



Consultation Paper

A proposed roadmap for Australia's organic industry

Considering options for the leadership of the industry

10 November 2017



*Strategy
Policy
Economics
Performance*



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Executive Summary

About this project

Policy Partners was engaged by the Australian Organic Industry Working Group (AOIWG) to develop a roadmap to improve the representation of Australia's organic industry. The AOIWG consists of industry leaders from across Australia collaborating on establishing a harmonised national voice for all organic producers, certifiers and the supply chain.

The AOIWG was formed following a round of consultations with the office of the Hon. Barnaby Joyce MP, Deputy Prime Minister and Minister for Agriculture and Water Resources, and the Department of Agriculture and Water Resources on how to increase the competitiveness of the organic sector.

This project had three broad objectives:

- undertake consultations with organic operators and key stakeholders to determine their views and priorities
- provide executive support to AOIWG and assist it to understand how to resolve issues and consider implementation
- prepare a roadmap of actions and timings to achieve a harmonised industry voice

Consultations

We undertook consultations between June and October 2017, convening regional consultation workshops in seven locations and conducting personal and telephone interviews with key industry and external stakeholders. We also convened a workshop with the AOIWG and participated in a conference with government agencies. To enhance communication nationally, a website and social media platforms were created to provide information on the project and permit feedback on the key issues.

The regional consultations we undertook should be the beginning of a wider program of engagement with the industry, including the many grassroots operators and other key stakeholders. Not all organic operators are aware of the project and many of the policy issues are intricate and require a period of gestation on the part of operators before definitive views can be formed.

Findings

Industry divisions over several decades have resulted in the organic industry having a poor reputation with governments, mainstream producers and the supply chain, and with external stakeholders.

- Perhaps surprisingly, there still exists significant goodwill among external stakeholders to wish the industry well in “getting its act together”—this is a significant and positive finding.

Grassroots organic growers, processors and traders are weary of the leadership divisions and absence of vision which so characterise their industry.

- There is a desire for a new peak body that can overcome these problems and effectively represent the interests of the broader industry.
- There was also a sense of urgency and frustration—they want industry leaders to “just get on with it and make it happen”.

- The clear policy priority is improved domestic market integrity.

The industry needs to act strategically and with single purpose, choose its battles clearly, and develop alliances across supply chains and with likeminded organisations to pursue its interests.

By acting strategically, we mean:

- determining and clearly articulating the key priorities of the industry
- developing compelling arguments for change
- building alliances to achieve objectives
- being willing to compromise on other issues
- being willing to compromise on how to achieve the key priorities

The future for Australia’s organic industry could be more prosperous, leveraging off a growing consumer preference for premium products. But the organic industry’s leadership needs to eschew divisiveness and act in the interests of the broader industry. It is imperative to get three things right:

- **value creation**—the structure and objectives of the peak body must create value for the industry, by focussing on the industry’s future and the interests of organic growers, processors and traders
- **effective regulation**—the industry’s self-regulation arrangements must be reformed in the best interests of organic growers, processors and traders, and to promote domestic market integrity and market access abroad
- **building trust**—to “bring the whole industry along”, the organisational processes must embed strongly democratic mechanisms, including representation from all sectors of the industry and a strong emphasis on good governance—including a commitment to transparent processes

We formed the view over the course of this project and through our consultations, that industry unity will be unlikely to coalesce unless a strongly representative forum, such as a member council, plays the preeminent role in enforcing accountability, setting strategic direction, developing policy platforms and resolving disputes.

Roadmap

We set out a roadmap which, if implemented with skill and vigour, could see a new peak body operating by 30 June 2018. The next stages for the AOIWG should include:

- developing, refining and deciding on a preferred option for a peak body
- undertaking further consultations to garner support for the peak body and fine-tune its design
- promoting the widest possible membership base
- having the members elect a council which is empowered to oversee:
 - the executive or Board of the peak body, which will operationalise policy and strategy set by the council

- o the overall integrity of organic standards

The pivotal issue

In respect of developing a preferred option for a peak body, the AOIWG should progress further consultations based on the development of the two most promising possibilities:

1. our consultations revealed strong support for a clean start through the establishment of an entirely **new peak body** and broad satisfaction with the corporate structure of the seafood industry's new peak body
2. establishment risks would be significantly reduced if **Australian Organic** was to emerge as the legal structure for the peak body, as it has built up strong financial reserves—however, this option also risks further divisiveness in the industry unless the appropriate democratic structures are incorporated

Our brief has been to set out a roadmap to a harmonized voice for Australia's organic industry. We have no doubt that objective would be best achieved if Australian Organic, NASAA and the Organic Federation of Australia can reject the failed past attempts at collaboration, settle their differences, and merge their advocacy functions to form a new peak body. This would send a powerful message to the whole industry and external stakeholders that the industry is jettisoning its fractious history and focusing on unity and the future.

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Part 1 Overview of the project

Policy Partners was engaged by the Australian Organic Industry Working Group (AOIWG) to assist it to develop a roadmap to improve the representation of Australia's organic industry.

The AOIWG consists of industry leaders from across Australia collaborating on establishing a harmonised national voice for all organic producers, certifiers and the supply chain.

We undertook consultations between June and October 2017, including convening regional consultation workshops in seven locations and conducting personal and telephone interviews with key industry and external stakeholders.

The regional consultations should be the beginning of a wider program of engagement with the industry, including the many grassroots operators and other key stakeholders.

Not all organic operators are aware of the project and many of the policy issues are intricate and require a period of gestation on the part of operators before definitive views can be formed.

Introduction

This is a report to the Australian Organic Industry Working Group (AOIWG) scoping issues and options for improving the representation of Australia's organic industry.

Part 1 is an overview of the project and processes

Part 2 presents some key insights regarding current industry representation and findings from the consultations

Part 3 focuses on options for improving the structure of organic industry representation

Part 4 addresses a range of related issues identified in respect of industry regulation, market integrity and standards

Part 5 sketches some ideas about opportunities for industry growth and development

Part 6 proposes a roadmap towards forming a peak body and some related tasks

Attachments A-D offer additional material generated during the consultations

The Australian Organic Industry Working Group

The project has been initiated by industry leaders from across Australia who are collaborating with a view to establishing a harmonised national voice for all organic producers, certifiers and the supply chain.

The working group was formed following a round of consultations with the office of the Hon. Barnaby Joyce MP, Deputy Prime Minister and Minister for Agriculture and Water Resources, and the Department of Agriculture and Water Resources on how to increase the competitiveness of the organic sector.

It is envisaged that this project may result in a new national representative body that will be the voice of organic industries at national and state level and that promotes viable and sustainable industries with broad representation from all sectors.

In its initial phases, the project is being guided by a working group of producers and certifiers. These businesses have committed time and financial resources to progress the project to this point. The working group has also been engaging with the Australian Government to seek its support for the project.

What we've been asked to do

Policy Partners was engaged by the AOIWG to assist it to develop a roadmap to improve the representation of Australia's organic industry (**Attachment A**).

The project had three broad objectives:

- undertake consultations with organic operators and key stakeholders to determine their views and priorities
- provide executive support to the working group and assist it to understand how to resolve issues and consider implementation
- prepare a roadmap of actions and timings to achieve a harmonised industry voice

We undertook consultations between June and October 2017. An issues paper and set of consultation questions were used to inform the consultations. Regional consultation workshops were convened in seven locations and we conducted personal and telephone interviews with key industry and external stakeholders (**Attachment B**).

We also convened a workshop with the AOIWG and participated in a conference with government agencies. To enhance communication nationally, a website and social media platforms were created to provide information on the project and permit feedback on the key issues. The certifiers were asked to circulate details of the workshops and project progress through their communication channels.

The consultations provided a meaningful opportunity for a cross-section of stakeholders to engage in the project, but it is our view that the consultations we undertook should be the beginning of a wider program of engagement with the industry, including the many grassroots operators and other key stakeholders. Not all organic operators are aware of the project and many of the policy issues are intricate and require a period of gestation on the part of operators before definitive views can be formed.

Part 2 Key insights

The organic industry has a poor reputation with state and national governments, with mainstream producers and parts of the supply chain, and with many influential external stakeholders.

It is a strategic weakness to alienate key stakeholders—instead, the industry needs to build alliances with other peak bodies and key stakeholders to achieve its strategic priorities.

That does not mean compromising foundational values. Rather, it requires a focus on clarifying priorities and the willingness to compromise on other issues for the sake of achieving the highest priorities.

Some organic growers, processors and traders are weary of leadership divisions and are seeking a more united approach.

External perceptions

While reviewing documentation for this project, we came across the following abstract which aptly summarises the state of Australia's organic industry.

The Australian organic food industry has reached a political impasse. Despite being one of the fastest growing sectors of the food economy, the organic industry in Australia remains largely self-governed. There is no specific legislation for domestic organic food standardisation and labelling at the state or federal level as there is in the USA and the EU. The situation has engendered deep division within the sector. While there is recognition among most organic industry actors about a need for regulatory reform and greater engagement with government, there is disagreement over the appropriate nature and extent of government intervention. Some sectoral actors seek government regulation to facilitate the maturation and expansion of the organic industry and to protect consumers and producers from labelling fraud. Others fear that government regulation may undermine the values and traditions of the Australian organic agriculture movement.¹

Even though this summation is a decade old, it seems that little has changed in respect of organic industry leadership and governance in the intervening period—personal and corporate histories and ambitions have often prevailed over the interests of the broader organic industry.

The divisions have resulted in the organic industry having a poor reputation with state and national governments, with many mainstream producers and the supply chain, and with influential external stakeholders. Indeed, one such peak body informed us that they

...did not see the industry as part of its core business or strategy. There are a number of perceived issues with the 'industry'. Firstly is one of definition, regulation and control of membership and code of behaviour. The second is that in promoting their production methods they have been critical of conventional farming systems. We've always held the view that there is room in the market place of different production systems, but there should be no disparaging of other systems as part of promotion.

¹ Stephen Hall, *Australia's organic trilemma: public versus private organic food standardisation*, refereed paper presented to the Australasian Political Studies Association Conference, Monash University, 24-26 September 2007.

This forthright view was consistent with the views expressed by many external stakeholders that the organic industry is riven with rivalries, difficult to deal with and unlikely to coalesce. Notwithstanding this, and perhaps surprisingly, there still exists significant goodwill among external stakeholders to wish the industry well in “getting its act together”.

It is clear to us that the industry needs to act strategically and with single purpose, choose its battles clearly, and develop alliances across supply chains and with likeminded organisations and government agencies to pursue its priorities.

