



Domestic Regulation Local Representative Pack

Statement of support

Australian Organic Limited (AOL) has been at the forefront of highlighting the need for consistent domestic regulation of the organics industry in Australia since the very first meeting with Government in February 2019. Since this beginning, AOL has advocated on behalf of its members and the industry more broadly, meeting with the Federal Government, State and Territory leaders, industry organisations, international colleagues and other important stakeholders. These discussions have demonstrated the benefits that consistency would provide for consumer confidence, operator credibility and industry-wide economic opportunities both domestically and internationally.

In June 2020, AOL provided an extensive discussion paper to Minister for Agriculture David Littleproud, highlighting the key challenges and opportunities that consistent regulatory reform would create for the Australian Organic industry. Over the next 6 months, AOL provided ongoing resources assisting the process for consideration.

In December 2020, Minister Littleproud announced the Organics Industry Advisory Group (OIAG) bringing together sixteen organic industry representatives; from producers to manufacturers, consumers to small growers, certification and industry bodies; to assess whether the current framework was fit for purpose and recommend what consistent domestic regulation should look like.

After discussions between January and June 2021, the OIAG agreed the current regulatory framework was not fit for purpose and made clear recommendations to Minister Littleproud on how the organic industry can reach its full potential.

Consistent, domestic regulation, designed to mirror the export requirements, will reduce the multitude of current issues organic operators are facing. These issues are highlighted in the report provided to Minister Littleproud on 29 June 2021 and include:

Consumer Confidence

Consumer confidence is an important requirement for any industry; if customers can't trust that a product is what it claims to be, then they won't buy it. Within the context of the organic industry, it was worrying to read that the 2021 Australian Organic Market Report found 31% of Australian shoppers believe they had been previously misled by organic claims on product packaging. The same research also found that almost 90% of food shoppers did not know there is no single definition for the term organic in Australia.

These statistics highlight the risks for the organic industry around regulation and the potential loss of confidence if the organic industry is not regulated properly.

Operator Credibility

Becoming a certified organic operator is the best way to achieve credibility within the organic industry. Due to the lack of consistent regulation in Australia, the status of certification is being manipulated by non-certified operators. Despite the cost of certification being \$1500 per annum on average across all certifying bodies there are still examples of non-certified operators who claim to be organic – charging more for their products due to the reputation of organic products.

There is also the issue of labelling, where non-organic operators will label their products as organic despite not being certified, or where only one of many ingredients in the overall product is certified organic, thereby taking advantage of operators who do the right thing and certify their products.

Market Access

When it comes to international market access, there are several technical barriers that mitigate successful trade. Since Australia does not currently recognise many organic equivalencies, especially our key trading nations, the cost of exporting to these countries is higher and requires navigating a web of red tape to achieve access. This is because organic operators looking to export will often be required to have additional organic certification for each respective country they trade with. With each required certification an additional cost is applied. This hinders the ability for Australian organic operators to export, meaning an overall loss of opportunity to them and the Australian economy.



It is AOL's recommendation that introducing clear domestic legislation would reduce the burden on organic operators looking to increase their market access, help navigate technical barriers to trade, while boosting Australian consumers' confidence when purchasing organic products.

AOL believes that a consistent domestic regulatory framework through legislation would allow more equivalence agreements to be negotiated with other countries, while helping protect certified operators in the domestic market.

This position is not about increasing regulation for organic operators in Australia. Rather it is about streamlining the regulatory framework that currently exists and removing the barriers to market access due to the lack of equivalency of domestic regulation.

For too long, organic operators in Australia looking to export have had to jump through different regulatory hoops across different markets due to the lack of equivalence. There is no reason to maintain the current system which hinders access to international markets while also raising questions around the authenticity of organic products sold within Australia.

On 26 November 2021, the Minister announced a Regulatory Impact Statement (RIS) as part of the next stage of reviewing and progressing the implementation of domestic regulation in Australia. AOL continued to work with the Government during this RIS process as part of the reconvened OIAG and provided advice to the Department of Agriculture and consultants from PriceWaterhouseCoopers on how to connect with industry stakeholders as part of the RIS.

Following the Minister's announcement The Department of Agriculture, Water and the Environment conducted surveys with businesses, consumers and roundtables (which AOL participated in) throughout January 2022. When these surveys were complete the Department announced a consultation RIS which ran from 18 February to 17 March 2022. AOL provided a comprehensive submission on behalf of its members highlighting the need for domestic legislation of the National Standard.

To help outline this position, AOL has compiled tables across the following pages to highlight the benefits of the legislated option, the benefits of the National Standard being the preferred domestic regulation, a breakdown of the pros and cons of the key options, and a comparative map comparing Australia's domestic organic framework to the rest of the world.

AOL invites you to add your name to the list of people who support consistent domestic regulation. To find out more please follow the link below.



Comparison of options

This table originally published in the consultation Regulation Impact Statement by the Department of Agriculture, Water and the Environment makes it clear that a legislated option is the most likely to achieve the objectives highlighted. ¹

Objectives	Status Quo	Regulation- New mandatory legislation scheme	Non-regulatory approach - Education campaign	Non-regulatory approach - Industry-led voluntary single standard
Correct market failures (if any)	Potentially	Yes	Potentially	Partially
Regulatory clarity	No	Yes	No	Partially
Prevent false and misleading claims	No	Yes	Yes – Potentially, through better informed consumers	Partially
Level playing field	No	Yes	No	No
Mitigate barriers to trade	No	Yes	No	No – trading partners may continue to expect government, mandatory system
Consumers access to better information	Potentially	Yes	Yes	Yes
Consumer choice	No	-	No	No
Consumer protection	No	Yes	No	No
Cost	Low	High	Low	Medium

¹ Department of Agriculture, Water and the Environment 2022, Domestic Organic Regulatory Framework: Consultation regulation impact statement, Australian Government, Canberra, accessed 13 April 2022.





