SGF International and its International Raw Material Assurance (IRMA). This further provides members the opportunity to ensure the quality, authenticity and food safety of their fruit juice raw materials.

PRODUCT SELECTION FOR TESTING

Products for testing are selected randomly by non-industry representatives of the Industry Compliance Committee. These include products found previously to be non-conforming and new lists of products drawn up by industry representatives. The non-industry representative is then required to select approximately twenty products, a list of which is then passed on to the administrator of the Code who contacts the National Measurement Institute whose representatives then collect the samples. Three samples are taken of each product, one is for testing by NMI, the other is kept for possible evidence and the other is available for any nonconforming company to carry out further testing of the product.

PERIODIC REVIEW

Under the provisions of the Code, a review of the Code is required at least every two years. This took place in September 2006. As a result the Code is updated to reflect changes recommended by the ACCC. The next review of the Codes Administration Rules is scheduled for 2008. Four Addendums are under review:

- *Parameters for a wide range of fruit juices*
- *Specific Quality Descriptor Guidelines*
- *Country of Origin Guidelines*
- *Food Safety Hygiene Guidelines*

Due to the transferring of the administration of the Australian Fruit Juice Association to the Australian Beverages Council, the 2008 review has been postponed by three months. To streamline operations the Industry Compliance Committee has agreed to action NMI Test Results sent to the Code's Administrator by signatories of the Code provided samples in question are collected by an NMI or Health Department representative.

ACHIEVEMENTS

Through networking and responsible promotion of the Code, signatories now total 47 companies at the end of November 2007.

AFJA sponsored overseas expertise to develop through NMI what is now considered to be a data base of international world-class standard.

AFJA has developed a close liaison with the Australian Competition Consumer Commission, State Health Departments, the Australian Retailers Association, and Food Standards Australia & New Zealand as a consequence all support the Code.

1993 was the first year official product testing was carried out. Of the 66 products tested that year, AFJA found it necessary to dispatch 27 "First Letters of Non Conformance". Whilst on the surface this indicated poor results, the Committee was encouraged by the immediate corrective action taken by companies identified through the results of the re-testing program.

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The following is a summary of products tested and letters issued during the past twelve years: -

	Products Tested	“Letters of Non Conformance”
1993/1994	66	27
1994/1995	60	7
1995/1996	46	14
1996/1997	54	12
1997/1998	71	5
1998/1999	55	6
1999/2000	76	14
2000/2001	96	13
2001/2002	69	9
2002/2003	58	6
2003/2004	36	4
2004/2005	38	8 (incl. 6 labeling issues)
2005/2006	54	7 (all labeling issues)
2006/2007	52	6 (all labeling issues)
2007/2008	33	3(incl. 2 labeling issues)

Non conformance letters were issued re all discrepancies..

IND USTRY COMPLIANCE COMMITTEE - ICC

The AFJA provides for at least one of the members of ICC to be legally qualified. That member is the Chairperson Mr Philip Holt AM, former Managing Director of Australian Business Limited (December 2001). Other members of the Committee include -

Mr Bill Porter, representing the NSW Food Authority
Mr David Edwards, Australian Retailers Association
Ms Nancy Jensen, Food Science - Consumer representative

Three industry representatives -
Mr Peter Swain of Golden Circle Limited,
Mr David Goldberg of the Australian Fruit Juice Association, and Mr
Michael Crook of the Australian Citrus Growers.

In the process of evaluating a juice product for compositional authenticity, the ICC has a mandate to follow certain steps and these are -

1. Samples of products to be tested are nominated/selected by an independent member of the Industry Compliance Committee or the National Measurement Institute.
2. That list of products is then given to the National Measurement Institute who collects the

samples and carries out the testing.

3. *One copy of the test results are given to the Administrator of the Code, one copy is given to the ICC Members for consideration.*
4. *If there are breaches found the offending company receives a "First Letter of Non Conformance" and further samples of the products are taken and tested by NMI.*
5. *If these samples still breach the Code then a "Second Letter of Non Conformance" is issued.*
6. *The company is required to reply within seven days of receiving the "Second Letter" with an explanation. If a reply is received it is circulated to the ICC for comment.*
7. *If the explanation is not satisfactory, or not forthcoming, the ICC may recommend to the AFJA that the offending company be referred to the Australian Competition Consumer Commission and the appropriate Health Department.*

In the case of suspected labeling irregularities, a procedure was established as an Addendum to the Code.

The Committee has met on 29 occasions since its inception with the main brief to assess the results of the National Juice Monitoring Program for breaches of the Code. It also has the responsibility of recommending any appropriate disciplinary action for non-conformance of the Code.

MEDIA PROMOTION

The names of the signatories to the Code have been promoted to Retailers, Health Departments, ACCC, and Food Standards Australia and New Zealand. The AFJA's website www.afja.com.au highlights the achievements by the Industry in particular the Code of Practice.

In November 2007 a full page advertisement appeared in Food Australia and Food and Drinks Business Magazine highlighting the benefit and achievements of the Code. (Copy attached)

ACKNOWLEDGMENT

The Industry's Technical Food Regulatory Committee, in conjunction with the Australian Competition Consumer Commission spent many months in developing the Code to its present form.

The assistance by the ACCC, Health Department, and a lot of hard work by industry representatives is much appreciated.

The Industry Compliance Committee has since its inception given many hours of valuable time in assessing the compliance testing results and referrals. Their ongoing contribution is appreciated by the AFJA.

The Code is held in high regard by regulators and is broadly supported by the juice industry. In the past twelve months it has continued to perform well against the benchmarks of credible industry self-regulation and has indicated clearly to stakeholders that the Fruit Juice Industry is seeking to handle its affairs in a way that is sensitive and responsive to consumers' needs.

COMMENT

The AFJA is proud of the Code's achievement since its introduction in 1993 which covers the bulk of the industry; is managed efficiently at a relatively low cost to participating companies; operates formal and accessible complaints handling procedures; involves external interests; provides public information and is open to scrutiny; provides sanctions for non-compliance; and subjects itself to regular monitoring, reviews and public reporting. The AFJA is confident that the signatories are committed to the ongoing operation of the Code and its continuous improvement. Signatories are encouraged to (in the first instance) refer concerns about competitors for possible breaches of the Code to the Industry Compliance Committee for action. It is a self-regulating scheme and Industry should be given the opportunity to respond to complaints rather than referring complaints to Government Authorities.

**PRESENTED TO THE AFJA ANNUAL GENERAL MEETING
3 September 2008**