Industry perceptions

The overwhelming message from our regional industry consultations was also that grassroots organic growers, processors and traders are weary of the leadership divisions and the absence of vision which so characterise their industry. There is a desire for a new peak body that can overcome these problems and effectively represent the interests of the broader industry—although there is also a pervasive cynicism that it can happen. Associated with this, there is a perceived need for generational change in the industry leadership and a more positive focus on the future.

Our consultations revealed that, while organic operators want the peak body to be of the right structure and purpose, there was also a sense of urgency and frustration—they want industry leaders to “just get on with it and make it happen”. Options for forming a new representative body are developed in **Part 3**.

It is not well understood that the industry’s regulatory arrangements act to reinforce the status quo. Worse, the regulatory arrangements are confused and confusing, are tightly controlled by a small group of industry regulators, and do not promote domestic market integrity for organic products—in fact, current regulatory arrangements may well be contributing to poor market integrity.

The impending review of arrangements under the *Export Control Act* provides an opportunity for the industry to partner with the Australian Government to develop better and simpler regulations that act in the interests of organic operators—regulations that could underpin domestic market integrity, reduce red tape, and support a more prosperous and future-oriented organic industry. These issues are discussed in **Part 4**.

During our consultations, we encountered many genuine and committed operators keen to share their experiences, aspirations and exasperations. Despite their weariness with industry politicking and the absence of industry support, organic operators are mostly optimistic about their businesses and their industry, and they see this project as a positive step. These operators agreed that a new peak body could create value for the industry, but they mostly articulated a view that funding for the peak body should primarily be redirected from fees already paid to the certifiers.

We agree that the future for Australia’s organic industry could be more prosperous, leveraging off a growing consumer preference for premium products. But the organic industry’s leadership needs to eschew divisiveness and act in the interests of the broader industry. It is imperative that it gets three things right:

- **value creation**—the structure and objectives of the peak body must create value for the industry, by focussing on the industry’s future and the interests of organic growers, processors and traders

- **effective regulation**—the industry’s self-regulation arrangements must be reformed in the best interests of organic growers, processors and traders, and to promote domestic market integrity and market access abroad
- **building trust**—to “bring the whole industry along”, the organisational processes must embed strongly democratic mechanisms, including representation from all sectors of the industry and a strong emphasis on good governance—including a commitment to transparent processes

Relations with governments and external stakeholders

Most external stakeholders we spoke with perceived the organic industry to be fractious, divided, difficult to deal with, and of marginal relevance. There would seem to be deep-rooted and systemic reasons for this.²

- Despite organic agriculture having been practised formally for half a century in Australia, it remains a fringe agricultural activity. Although it has the largest agricultural land area under organic certification in the world, it remains the case that a small proportion of all commodities produced in Australia are produced under organic certification systems.
- The development of the Australian organic sector has occurred largely without state involvement. In global terms, Australian agriculture has one of the lowest regimens of industry support. This is true of the organic sector, perhaps even more acutely. Export access has driven what little government engagement that has occurred.
- The perception of Australian agriculture as producing ‘clean and green’ food clashes with the view of organic produce as environmentally friendly and safe, such as occurs in the European Union. This tension tends to undermine acknowledgment of organic farming as a ‘farming system’ in Australian agriculture, lest this imply a direct or oblique criticism of conventional farming.
- Industry disunity hinders governmental activity in building organic farming into a sizeable export competitive industry sector.
 - There is a clear lack of leadership. Government representatives are confused as to who represents an authoritative view and receive conflicting messages from different individuals. Key industry players refuse to accept industry-wide platforms.
 - Certifiers have functioned as de facto industry spokes groups, but rivalries and divisions over operational and policy issues undermine their capacity to be effective advocates.
- The establishment of the Organic Federation of Australia (OFA) in 1998 was initially envisaged as assuming the role of industry leadership. It was an attempt to integrate producer, processors, wholesalers, retailers and consumers into a single structure. However, it has lacked capacity and key industry players have contested its mandate. There are few people in the organic industry who consider that the OFA could still emerge as an effective peak body for the whole organic industry.

² D. Halpin and C. Daugbjerg, Associative Deadlocks and Transformative Capacity: Engaging in Australian Organic Farm Industry Development, *Australian Journal of Political Science*, Vol. 43, No. 2, June 2008, pp. 189—206.

- Mainstream farm industry organisations are not engaged in organic agriculture. They do not have organic sections, nor have they established organic farm policies. For example, in the debate over the release of genetically modified crops in Australia, the position of the National Farmers Federation has been equivocal—that producers should be able to choose between organic, conventional and genetically modified.
- The only formal venue in which the industry and government engage with one another is the Organic Industry Standards and Certification Council. OISCC has a narrow remit to manage export standards and regulations and is not the fora for strategic industry policy development.

It is not the case that governments are totally disinterested in organic industry development. Both national and some state governments have been involved—to differing extents between jurisdictions and over time³—in efforts to catalyse an organic sector that is sustainable in the long term, market responsive and that makes the most of export opportunities.

The Australian Government is aware of the need for the industry to generate transformative capacity to promote organic farming growth, and has recently offered some seed funding to assist in this regard (**Part 5**). However, attempts to transcend the minimal relationships forged around export market access have been problematic.

The issue of creating a domestic organic standard is a good example of the consequences of a lack of industry capability and an absence of a relationship characterised by deliberative networking⁴. For some time, the Australian Government has resisted calls to regulate the domestic trade of organic

Deliberative networking

Deliberative networking involves a type of relationship that provides particularly fertile ground for policy and governance innovation.

State and interest group representatives must be able to form a network in which an open-ended dialogue can evolve. Such an interactive process must involve discovering ends, recognizing other parties, marshalling evidence and giving reasons, exploring the implications of various value positions and developing joint responsibility in concrete situations.

If conducted successfully, such a process may enable network members to develop a shared understanding of the policy problem in question, reach agreement on new and innovative solutions to policy problems, develop trust among network members and learn about their interdependencies in pursuing their shared policy objectives.

goods⁵. In preference to passing dedicated legislation, as occurs in the USA and European Union, or even incorporating organic standards within the Food Standards Australia and New Zealand system, which would make domestic standards mandatory and false claims punishable, the Australian Government has, instead, pushed a self-regulation model, referring industry to the generic provisions

³ See, for example, the Victorian program summarised in **Part 5**.

⁴ D. Halpin and C. Daugbjerg, Associative Deadlocks and Transformative Capacity: Engaging in Australian Organic Farm Industry Development, *Australian Journal of Political Science*, Vol. 43, No. 2, June 2008, pp. 189—206.

⁵ The Australian Government does have limited constitutional powers in respect of domestic markets, which can constrain its policy options. Domestic market regulation often has to be coordinated through the States.

of the *Competition and Consumer Act*, and suggesting it seek legal redress in terms of guarding against false or misleading claims about the organic nature of food.

Most participants in our consultations revealed that the absence of domestic market integrity is viewed as the biggest failing of the industry leadership and governments. Achieving significant improvements in this area is not an impossible objective; but it's not currently possible given the level of maturity in the industry's advocacy capabilities—it would likely take years of investment in persistent and consistent policy development, relationship building, communication and advocacy to achieve such an objective. There is currently no industry forum to progress this kind of deliberative dialogue and networking with policy agencies.

Part 3 Improving the structure of the organic industry

Our consultations revealed strong support for a clean start through the establishment of an entirely new peak body, with a democratic constitution and member participation, forward-looking outlook reflecting a maturing industry, and representative across the organic supply chain.

Particular attention must be given to representative mechanisms that support accountability of institutions.

We considered numerous options for new industry peak body and we tested aspects of these options in our consultations.

We are strongly of the view that the widest possible range of organic operators should determine the structure of the peak body, as this would be a powerful mechanism to promote democracy in the industry.

AOIWG should progress further consultations based on further development of the two most promising possibilities:

- *an entirely **new peak body** with design feature modelled on the seafood industry's new peak body*
- ***Australian Organic** as the legal structure for the peak body, providing the appropriate democratic structures are incorporated*

However, we have no doubt that the best outcome would be best achieved if Australian Organic, NASAA and the Organic Federation of Australia can reject the failed past attempts at collaboration, settle their differences, and merge their advocacy functions to form a new peak body. This would send a powerful message to the whole industry and external stakeholders that the industry is jettisoning its fractious history and focusing on unity and the future.

The need to reform structures and processes

The current structure of organic industry bodies is a key factor in industry dysfunction. Critical accountability mechanisms are absent across existing advocacy bodies, and this contributes to the dysfunction.

Our consultations revealed strong support for a clean start through the establishment of an entirely new peak body, with a democratic constitution and member participation, a forward-looking outlook reflecting a maturing industry, and representative across the organic supply chain.

Reforming this structure and improving representative mechanisms are necessary preconditions to the industry uniting. Truly representational organisations are difficult to sustain in a nation as geographically dispersed as Australia. Particular attention must be given to representative mechanisms that support accountability of institutions.

- **Annual general meetings** are especially problematic, as they tend to involve a relatively small group of motivated participants who may not be adequately representative of the broader industry.

- There needs to be a clear delineation between:
 - the **membership**, which must be provided with a range of opportunities to set the strategic direction and policies of the peak body; and
 - an **executive**, which needs to run the operations of the peak body professionally and effectively, but in line with the strategic direction set by the membership
- Strong **accountability mechanisms** are critical, so the executive is clearly accountable to the membership for operational efficiency and its effectiveness in achieving strategic outcomes.

There are, broadly, five elements of structure that need to be considered.

- 1) What legal form should the peak body take?
- 2) Who should be the members of the peak body and how are they organised?
- 3) Is an executive required and how is it accountable?
- 4) Where should organic standards be located and made accountable?
- 5) What is the relationship of the peak body to the certifiers?

Above all, it is necessary for a representative body to keep asking critical questions about who it is representing. In this case, it would something like, “how do we ensure we are truly representing the interests of producers, processors and traders”?

Principles for assessing options

Clear principles are needed to guide the design of structural options and to provide adequate assurances for those who need to sign up, or sign over, to the new entity.

Throughout the consultations, participants were asked about relevant criteria for assessing the options. They were asked 'What are the key success criteria?' defined in terms of what they thought would work and has a high probability of success.

More detail on the principles we endorse for the organic industry in designing good governance to support high levels of performance is at **Attachment D**. The following is a summary of the key points for the organic industry.

Constituted to represent the full spectrum of industry interests

Peak bodies should have a clear mandate, charter and constitution. Any peak body for organics must be constituted to represent the full supply chain spectrum of organic industry interests from consultants and input suppliers, growers, processors, exporters, wholesalers, retailers and certifiers.

Open, transparent and democratic decision-making

For a peak body to win trust and confidence, and to be trusted as representing the majority of the industry, there must be open, transparent and democratic decision-making processes. These processes need to be fair and seen to be fair. Confidence and trust will be eroded if there is a sense that an inner group is making the important policy decision behind closed doors.

Successful organisations work out how to have sound, democratic and open processes for key policy, strategy and financial decisions while also managing delegations in respect of these functions to their professional staff, board and executive.

Capable of inclusive policy development and effective advocacy

The way in which national policy is developed and agreed should be open and subject to both scrutiny and participation by all members before being advocated openly.

Robust debate on policy platforms within the industry is healthy, but debate or conflicting messages outside the industry is unhealthy and potentially calamitous in respect of both the key policy issue and the industry's credibility with external stakeholders.

Generally, peak bodies have a clear processes and protocols on who can speak on behalf of the organisations. They usually have a governing board, sometimes a wider industry council, and established policy positions and ways of reaching broad industry positions.

Designed for good governance

Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.

Poor governance can be fatal for organisations and its leaders. Good governance matters in terms of legality, credibility, probity and respectability of an organisation's actions.

Operates legally and with efficient bureaucracy

Organisations must have a minimum set of bureaucratic processes in place to meet legal requirements and good corporate governance standards. But, while bureaucracy can assist an organisation avoid poor performance, too much bureaucracy can impede strong performance—there is a need to strike the right balance for any organisation's unique operating environment.

Generates value and is financially sustainable

A new peak body must have strong and widespread support, a compelling business case and engender confidence in its ability to generate value. Clearly articulating how the peak body will generate value to the industry, to its members, funders and supporters is critical to engendering confidence.

Engenders trust and goodwill and is widely supported

A peak body must have sufficient support from its members and stakeholders. To be successful, the organisation should be able to bring protagonists together, through inclusive processes, rather than alienating key actors.

Enables regeneration of leadership

Throughout the consultations, there was a commonly expressed refrain about the need for a new generation of industry leaders to drive the industry and its organisations into the future. It would be timely for a new or revitalised peak body to enable a new generation of industry leaders to make a fresh start. Ensuring a balanced transition from experienced hands to new one is a tactical concern of those directly involved.

Organisational functions and priority setting

The consultations identified support for the typical functions of a peak body such as:

- articulating a whole of industry vision and the setting of priorities

- developing policies and position statements and advocating them
- developing and articulating research and development priorities and strategies
- influencing and engaging with research development corporations (RDCs) and researchers
- industry development support
- industry oversight and compliance
- education, professional development and training
- industry development and marketing, including export market development

There was no disagreement that these were the types of functions that an organic industry peak body should participate in. However, there were two main issues of contention as to the policy issues which these functions should be applied to:

- there were disparate views about whether the peak body should be involved in standards
- domestic market regulation and integrity were viewed as a high priority

There was a low level of recognition that these two issues are inextricably linked and, therefore, it would not be fruitful to pursue improved market integrity without tackling improvements in regulatory arrangements.

Our view is not so much “which functions” should be undertaken (we agree they all should), but rather what are the relative priorities and, over time, how these are determined and how much resourcing should be allocated and reallocated. These are matters of the governance processes and structures and the decision rules engendered by the constitution and procedures of the entity.

Legal structure of a peak body

We considered numerous options for a new industry peak body and we tested aspects of these options in our consultations.

A. Revitalisation of Organic Federation of Australia

Our initial view was that revitalisation of the existing peak body was the logical and likely contender. OFA has been established for more than two decades, has a broad mandate and some existing structures in place, and has some successes in respect of market access, the development of AS6000, development of the national marque, its relationship with the International Federation of Organic Agriculture Movements, and its preparation of a bid to host the Organic World Conference in 2020.

However, the OFA has struggled financially and has minimal existing capability—few assets, negligible intellectual property, no significant revenue stream, no staff, absence of strategic alliances with other sectors and RDCs, lack of democratic policy development—and our consultations revealed it has significant reputational problems and lacks support from key industry players. In fact, some of those consulted were categorical that the OFA would never garner broad industry support.

B. Merger of existing industry bodies

This option would involve the demerger of the non-certifier functions and resources of Australian Organic and NASAA, and their merger with OFA to form a new peak body.

Both NASAA and Australian Organic have been involved in delivering some of the functions proposed for the peak body. There is the prospect of one or both demerging their certification functions and merging their advocacy functions with the OFA to form a new peak body that is focused on

representing the industry. The reconstitution required is major in order to permit an opening up to all parts of the industry, including other certifiers. In plain language, the newly constituted organisation could not be a closed shop or club, but would need to be open to all parties, including other certifiers, who have a legitimate claim to representation in the industry.

This option would likely have broad support across the industry, provided the new body incorporated strong democratic processes and was open to all organic operators and certifiers.

If done well, this option has the advantage of involving less operational and financial risk than a new peak body; however, it does involve some reputational risks and requires member support for the merger.

C. Joint venture entity between existing industries bodies

This option is potentially useful as an interim measure prior to the full implementation of **Option B**. We envisage that Australian Organic, NASAA and OFA would form the nucleus of the joint venture in the first instance, but participation would be open to other entities as well—for example, larger operators and other certifiers.

However, the joint venture would involve a new body corporate, and therefore doesn't have any operational or establishment advantages compared with creating a completely new peak body.

Nevertheless, this option could become very attractive if a temporary partner were to intervene to provide additional, temporary capability or seed funding—for example, a government, a large organic operator, or an RDC.

D. Australian Organic

This option emerged during the project and is being promoted by Australian Organic. It first requires the full de-merger of Australian Organic Ltd (AOL) and its wholly owned subsidiary certifier operation, Australian Certified Organic Ltd. Being no longer a certifier, AOL would then emerge as the peak body.

There are some advantages in this option.

- AOL asserts that it already has around 1,000 members, which is perhaps a third of organic operators.
- AOL has built up strong financial reserves through its certification operations. If these financial resources vest in AOL rather than ACO, this would provide significant seed funding for the new peak body.
- Establishment risks are minimised because of the strong starting balance sheet, but also because AOL would have existing corporate structure, staff, marketing, business processes, and so on.
- If the “bud logo” vests in AOL rather than ACO, then there is potential for the logo to replace the national marque and provide a strong source of licensing revenue to support the provision of peak body functions.

However, there are also some drawbacks.

- It's uncertain whether AOL members will support the demerger—particularly whether members will support the effective transfer of substantial financial assets from effective ownership by the certified operators (who contributed those assets), including the “bud logo”, to a peak body.

- The proposal does not currently promote improved representation across the industry (although any operator would be able to become a member of AOL—as they currently can).
- AOL has strong marketing capabilities, but has no particular expertise in policy development or advocacy—core capabilities for a peak body. It is possible that the existing corporate culture will undermine the development of effective policy and advocacy capabilities.
- AOL is based in Brisbane and, as the objective would be principally to influence national policies and stakeholders, normal practice would be for the peak body to be based in Canberra.
- Most importantly, the AOL proposal risks further divisiveness in the industry. Our consultations revealed some issues of trust in AOL across the industry and with external stakeholders, and particularly from organic operators aligned with certifiers other than ACO. This is largely a consequence of decades of AOL (via its predecessor, Biological Farmers of Australia) being a protagonist in the industry’s ‘squabbles’.

This last point is crucial and is an interesting prism through which to view options A through D.

Option B should be preferred of these options for one highly symbolic reason. If AOL, NASAA and OFA could reject the failed past attempts at collaboration, settle their differences, and merge their advocacy functions, then this would send a very powerful message to the whole industry and external stakeholders that the industry is jettisoning its fractious history and focussing on unity and the future.

E. New peak body

Our consultations revealed strong support for a clean start through the establishment of an entirely new body. Participants supported a democratic structure, with tiered membership fees reflective of the turnover of businesses, a Board renewal policy and a members’ advisory forum. The consultations revealed broad satisfaction with the corporate structure of the seafood industry’s new peak body (**Attachment C**).

Perhaps the main reservation expressed about this option is that many organic operators consider that they already pay more in certification fees than they derive in benefit, and so any financial contribution to a new peak body would need to be offset by reductions in other fees—the industry development levies of AOL and NASAA are obvious considerations.

A new peak body also involves establishment risks that aren’t as pronounced in some of the other options, but this is substantially outweighed by the absence of reputational risks compared with other options. Importantly, the establishment of a new peak body could be a very positive statement about focussing on the future, and it also becomes more viable if other options become untenable.

Summary of peak body options

It is critical that organic operators determine the structure of the peak body, as this would be a powerful mechanism to promote democracy in the industry. We propose that the industry should progress further consultations based on further development of the two most promising possibilities—**Option D** and **Option E**.

Membership and democracy

Notwithstanding the chosen peak body vehicle, a clear finding from the consultations was a strong desire for better forums to improve representation and discuss policy.

Member advisory forum

There was support for a member advisory forum, along the lines of that adopted by the seafood industry, as an adjunct to the peak body. The relationship between the forum and the peak body will depend on the model chosen for a peak body, but it is envisaged that the forum would provide broad-based industry policy advice—for example, through the development of policy platforms—and the peak body would support the forum and operationalise the policy platforms.

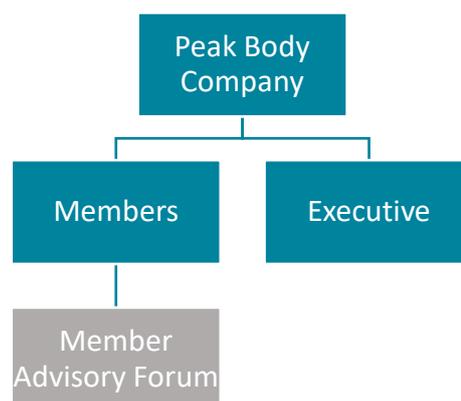
In the case of the seafood industry, a member advisory forum is open to all members and held annually, in conjunction with the annual general meeting. These forums provide an opportunity for members to voice their thoughts on key issues facing their individual sectors and the larger seafood industry. This advice and comment will assist the seafood peak body to prioritise its action plan and establishment of policies. The member advisory forum is convened the day prior to each board meeting, with the location of each board meeting rotating between capital cities.

Three benefits from having such a forum include:

- addressing the absence of a mechanism for developing a broad range of policy—that is, focussing time, effort and dialogue on strategy and policy development, that is not just confined to organic standards
- providing an important networking forum for exchange of industry development information, growing the commercial and political ecology of the sector
- creating a source of creative tension between the members and the executive of the peak body—in this context, the executive could represent a Board appointed by the membership or executive staff; but either way, the executive is appointed to run the peak body

If conducted successfully, such a process may enable network members to develop a shared understanding of the policy problems in question, reach agreement on new and innovative solutions to policy problems, develop trust among network members, and assist members to learn about their interdependencies in pursuing their shared policy objectives. They would also become more informed advocates in the circles they move in and on social media, expanding the networks and influence.

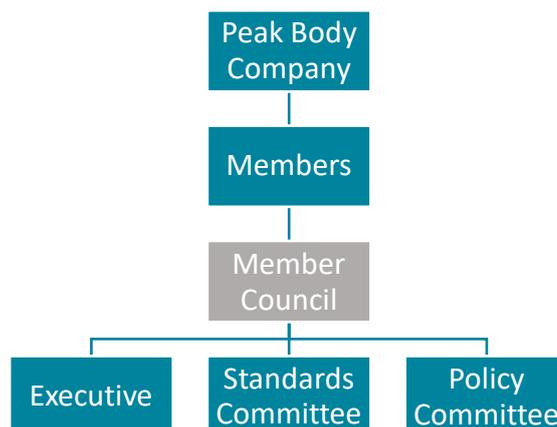
Note that this model is an adjunct to a traditional model of accountability. The executive is appointed at an annual general meeting and is held to account through that process. The member forum will be effective only as far as the executive adopts and implements the strategies developed. If accountability is weak, it is possible that the executive will pursue its own strategies, which may be different to that of the membership—in fact, this misalignment between executive direction and member expectations is a problem that plagues many agricultural peak bodies.



Member council

A member council is a very different proposal to a member advisory forum. The purpose of a council would be to empower members more than would otherwise occur.

The basic idea behind a member council is for the members to vest governance power in a large sub-group of members that is more representative of the industry than could be achieved by simply appointing a Board. It also provides additional degrees of freedom to appoint outside specialists to the Board for operational objectives, without undermining industry representation. The main role of the member council would then be to set the strategic direction and hold to account those who implement that strategic direction.



Critically, it would be the member council that appoints the executive (and can replace it at any time), and they would invest more resources in continuous monitoring than is typically achieved through a normal annual general meeting.

There is a wide range of options to consider in structuring the member council. The most important parameters are:

- whether a Board is appointed to oversee the staff—in which case, the council will focus on policy development—or whether a CEO is directly accountable to the council—in which case, the council needs to also operate similar to a Board, by convening governance committees so the staff are accountable to the council
- what role the council and the annual general meeting play in appointing the executive—for example, whether:
 - the council appoints the executive—in which case, what role would be served by the annual general meeting
 - the executive is appointed by the annual general meeting—in which case, whether the council should play a role in recommending nominations to the executive
- how many members are appointed to the council, the frequency and mode of meeting, and the extent to which the peak body meets their costs of meeting
- whether the council is elected directly by the whole membership or whether there are chambers which appoint or elect members to the council —chambers could represent a sub-group of the industry and may be based on commodity, geography or supply chain; for example, there could be chambers for:
 - suppliers, growers, processors, traders and exporters
 - beef, grain, health & beauty, horticulture and dairy producers
 - states or regions
- the activities the council should be involved in

We suggest that the member council would be appointed for a two-year period and that the proposed biennial conference (see below) would occur mid-term and be one focus for the council's attention.

We have formed the view over the course of this project and through our consultations, that industry unity will be unlikely to coalesce unless a strongly representative forum, such as a member council, plays the preeminent role in enforcing accountability, setting strategic direction, developing policy platforms and resolving disputes (within the industry forums rather than in public).

Other mechanisms for advancing member democracy

Biennial conference

Many people told us that there were insufficient opportunities for organic operators to network, share experiences and debate issues. A biennial conference or industry summit would address this need.

Given the geographic dispersion of organic operators and the resources required in organisation, an annual conference may be too burdensome on participants and organisers. However, a conference convened every two years, where significant effort is put into organisation and topics, would likely be popular among the membership. The conference should have activities held over two days (plus some additional options—like tours of farms or processing works) to make it worthwhile for those who travel far.

One possibility would be to convene the first biennial conference in early 2018 with the focus of the conference being twofold:

- to bring as large an industry representation together as is possible and workshop the required industry structures
- to consider options for the future regulation of the industry—in the context of the review of arrangements under the *Export Control Act* (see **Part 4**)

Roadshow

Following in the tradition of the regional conferences held annually by the Australian Bureau of Agricultural and Resource Economics and Sciences, the organic industry could host a regional roadshow in conjunction with its biennial conference.

The roadshow could feature selected presentations and workshops from the national conference, as well as activities tailored to each location.

Regional networks

There are a small number of regionally organised networks of organic producers. These networks play a valuable role in providing peer support to organic producers, as well as being a forum for the promotion of organic methods and the discussion of key industry issues.

The peak body should consider how best to support these networks and to facilitate the creation of additional networks.

Part 4 Industry regulation, integrity and standards

From the late 1980s until 2009, the Australian Government supported the application of the National Standard for both exports and the domestic market and played an active role in the regulation of organic produce.

The original National Standard (1992) had as its first objective “to protect consumers against deception and fraud in the market place and unsubstantiated product claims”.

There are now two main standards for organics currently operating in Australia—the National Standard (the export standard) and AS 6000 (the domestic standard)— but there are also permutations and nuances around these standards, which further complicate the regulatory environment.

Only a small proportion of certified operators are certified to the AS 6000—most certifiers adopt the National Standard, even for domestic certification purposes.

Central to the success of Australia’s organic industry, is the need to maintain trust in a credible system of standards—including standards development, enforcement, compliance and education—and the ways to ensure that there is a system with high levels of integrity—high compliance, minimal fraud, and strong consumer recognition.

Strong concerns were expressed during consultations that, without these outcomes, there is an erosion of trust in organic products and pressure on prices from non-certified products.

Consumers of organic produce are particularly vulnerable, in that they must rely on product labelling for information pertaining to the nature and composition of the product. Suppliers can easily take advantage of the financial benefits associated with such organic claims without due substantiation.

There is a lack of understanding amongst Australian organic consumers about the organic industry and organic certification processes.

There is clearly an opportunity for the industry to form an alliance with consumer peak bodies to pursue better labelling of organic products and improved market integrity.

Organic standards

It is not well understood that the industry’s regulatory arrangements act to reinforce the status quo. Worse, the regulatory arrangements are confused and confusing, are tightly controlled by a small group of industry regulators, and do not promote domestic market integrity for organic products—in fact, current regulatory arrangements may even contribute to poor market integrity.

There are two main standards for organics currently operating in Australia:

- the National Standard for Organic and Biodynamic Produce, which is the mandatory export standard under the *Export Control Act 1982*
- the Australian Standard for Organic and Biodynamic Products (AS 6000), which is a voluntary standard in the domestic market

but there are also permutations and nuances around these standards, which further complicate the regulatory environment.

The National Standard did act as a *de facto* standard until 2009. Due to an increase in unsubstantiated organic claims and a lack of clear definition of the term ‘organic’, the AS 6000-2009 was created and implemented as the domestic standard for organic produce, which was also extended to include organic produce imported into Australia. The AS 6000-2009 was modelled on the National Standard and, as a result, the two standards are similar.⁶

Until 2009, the Australian Government supported the application of the national standard for both exports and the domestic market. In fact, the original National Standard (1992) had as its first objective “to protect consumers against deception and fraud in the market place and unsubstantiated product claims”.

The impending review of arrangements under the *Export Control Act* provides an opportunity for the industry to partner with the Commonwealth to develop better and simpler regulations that act in the interests of organic operators—regulations that could underpin domestic market integrity, reduce red tape, and support a more prosperous and future-oriented organic industry.

Regulation of organic products

The Australian organic sector originally developed without state involvement over several decades. Governments largely ignored the organic sector as a fringe activity, although organic producers could take advantage of some mainstream government support, through research, development and extension programs.

Export regulations

Australian Government recognition of the industry first came with a 1989 discussion paper within the Australian Quarantine Inspection Service (AQIS) calling for a national approach to certification. This was considered necessary for Australia to gain access to export markets that existing private organic certification alone would not easily permit. The Australian Government became more fully involved in 1990, when it helped establish the Organic Produce Advisory Committee, a body formed to develop a national export standard under the *Export Control Act*.

A *National Standard for Organic and Bio-dynamic Produce* was compiled by a joint government and industry committee (Organic Industry Export Consultative Committee) under the auspices of AQIS, and was first implemented in 1992. It provided guidance for private certifiers who enforced private standards that needed to exceed the National Standard in order that they could be recognised certifiers by AQIS—in essence, the state regulated certifiers who, in turn, certify farm-level producers and supply chain operators.

The OIECC was disbanded in 2009, following a decision of the Australian Government to reduce its active involvement in industry regulation. In its place, the Organic Industry Standards and Certification Council (OISCC) formed to take responsibility for the National Standard and the National Standard Sub-Committee (which was previously administered by the Department). OISCC members include the six certification bodies, the OFA, the Australia National Retailers Association (represented by Woolworths) and the National Farmers Federation. The Department of Agriculture and Water Resources acts as observer at OISCC meetings.

There are currently six certification bodies accredited for organic certification under the National Standard, administered by the Department of Agriculture and Water Resources (previously AQIS). The Department conducts annual audits to verify that all organic certification issued by these bodies is in

⁶ Christina Do (2015), Organic Food Labelling in Australia, *University of Queensland Law Journal*, Vol 34(1).

accordance with the requirements of the National Standard. Each of the six certifiers must also meet strict criteria with regards to certification procedures, and provide transparent information regarding fee structures and service provision, in accordance with the International Standard (ISO 17065) and various administrative requirements under the *Export Control Act*.

The certifiers must also meet the requirements of the international organic regulations of the European Union, Taiwan and Japan, if they want to accredit product for export to these regions, under equivalency arrangements. Several of these Australian organic certification bodies also hold direct accreditation with overseas governments, such as the United States Department of Agriculture National Organic Program, to certify products for export into the individual country. To be directly accredited, these Australian organic certifiers must meet that country's legislative requirements and be audited by that Government.

The provision of organic certification in Australia gives market access for Australian producers, processors, wholesalers and retailers to export into those countries who possess organic regulation, and strong labelling laws.

Domestic regulations

There is no mandatory requirement for certification of organic product sold domestically in Australia. In the absence of specific domestic regulation for organic production, the export regulation of organics became the *de facto* domestic regulation of the sector, through private certification standards aligned to the National Standard. Many organic businesses choose to be certified by an organic certification body to underpin truth in labelling requirements and promote consumer confidence.

Domestic organic standards used in Australia are generally owned and managed by private organisations. Domestically marketed organic products are commonly certified by one of Australia's six private certifiers who base their certification standards on the national export standard.

The voluntary *Australian Standard for Organic and Biodynamic Products* (AS 6000) was released on 9 October 2009 and updated in 2015. Standards Australia developed AS 6000 through a representative committee comprising organic stakeholders, including certifiers, retailers, manufacturers, consumer groups and government agencies. Only a small proportion of certified operators are certified to the AS 6000—most certifiers adopt the National Standard, even for domestic certification purposes.

Import regulation

There is an extensive regulatory system in place which provides guarantees in food chain integrity. For example, the current arrangements for importing food products labelled as organic or bio-dynamic into Australia allow trade to occur freely, provided that:

- all quarantine requirements are met (*Biosecurity Act 2015*); and
- all imported food safety requirements are met (*Imported Food Control Act 1992*); and
- the goods are truthfully labelled (*Australian Competition and Consumer Act 2010*).

More detail is available in [Australian Legal Framework for the Import and Export of Organic Products](#).⁷

⁷ Authored by MA Will for OISCC in conjunction with the Department of Agriculture and Water Resources (2016).

Imported organic products may be certified by overseas certifiers (who may apply standards consistent with those applying in the case of Australia's certified exports), may not be certified at all (as long as they are still truthfully labelled), or may even be certified by an Australian certifier against their private domestic standards (which may align with the National Standard or AS 6000). However, these standards are not mandatory or necessarily consistent—and they are definitely confusing for consumers.

Review of export regulations

The *Export Control (Organic Produce Certification) Orders* are subject to a sunset clause, such that it will expire after 30 June 2020. The Government is about to commence a review of the arrangements to determine what action it should take (if any). The review is expected to report by no later than 30 June 2018.

The review will take the form of a regulation impact assessment, as set out in the [Australian Government Guide to Regulation](#), which prescribes methods for measuring the benefits and costs of the regulation and sets questions which need to be answered to justify a regulation.

- What is the policy problem you are trying to solve?
- Why is government action needed?
- What policy options are you considering?
- What is the likely net benefit of each option?
- Who will you consult and how will you consult them?
- What is the best option from those you have considered?
- How will you implement and evaluate your chosen option?

The key period for influencing the review will likely be over before April 2018. The Government expects that the organic industry will lodge a submission and participate in consultation sessions. In addition, it would be prudent for the industry to start to plan for two possible scenarios:

- the organic export controls are removed
- the review provides an opportunity to reform the regulations

Any planning for restructuring or reformulation of organic industry arrangements should be undertaken with this changing context in mind.

Standards and integrity

Many stakeholders identified issues around the integrity of Australian organic standards as being critically important to the future of the industry and wanted these matters to be given consideration in the process of consulting on a peak body.

Central to the success of Australia's organic industry, is the need to maintain trust in a credible system of standards—including standards development, enforcement, compliance and education—and the ways to ensure that there is a system with high levels of integrity—high compliance, minimal fraud, strong consumer recognition. Concerns were expressed that, without these outcomes, there is an erosion of trust in organic products and pressure on prices from non-certified products.

Regulations pertaining to the production, import, export and sale of products claiming “organic or bio-dynamic” status are present in all three levels of Australia's governments, as well as in case law.

The treatment of organic products under Australia’s federal legislation is different depending on whether the organic products are destined for export or the domestic market. While the export of organic products is captured directly under Australia’s export legislation, organic goods produced for the domestic market and imported organic goods are captured indirectly through overarching legislation and regulation for foodstuffs.

Numerous attempts to have organic products recognised under food labelling laws or other forms of domestic regulation have been denied. However, the industry has not had a common view on the appropriate regulatory approach to improving domestic market integrity, and governments who have been reluctant to intervene in markets have easily dismissed such approaches.

Poor domestic market integrity is a direct result of:

- confused standards for organic certification, which do little to promote integrity and may even undermine it
- poor advocacy skills and disunity in respect of industry leadership

Protecting consumers

Consumers of organic produce are particularly vulnerable, in that they must rely on product labelling for information pertaining to the nature and composition of the product.

- Such claims cannot be easily verified by the consumer independently.
- In addition, organic produce is commonly sold at a premium price, due to the perceived health and environmental benefits.

These two factors place Australian organic consumers in a vulnerable position, as suppliers can easily take advantage of the financial benefits associated with such organic claims without due substantiation. This is particularly true with the labelling of organic products intended for the Australian domestic market, as such products can claim to be ‘organic’ without meeting the relevant standards, namely the AS 6000.⁸

A survey in 2014 of how consumers determine whether a product is organic was published in that year’s *Australian Organic Market Report*. Of 1001 Australian consumers that were surveyed, 64 per cent believed that an item was organic if the term ‘organic’ appeared on the produce label, whereas 34 per cent of consumers surveyed believed the item was organic if an organic certification symbol appeared on the produce label. The variation in results demonstrates that there is a lack of understanding among Australian organic consumers about the organic industry and organic certification processes.⁹

Despite the stringent food labelling requirements enforced by Food Standards Australia and New Zealand, the inconsistent organic labelling requirements undermine the rationale for the strict code in labelling requirements—FSANZ’s goals of ensuring consumer confidence, protection, informed decision making and the facilitation of an efficiently regulated food market.

The ACCC stipulates that consumers purchasing organic products should be able to feel confident that the ingredients are in fact organic. While truth in advertising is consistently on the ACCC’s *Compliance and Enforcement Policy* priority list, given the vulnerability of consumers of premium and credence

⁸ Christina Do (2015), Organic Food Labelling in Australia, *University of Queensland Law Journal*, Vol 34(1).

⁹ Ibid.

produce (including but not limited to organic produce), it is questionable whether the current organic co-regulatory framework within Australia adequately protects consumers.¹⁰

There is clearly an opportunity for the industry to form an alliance with consumer peak bodies to pursue better labelling of organic products and improved market integrity.

Taking a strategic approach to regulation and market integrity

The degree to which a peak industry body would get involved in issues of standards and their integrity remains an open debate. Many proposals were floated during the consultations which deserve serious consideration, including:

- a peak body should continue lobbying for domestic regulations and communicate the ways in which integrity is maintained
- the peak body should become an arbiter on disputes about standards and their application, for example by requesting certifiers show cause if there are consistent breaches of standards by operators
- the Organic Industry Standards and Certification Council should be accountable to the peak body
- a service charter should be developed that specifies expected levels of service between certifiers and certified operators
- professional development standards and training for inspectors should be coordinated nationally and/or a national system of accrediting inspectors and auditors should be established
- there should be an industry program to educate consumers of organic products about steps they can take to promote market integrity

At a minimum, it would be prudent for the industry to plan for a future where exports are not regulated under the *Export Control Act*. The current review of the arrangements must demonstrate that there is a clear net national benefit in the regulations; otherwise, the review may recommend that the arrangements be allowed to lapse.

But the industry should also engage fully with the review and seek to negotiate with the Australian Government to improve the overall regulatory arrangements for organic products.

Labelling and the National Organic Mark

A logo is a strategic business tool that may allow a company/brand/industry to be identified quickly by consumers and, through that identification, remind them of important consumer information—for example, about product safety, quality, status, region of origin, or nutrition. Instantaneous identification of a logo by a consumer and its link to the underlying information is critical; otherwise, a logo does not meet its full potential.

Each certifier currently has their own company logo that may be applied to products certified by them. They may also charge a licencing fee for this use.

Until 2005, the Department of Agriculture had a regulatory Mark that was available for industry use. Due to legal problems over its regulatory status, the Mark was discontinued and the OISCC led the

¹⁰ Ibid.

development of a replacement. The National Organic Mark is registered as a certified trade mark and, as such, the ACCC has regulatory powers under the Australian Competition and Consumer Act.

The National Organic Mark was a condition imposed by the South Korean government for gaining improved market access and, since then, has developed further to be used in other equivalency negotiations, including with the USA and China.

- The inability to conclude an equivalency agreement with the USA, first lodged in 2002 by the Department, is estimated to have cost Australian organic producers over \$2 million in additional certification fees and \$1 billion in lost trade opportunities.¹¹
- The implementation of equivalency with China has the potential to create over \$2 billion in additional exports by 2025, which would effectively double the current organic production in Australia.¹²
- The inability to conclude an equivalency agreement with the Korean Government, lodged in 2008, has been estimated to have cost Australian organic producers approximately \$1 million in additional certification costs and at least \$0.5 million in lost sales.¹³

Our consultations revealed a wide range of views about logos and the organic industry.

- Logos typically work with packaged products, but a significant proportion of organic product is not packaged. For producers of these unpackaged products, the logo issues are less relevant.
- Some operators identified strongly with Australian Organic's bud logo; however, most operators, including some clients of Australian organic, were ambivalent about it. Nevertheless, the bud logo does seem to be the most recognised logo for the industry.
- There was a low level of recognition of the national marque; but, in fairness, it is only about a year old and only used for some exports.
- Certifiers indicated that, even if there was an industry wide logo, they would continue to use their own company branding and logo, but may also choose to adopt the industry logo.

If the demerger of Australian Organic occurs and AOL retains ownership of the bud logo (rather than ACO) and AOL emerges as the preferred legal structure for the peak body, then it seems possible that the bud logo could emerge as an industry logo—at least for the domestic market.

A key issue in adoption of an industry logo will be the extent of licencing fees involved in the use of the logo. A nominal licencing fee is much more likely to lead to wide adoption of the logo.

Our view is that “which logo” is a second order issue. It's much more important that the industry:

- adopt one standard logo
- ensure that all certified organic products display the logo (if any logo is displayed)
- allow other logos, provided they don't detract from the industry logo

¹¹ MA Will (2016), *Market Opportunities for Australian Organic Produce*, Organic Systems and Solutions Pty Ltd.

¹² Ibid.

¹³ Ibid.

- most importantly, invest in educating consumers so that they firstly recognise the industry logo and recall that the logo provides a level of assurance about organic quality

Part 5 Industry growth and development

Industry development and promotion of Australian organics is currently fragmented and insignificant.

While the industry has still grown, it is likely to be missing many key opportunities.

Both national and some state governments have been involved—to differing extents between jurisdictions and over time—in efforts to catalyse an organic sector that is sustainable in the long term, market responsive and that makes the most of export opportunities.

The Australian Government is aware of the need for the industry to generate transformative capacity to promote organic farming growth, and has recently offered some seed funding to assist in this regard.

Planning for industry development

Peak bodies often play key roles in promoting growth and industry development, other than through directly lobbying governments. Industry development and promotion of Australian organics is currently fragmented and insignificant. While the industry has still grown, it is likely to be missing many key opportunities.

The consultations identified that a new peak body could play many roles in providing industry support and facilitating further industry development. Both national and some state governments have been involved—to differing extents between jurisdictions and over time—in efforts to catalyse an organic sector that is sustainable in the long term, market responsive and that makes the most of export opportunities.

Example—Victoria

The Victorian Government provided \$1.2 million for organic industry development during 2009–11.

The grant was largely spent on promoting the Victorian organic industry, establishing the value of the industry for Victoria, creating a central database of certified operators, developing an industry strategic plan, and communicating with the sector on key issues around industry development.

The program included trade events, conferences, five ‘conversion to organic courses’, and the development of consumer information (“The Benefits of Organic Agriculture”).

An industry committee, the Victorian Organic Industry Committee (VOICe), was created to work with government to oversee the roll out of the program.

Recent success in grant funding

On behalf of the industry, the Organic Federation of Australia submitted a grant application to the Australian Government under the Agricultural Trade and Market Access Cooperation program.

On 3 October 2017, AOIWG was advised that the application was partly successful. The Australian Government has agreed to fund up to \$100,000k (GST inclusive) to undertake:

- development of a Market Knowledge Report on premium markets for Australian commodities

- delivery of a Market Guide for how the organic industry can differentiate their products in competitive export markets
- analysis of the Market Readiness needs specific to Australian farmers, training and up skilling required and most cost-effective delivery options

This is the second successful grant application for organic industry market access projects under the ATMAC program. The Organic Industry Standards and Certification Council is currently completing a related market access project.

These activities must be undertaken in 2017-18 and focus on understanding market regulatory and technical requirements for trade for organic commodities. The activities need to assist with breaking down technical barriers to trade for Australian exports and secure new and improved access to premium markets.

The Australian Government decided not to fund the full application. The status of application components is as follows (GST inclusive), contingent on matching industry contributions:

Component	Amount Requested		Amount Offered	
	Govt	Industry	Govt	Industry
a. AHECC codes and market value survey <i>Dedicated codes for organic product exports</i>	\$275k	\$165k		\$100k+
b. Export strategy <i>Development of a Market Knowledge Report on premium markets for Australian commodities</i>				
c. Market guide <i>Delivery of a Market Guide for how the organic industry can differentiate their products in competitive export markets</i>			\$100k	
d. Market readiness <i>Assess and identify the export market readiness of the organic sector</i>				
h. Evaluation <i>Mid-term and final evaluation</i>				
e. Exports strategy <i>Develop a 5-year Australian Organics Industry Exports Strategy</i>				
f. Industry summit <i>Support extension and engagement of the industry in the development of this knowledge and priority setting, a series of workshops on elements b-d and then an Industry Summit to present element e, followed by a final public consultation.</i>				
g. Implementation plan <i>An Implementation Plan for the Australian Organics Industry Exports Strategy</i>				
TOTAL		\$440k		\$200k+

It is likely that the \$55,000 already raised by the industry counts toward the \$100,000+ that the industry needs to contribute to access the full amount on offer by the Commonwealth, but this needs still to be confirmed.

Given that the Australian Government is offering only a third of what was requested, the industry needs to reconsider the structure of its proposal and develop a project plan with the Government.

The project provides a further opportunity to demonstrate industry leadership with respect to one important opportunity identified throughout the consultations: organising and working collectively to grow Australian organic exports. Several opportunities were identified including:

- establishing an export desk to coordinate trade inquiries and facilitate contacts
- working to achieve recognition of Australian products and standards in export markets

- coordinating clusters of SME to generate export ready products
- forming an export traders association
- agreeing to use a standard Australian marque on export products
- working with Austrade on promotions in key markets

The project has the potential to explore a function that could become established as part of the mandate of a new peak body because for value chain development ways of enhancing communication along value chains is valuable. Sometimes active promotion within sectors and markets is needed to overcome constraints to growth. Sometimes there are issues with scale, investment, regulations and specific marketing that a peak body can help overcome.

Part 6 Roadmap

Consultations indicated that the industry leadership should proceed quickly to implement a new properly constituted peak body—so the industry can make progress on a multitude of policy and commercial opportunities.

It would be possible to establish a new peak body by 30 June 2018, but this would require a strong commitment from all industry leaders, seed funding and tight project management.

In addition to progressing the formation of a new peak body, the roadmap takes account of the review of arrangements under the Export Control Act and the delivery of the export market access project.

Peak body

Consultations indicated that the industry leadership should proceed quickly to implement a new properly constituted peak body, so that the industry can make progress on a multitude of policy and commercial opportunities.

It would be possible to establish a new peak body by 30 June 2018, but this would require a strong commitment from all industry leaders and sufficient seed funding.

The project was tasked with designing a process for engaging the organic industry in further stages, including possible consultations, intended to conceptually design a peak body. This included consideration of an industry summit. There may be merit in considering an industry wide, open invitation summit sometime during 2018, depending on how this report is received by key actors and the rate of progress in the various steps proposed after this current project.

Planning for the establishment of a peak body can be defined as a process of organisational design involving numerous sequential steps that would provide clarity for those involved. This project has provided an opportunity for testing support and thinking about key directions that will be critical to sorting through the specific issues between now and forming the new body.

Regardless of the timing of the formation we propose the following as the necessary steps to achieve the necessary agreement and constitute the entity:

Step 1—Agree the model

- AOIWG to endorse an option
- appoint project manager

Step 2—Communicate the model to all operators

- multiple communication channels / regional information sessions
- seek nominations for members and the members' council
- seek seed funding

Step 3—Formulate a formal proposal

- finalise constitution
- agree functions and resourcing
- agree financial model / threshold for proceeding

Step 4— Seek support for the model

- ask for financial pledges / membership
- elect a member council

Step 5—Incorporation

- legal steps to establish the peak body
- member council appoints a Board
- Board / member council considers key staff appointments

Step 6—Inaugural industry summit

Regulation Impact Statement—Review of organic export arrangements

The Australian Government is implementing a separate regulation impact assessment of export arrangements for the organic industry. The consultant undertaking that process will need to engage with the organic industry and will likely seek to do that through the AOIWG.

In addition, there will be an expectation that the industry (as represented by the AOIWG) will make a submission to the review. Indeed, it would be extraordinary if the AOIWG did not make a submission. It's likely the industry submission will need to be submitted by April and, as it may well take some time to develop and agree, so the process should commence before the end of 2017.

Export market project

The industry's application to the Australian Government to fund a range of export market access activities was partly successful. To take advantage of that offer of funding, the AOIWG will need to develop a project plan for:

- development of a Market Knowledge Report on premium markets for Australian commodities
- delivery of a Market Guide for how the organic industry can differentiate their products in competitive export markets
- analysis of the Market Readiness needs specific to Australian farmers, training and up skilling required and most cost-effective delivery options

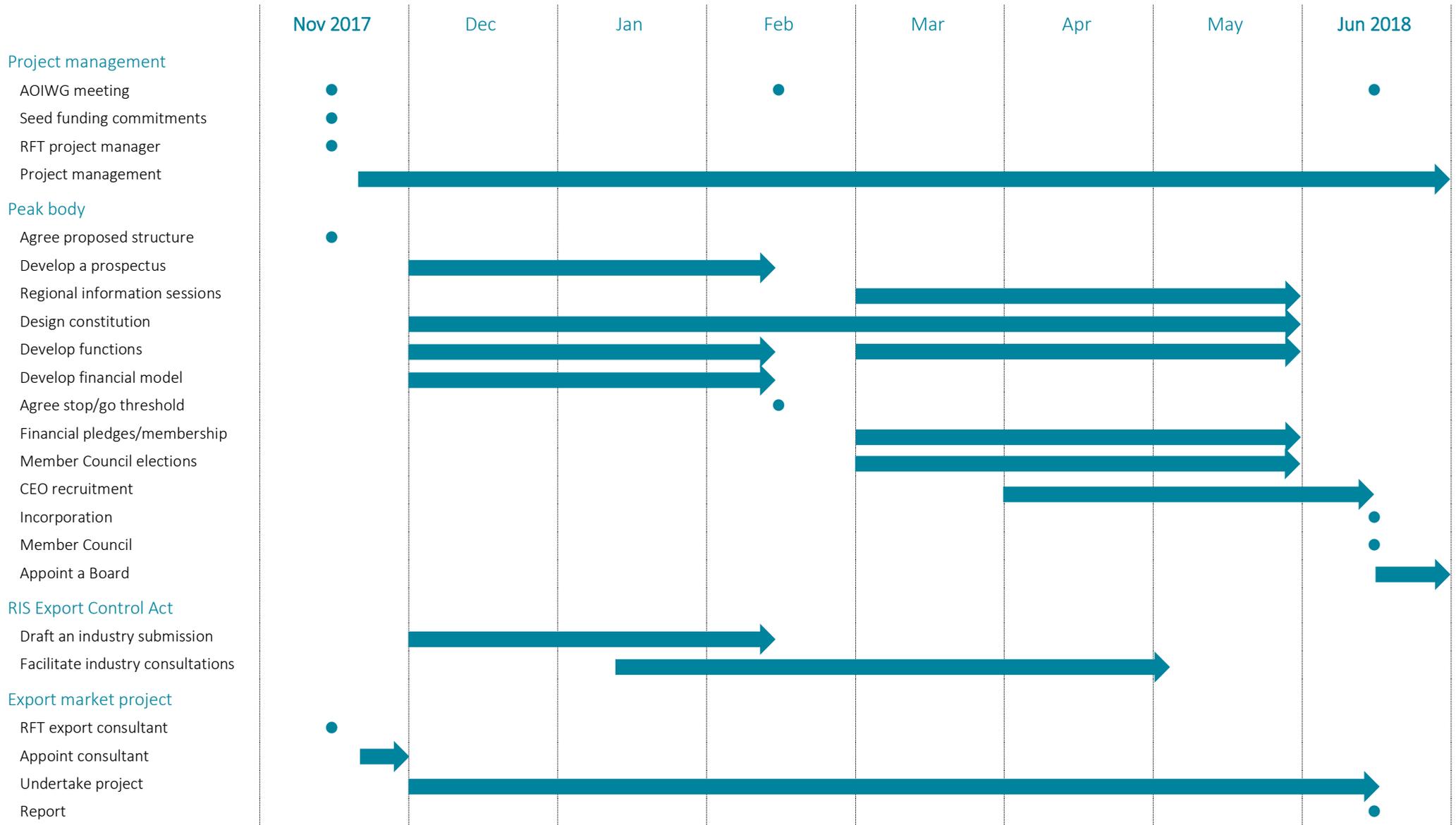
These activities must be undertaken in 2017-18 and will need a consultant to be selected and appointed to undertake that project in a rather compressed timeframe.

Project management

The role of the project manager would include:

- managing the peak body process
 - developing and analysing options
 - conducting information sessions
 - developing the constitution and engaging legal advice
 - developing detailed functions and staffing requirements
 - financial modelling and development of membership fee structure
- managing the recruitment of a CEO
- managing the RIS engagement and developing an industry submission
- secretariat services for the working group
- managing the export market project

Proposed roadmap



Attachment A: Project description

What we've been asked to do—the brief

Policy Partners was engaged by the Australian Organic Industry Working Group (AOIWG) to assist it to develop a roadmap to improve the representation of Australia's organic industry, with a view to establishing a harmonised national voice for all organic producers, certifiers and the supply chain.

Policy Partners and AOIWG agreed the following project plan:

Communications

Establish multiple channels as soon as possible: website; Facebook; Twitter; MailChimp newsletters (subscriber email distribution list); newsletters through existing communication channels (e.g. certifiers).

Executive support

Provide executive support services to the AOIWG:

- secure site for working papers, reference material and collaboration
- establish a clipart and photograph repository for WG to contribute social media content
- central email distribution list for the AOIWG
- recording minutes and action items from meetings and ensuring execution
- general secretariat services as required by Chair AOIWG

Government grants

Manage implementation and reporting in respect of any successful grant applications.

Explore options for government partnerships.

Engagement

Develop an issues paper to guide industry consultations.

Use the website social media to promote engagement.

Convene a workshop with AOIWG to provide guidance to the engagement process.

Convene up to 6 regional consultation workshops around issues in the discussion paper.

Conduct interviews with key industry and external stakeholders.

Succession

Develop a timetable and process for subsequent activities.

Consider different funding scenarios.

Develop terms of reference for a permanent project manager.

Provide for transitional arrangements and handover.

Report

Prepare a project report outlining the process undertaken, key lessons and recommended next steps.

Prepare an executable solution to the problem recognised by industry which is seeking a harmonised voice for industry, whilst ensuring a wide contribution in the development of the solution.

What we did—the project

Industry conference with Government

The Commonwealth Government convened a conference on 9 June 2017 with a steering group from AOIWG. This was a follow-up to forums convened on 8 December 2016 and 30 January 2017. The Commonwealth was represented by:

- Office of the Minister for Agriculture
- Department of Agriculture
- Department of Treasury
- Department of Industry
- Australian Competition and Consumer Commission
- Food Innovation Australia Ltd

Review of existing documents

We reviewed a range of existing material, including:

- three reports on the structure of a new peak body previously prepared for AOIWG
- documents and website pages on premium markets and the organic industry prepared by Commonwealth and State governments
- the Australian legal framework for the import and export of organic products
- documents and website pages on international trade arrangements for organic products
- the Organic Industry Research and Development Plan (2006-11)
- peer reviewed literature

Communication channels

To enhance national communication, a dedicated website (<http://onevoice.organicindustries.com.au/>) was developed and maintained to provide information on the project and to permit feedback via the web on key issues.

A Facebook page, Twitter feed and LinkedIn company page have been established, and the number of followers has been growing at a steady rate.

Workshop with AOIWG

After initial meetings with representative of the AOIWG and Commonwealth Government an issues paper and consultation questions were prepared with the Policy Partners conducted consultations between June and October 2017 holding consultation workshops in seven locations and via phone

discussions with organic industry actors and others including researchers and agricultural departments (see Attachment B).

The issues paper was introduced with a clear statement of the projects purpose and the reasons for the consultations:

This project has been initiated by the Australian Organic Industry Working Group (AOIWG)—industry leaders from across Australia who are collaborating with a view to establishing a harmonised national voice for all organic producers, certifiers and the supply chain.

Its envisaged that this project may result in a new national representative body that will be the voice of organic industries at national and state level and that promotes viable and sustainable industries with broad representation from all sectors.

To make sure that any representative body has broad support, the project aims to have industry-wide consultation and communication, and the involvement of all levels—from small boutique producers to major exporters and the organic certifiers.

It is critical that we understand the needs of the whole sector and the value that a representative body may be able to provide to its future members—so we want to we hear from the many voices across all of Australia's diverse organic industries.

The issues paper and subsequent consultation workshops were structured around seven themes:

1. value creation and a compelling business case
2. membership and corporate structure
3. standards and integrity
4. market access
5. improving R&D coordination and innovation
6. planning for growth and industry expansion
7. review of arrangements under the *Export Control Act*

The project gained evidence of the widespread and strong support for a new or revitalised peak body from growers, processors, wholesalers, exporters, retailers and certifiers. There was general support that the body should focus on the following primary functions:

- policy development and advocacy
- industry growth and development via national coordination and facilitation
- improving market access and exports
- building partnerships and strategic alliances
- research and development strategy development, partnerships and influence

The consultations identified a strong consensus on:

- the desirability and support for a new body
- the view that there should be no increase in grower or processor fees
- the need for domestic regulations
- the need to pursue opportunities to enhance industry growth

Attachment B: Key messages from the consultations

Introduction and summary

This section summarises broad observations from the consultations conducted between June and early October 2017.

There is a confluence of events that provide opportunities for the industry to form a peak representative body with greater capacity for representation, advocacy and coordination. The project identified that what is required for the organic industry to achieve representation is:

- new ways of approaching issues and opportunities
- improved partnerships with governments based on leadership and engagement
- a new generation of leadership that embraces new opportunities and approaches and jettisons historical baggage
- increased policy leadership by producers, processors and traders, along with the certifiers

Capacity for a harmonised voice has been identified as needed to assist the industry by representing it to governments and consumers. It is argued that the industry is currently fragmented and needs coordination or harmonisation of its representation.

Many industries, sectors and professional associations have learnt the value of having a national organisation or peak body to represent their interests, lobby governments and communicating on behalf of their members. Examples include: The National Farmers Federation; The Australian Conservation Foundation; The Australian Council of Social Service; The Mining Industry Council; The Australian Medical Association; Engineers Australia.

The workshops—location and dates

Date	Location	Venue	Key foci
9 June	Canberra	Dept of Agriculture and Water Resources	Government agencies and members of the AOIWG
2 & 3 August	Tweed Heads	Services club	Members of the AOIWG—identification of major issues
25 August	Narrandera	BioAg Pty Ltd	Consultation with certified growers and support industries in the NSW Riverina
30 August	Toowoomba	Toowoomba Showground	Consultation with certified producers and others in southern Qld, in conjunction with Qld Beef Week
20 September	Warragul	Community College Gippsland	Consultation with certified producers and support industries in Victoria—focus on horticulture and dairy
28 September	Sydney	Pasta Emelia	Exporters, value add, retailers and producers
3 October	Hahndorf	The Haus	Consultation with certified producers, certifiers and support industries in SA
5 October	Margaret River	Margaret River Community Centre	Consultation with certified producers, certifiers and support industries in south-west WA
6 October	Perth	Harris Organic Wines Baskerville	Consultation with certified producers, certifiers and support industries in the area surrounding Perth

Overview of themes

The Australian organic industry has grown steadily over the past three decades and has potential for further growth and value creation in the premium markets in which they operate. Specific types of representation are needed to ensure that industry development and business promotion needs are met in both the domestic and export markets.

As stated above, the consultations identified that there is widespread support for a new or revitalised peak body from growers, processors, wholesalers, exporters, retailers and certifiers. The idea was supported in principle because informants wanted to see more effective coordination, cooperation, advocacy and industry promotion including in export markets. There was also almost unanimous support for ways to ensure that the compulsory levies for R&D are targeted to industry needs via a greater focus on influencing the work of the RDC's.

Some common themes emerged.

- Industry regulatory arrangements are complicated and not well understood
- Overwhelmingly, most producers are concerned that domestic regulation is insufficient
 - Overseas many key markets protect “organic” under consumer laws
 - Australian consumer law treats “organic” as a generic term
 - More could be even be done by Govt/Industry to protect “certified organic”
- Some concerns were expressed that there are low levels of satisfaction with certification processes
 - This extends beyond normal mismatches of expectations of services and fees paid
 - Audits are viewed as an overly bureaucratic form ticking exercise
 - Auditors are viewed as inexperienced and unqualified to conduct audits
 - Concern about fraudulent operators who flaunt obligations to comply with standards
 - Need for charter or service standard
- Organics is haunted by historic disagreements, divergent mindsets and conflicting agendas—the need for forming a clean break with this past was often expressed
- No desire for increase charges to fund new body

Value creation and functions

Consultations at the workshops focused on value creation and identification of preferred functions.

These were the first major issues outlined in the issues paper which articulated the rationale for this focus as:

Value is generated to members through providing services and functions. Many of the benefits from these services and functions will also flow to stakeholders—the potential members and supporters.

Both financial contributions and goodwill can disappear rapidly unless the peak body continually delivers more in services and functions than its running costs—the organisational objective should be to maximise the net value created.

Net value can be created through the efficient provision of standard services; but long lasting value creation normally requires results-oriented actions and achievements around issues of key importance to members and stakeholders.

Having a clear value creation story is centrally important to determining the functions and services, scope and charter of the new peak body. By clarifying the options, the possible form and governance of the new body will also become clearer.

One critical question posed throughout the consultations was the extent to which a peak body should have a narrow or broad mandate. On the whole support was expressed for a body that focuses on supporting the certified organic component of the market, but that issues like health, environment and resilient communities could be attended to via partnerships and alliances.

Informants were also explicitly asked about what they saw as the preferred functions and services, with a question in the issues paper framed as:

"What functions and services could it deliver?"

- a. Whole of industry vision and priority-setting
- b. Policy development and position statements
- c. Advocacy
- d. R&D strategy and engagement with RDCs and researchers
- e. Industry support
- f. Compliance
- g. Education and training
- h. Marketing and market access

There was general support for a, b, c, d, e and h with debate about proposed compliance and education functions with a view frequently expressed that aspirations for these are best achieved via influencing other parties with direct responsibilities and/or via alliances with providers (as in education and training providers).

R&D strategy

With respect to research and development there was a strong consensus on the need to influence and direct R&D strategy and policy but not to engage directly with research except where this was for the purposes of advancing industry wide strategies.

On marketing, there was a common view that broad market access, market information and market development would all be within scope but that individual businesses are best placed to develop their own marketing facing strategies. Again, working via other entities like Austrade was proposed as the preferred *modus operadi*.

Market access

The consultations identified support for a peak body to be active in improving market access in export markets and in seeking additional support from Government for export market development. Activities suggested range from supporting an export desk through to negotiating equivalency agreements. The issues paper explains that:

From 2012, the European Union and United States implemented an organic equivalence arrangement, whereby their respective countries' certified organic products can be represented as such across the Atlantic. Among its aims are the reduced administrative burdens and new possibilities for trade on both sides. Previously, operations that wanted to trade products on both sides of the Atlantic had to obtain separate certifications to both standards, which meant a second set of fees, inspections, and paperwork. The European Union has also recognised eleven other third countries (including Australia) as having equivalent organic production rules and control systems.

Australian certifiers also have some reciprocal arrangements in place with certifiers in other countries, whereby the domestic certifier can offer certification to organic standards in the export country—for example, see [Australian Certified Organic](#).

Beyond market access, it is industry's responsibility to convert opportunities into business outcomes—including by marketing its own products. Industry branding has the potential to build on the strong reputation among overseas buyers of Australian agricultural commodities, and consumers of products such as Australian wine, red meat and dairy products. This would help link perceptions of Australian food to the unique strengths of Australia's agricultural production and biosecurity systems, and clean environment.

Financial sustainability (membership base and finances)

A key concern expressed was that growers and processes fee would be increased to fund a new peak body. There is no desire for additional fees. Identifying viable ways to fund the activities and services is critical. One possible approach would be levying licence fees for use of the national marque.

Attachment C: Seafood Industry Australia

This summary corporate structure for Seafood Industry Australia Limited (SIA) is provided as an example of an innovative approach to the design of Australia’s newest primary industries peak body. It is not a recommended structure.

Context

SIA was created as a new national peak industry body in 2017. SIA’s formation was the outcome of a two-year process involving consultations and commitments by seafood businesses and organisations from across Australia.

Seafood businesses agreed that there is a need for and value in forming an influential national body to represent the whole seafood industry on national and international issues. Before SIA was formed, 95 businesses, organisations and individuals had already pledged to become financial members.

SIA has been incorporated as a company limited by guarantee—this is a form of public company typically used for non-profit organisations. A company limited by guarantee does not have shares—instead, a member guarantees the obligations of the company in the event of a winding up, up to a capped amount of \$10.00 per member.

Membership

Membership of SIA is open to individual businesses, seafood industry associations and individuals from all sectors of the Australian seafood industry. It was designed as an inclusive organisation which provides avenues for all members to become involved and achieve better outcomes for the Australian seafood industry.

SIA has tiered membership categories for members, with different fees depending on the size of the organisation and voting rights.

MEMBER CATEGORIES	ANNUAL REVENUE	ANNUAL FEE
Voting members		
Largest business	>\$50m	\$20,000
Large business	\$5—50m	\$10,000
Medium business	\$1m—5m	\$2,000
Small business	<\$1m	\$1,000
Large association/ industry sector	\$150k—1m	\$5,000
Small association/ industry sector	<\$150k	\$2,000
Non-voting members		
Individual member	N/A	\$300
Affiliated/ allied small business		\$1,000
Affiliated/ allied large business		\$10,000

Objects

The primary objects of SIA as set out in its constitution are as follows:

1. to be the national peak body for the Australian Seafood Industry;
2. representing and furthering the interests of the Australian Seafood Industry with respect to both national and international issues affecting Members;
3. to work to increase the value of the Australian Seafood Industry;
4. to actively promote the good reputation of the Australian Seafood Industry;
5. to create and maintain an Australian Seafood Industry that is regarded by its participants and recognized by Members and others to be unified, effective and respected;
6. to foster understanding and unity within the diverse Australian Seafood Industry;
7. to inform and influence government and regulators, including working with government at all levels to ensure that the interests of the Australian Seafood Industry and Members are fully represented with respect to the design and implementation of public policy;
8. to be prepared for and responsive to current and emerging issues that have a national and sector significance for the Australian Seafood Industry;
9. to advocate and encourage sustainable practices within the Australian Seafood Industry to protect the environment;
10. to provide an advisory forum for all Members to engaged with the Company in its capacity as the peak body for the Australian Seafood Industry;
11. to promote improved communication, education and technology transfer to the Australian Seafood Industry through state associations, sector bodies and other appropriate avenues; and
12. doing all such things as are incidental or conducive to the attainment of all or any objects of the Company set out above.

Board renewal and rotation

A director of SIA will hold office for a term of three years and be restricted to a maximum of two terms (being a total of 6 years).

The initial board of seven directors will begin a rotation process from the second AGM with two directors retiring to provide an opportunity for new persons to be considered for appointment to the board.

A Selection Committee will be responsible for the selection of directors based on a skills matrix to be determined by the SIA board from time to time. The Selection Committee will consist of a director (acting as chair of the committee) and four SIA members, appointed by the SIA board. All SIA members will be invited to nominate candidates for appointment as directors to fill any vacancies that arise over the course of the year and/or as part of the rotation process. The Selection Committee will determine whether those candidates (along with any other candidates identified by the Selection Committee) possess the requisite skills and expertise to fill the vacancies on the board.

Following their deliberation, the Selection Committee will make two nominations for each vacancy on the board and the election of new directors by the members will occur at the next AGM.

Members advisory forum

A full Members Advisory Forum that is open to all members will be held annually, in conjunction with the Annual General Meeting. These forums will provide an opportunity for members to voice their thoughts on key issues facing their individual sectors and the larger seafood industry. This advice and comment will assist SIA to prioritise its action plan and establishment of policies.

In addition, SIA will hold a Members Advisory Forum the day prior to each board meeting. The location of each Board meeting will initially rotate between each Australian capital city.

Rights of members

Members will have the following key rights:

- **Annual General Meetings**—All members can attend and participate in the AGM (only voting members will be eligible to vote on AGM matters as per membership structure).
- **Members Advisory Forum**—All members will have the right to equally participate in the Members Advisory Forum to advise and assist in SIA’s strategic direction. As mentioned above, where possible a Members Advisory Forum will be held in conjunction with the timing of SIA board meetings including the AGM.
- **Director nominations**—All members have the right to nominate candidates for election to the board of directors in accordance with a selection committee process.
- **Communications**—Members will receive regular updates on SIA’s progress and outcomes.
- **Governance**—Members will receive a copy of the SIA annual report including a set of audited financial accounts.

Attachment D: Principles for governance and performance

Clear principles are needed to guide and provide adequate assurances for those who need to sign up, or sign over, to the new entity. An assessment can then be made against designing principles for good governance and high levels of performance.

Throughout the consultations, participants were asked about relevant criteria for assessing the options. They were asked 'What are the key success criteria?' defined in terms of what they thought would work and has a high probability of success.

Constituted to represent the full spectrum of industry interests

Peak bodies should have a clear mandate, charter and constitution. Any peak body for organics must be constituted to represent the full supply chain spectrum of organic industry interests from consultants and input suppliers, growers, processors, exporters, wholesalers, retailers and certifiers.

The organic industries pose a set of challenges for constituting a peak body, in that Australia's organic industries are diverse, spanning multiple bioregions and industry types, with many kinds of products and production systems. These span the entire length of the value chain and range through all kinds of production systems, from intensive horticulture to rangeland beef production, and from cosmetics to ciders, wines and spirits. This diversity poses several major issues, including how to organise and coordinate, and how to settle priorities and policies.

Open, transparent and democratic decision making

For a peak body to win trust and confidence, and to be trusted as representing the majority of the industry, there must be open, transparent and democratic decision-making processes. These processes need to be fair and seen to be fair. Confidence and trust will be eroded if there is a sense that an inner group is making the important policy decision behind closed doors.

Successful organisations work out how to have sound, democratic and open processes for key policy, strategy and financial decisions while also managing delegations in respect of these functions to their professional staff, board and executive.

Capable of inclusive policy development and effective advocacy

The way in which national policy is developed and agreed should be open and subject to both scrutiny and participation by all members before being advocated openly.

Generally, peak bodies have a clear processes and protocols on who can speak on behalf of the organisations. They usually have a governing board, sometimes a wider industry council, and established policy positions and ways of reaching broad industry positions.

Through the AOIWG, the Commonwealth is explicitly seeking the development of formal channels for dialogue. Therefore, the organic industry needs an organised framework to discuss, agree and present its views to Governments.

Robust debate on policy platforms within the industry is healthy, but debate or conflicting messages outside the industry is unhealthy and potentially calamitous in respect of both the key policy issue and the industry's credibility with external stakeholders.

There is a cacophony of voices struggling to be heard directly in the halls of power or via the media. The industry's message must be clear and unequivocal for the industry to have any relevance in broader forums.

Designed for good governance

Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.

Poor governance can be fatal for organisations and its leaders. Good governance matters in terms of legality, credibility, probity and respectability of an organisation's actions. A peak body would need to be designed, from the outset, in ways which require and enable good governance.

Good governance practices are critical for resolving conflicts, mitigating risks, and acting strategically.

There are detailed and extensive guides to good governance with many accepted principles and practices—see for example:

<https://www.governanceinstitute.com.au/knowledge-resources/guidance-tools/good-governance-guides/>

<http://www.companydirectors.com.au/director-resource-centre/corporate-governance-framework/framework>

<http://www.goodgovernance.org.au>

Operates legally and with efficient bureaucracy

Any new body would need to meet all national and state legal requirements. Organisations must have a minimum set of bureaucratic processes in place to meet legal requirements and good corporate governance standards. But, while bureaucracy can assist an organisation avoid poor performance, too much bureaucracy can impede strong performance—there is a need to strike the right balance for any organisation's unique operating environment.

Over time, there is a tendency for organisations to become more administratively complex or bureaucratic. Tailoring a peak body's ambitions to its financial and professional resources is important.

Generates value and is financially sustainable

A new peak body must have strong and widespread support, a compelling business case and engender confidence in its ability to generate value. Clearly articulating how the peak body will generate value to the industry, to its members, funders and supporters is critical to engendering confidence.

Throughout the consultations there was general support for the proposed functions (advocacy, policy, strategy, influence, coordination, communication), but concern that activities and priorities would need to reflect available funds.

Questions of value creation and hence sustainable funding were central to the consultations. To survive and succeed, a peak body must have in place a compelling business case that demonstrates to

members and potential members that the benefits of membership clearly outweigh the membership fees.

Engenders trust and goodwill and is widely supported

A peak body must have sufficient support from its members and stakeholders. To be successful, the organisation should be able to bring protagonists together, through inclusive processes, rather than alienating key actors.

In the case of organics in Australia, consigning past differences and animosities to history will be needed. Nonetheless, if there is a surplus of unacceptable reputational baggage that is beyond repair, it could impair the prospects of new start and of forming a functioning body. Furthermore, if significant actors are alienated, they are likely to undermine success or form splinter groups. This is perhaps the criteria most requiring deft diplomacy skills, noting that it will be difficult to satisfy the starting positions of all existing industry actors.

Enables regeneration of leadership

Throughout the consultations, there was a commonly expressed refrain about the need for a new generation of industry leaders to drive the industry and its organisations into the future. It would be timely for a new or revitalised peak body to enable a new generation of industry leaders to make a fresh start. Ensuring a balanced transition from experienced hands to new one is a tactical concern of those directly involved.