Consultation Regulatory Impact Statement (RIS) Process

- The consultation process involved members of the Organics Industry Advisory Group (OIAG) commenced in December 2021 and carried over into the early months of 2022.
- The consultation RIS highlighted a choice between the National Standard and the AS6000 which is owned by Standards Australia.
- AOL strongly believes the National Standard should be the preferred legislated option due to the difference between the standards in terms of numbers of certified operations, oversight, review, value and recognition.

	AS6000	National Standard
Operations certified	~70	~3200
Oversight	No certification required	DAWE
		IOAS ISO/IEC 17065
	No accreditation of certification bodies required	DAWE approved Certification Bodies (6)
Oversight Type	--	Annual audit/ unannounced audit
Last reviewed	2015	2020
Responsibility for upkeep	No active committee	National Standards Sub Committee under The Organic Industry Standards and Certification Council - DAWE
Originated	2009	1992
Owner	Standards Australia	Federal Dept AWE
Total Value	Unknown	\$2.5B ²
Export Value	Not allowed	\$700M ³
International recognition	Nil	EU, Japan, Taiwan

² Australian Organic Limited 2021, Australian Organic Market Report 2021, Australian Organic Limited, Brisbane, accessed on 3 May 2022

³ Australian Organic Limited 2019, Australian Organic Market Report 2019, Australian Organic Limited, Brisbane, accessed on 3 May 2022

Options being considered as part of the RIS process:

The following options were discussed during both iterations of the OIAG, and were part of both the original OIAG report prepared for Minister Littleproud in June 2021 and the Consultation RIS prepared by the Department in February 2022.

Option 1 – An information standard under ACL

Pros:	Cons:
<ul style="list-style-type: none">• This option covers all organic products (including non-food products).• Makes use of an existing regulatory mechanism.• Provide legislative basis for the ACCC to prosecute false and misleading labelling claims.	<ul style="list-style-type: none">• This option does not address production.• Historically the ACCC has not been effective in proving misleading claims for organics.

Option 2 – A food standard under the Australia New Zealand Food Standards Code

Pros:	Cons:
<ul style="list-style-type: none">• This option would be cheap to implement.• It would also make use of a pre-existing mechanism.	<ul style="list-style-type: none">• The proposed food standard could not operate under a co-regulatory model.• There would be no certification mechanism.• The code cannot support mandatory certification.• The standard is limited to food.• Enforcement of the code is undertaken across different States and Territories.

Option 3 – A mandatory standard via standalone Commonwealth Legislation

Pros:	Cons:
<ul style="list-style-type: none">• This option is likely to provide the most flexibility.• Would be able to incorporate a co-regulatory model.• Ensures consumer confidence and market integrity.• Would allow for Australian domestic standard.	<ul style="list-style-type: none">• Would likely involve a large implementation cost.• Risk for smaller operators who claim to be organic.• Would not cover sales within a State between two unincorporated bodies.

Option 4 – Industry-led approach

Pros:	Cons:
<ul style="list-style-type: none">• Would simplify the fragmented regulatory system.• Unified logo would increase consumer awareness.• Decrease time and regulatory burden of accessing and understanding different standards.	<ul style="list-style-type: none">• Would not allow for the negotiation of equivalency arrangements.• Limited choice or protections for consumers.• Would be a slow incremental approach.

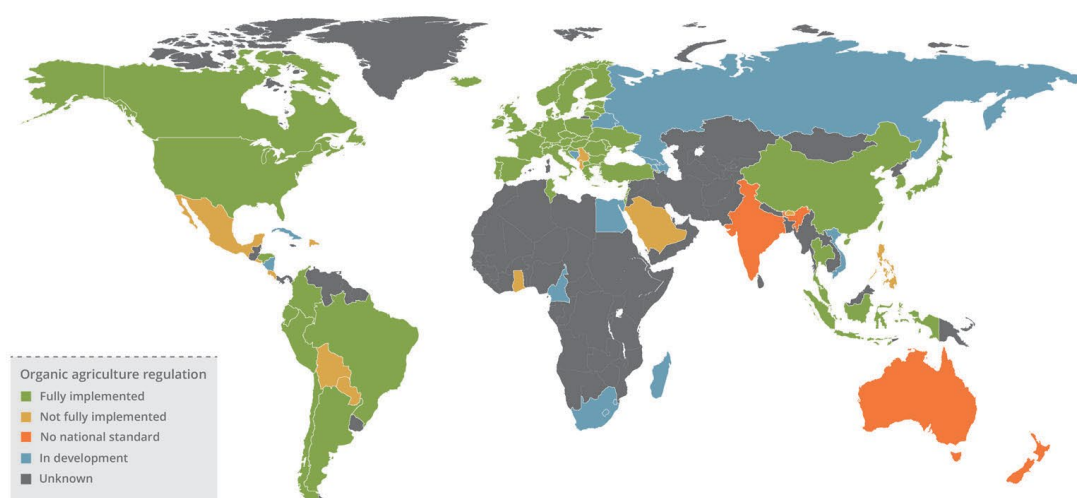
Domestic Regulation across the world

- These maps highlight the changes in domestic regulation for organic products across the world between 2016 and 2021.
- As can be seen, Australia and New Zealand are the last two developed nations yet to introduce domestic regulation. However New Zealand currently has drafted legislation which is currently before its parliament.



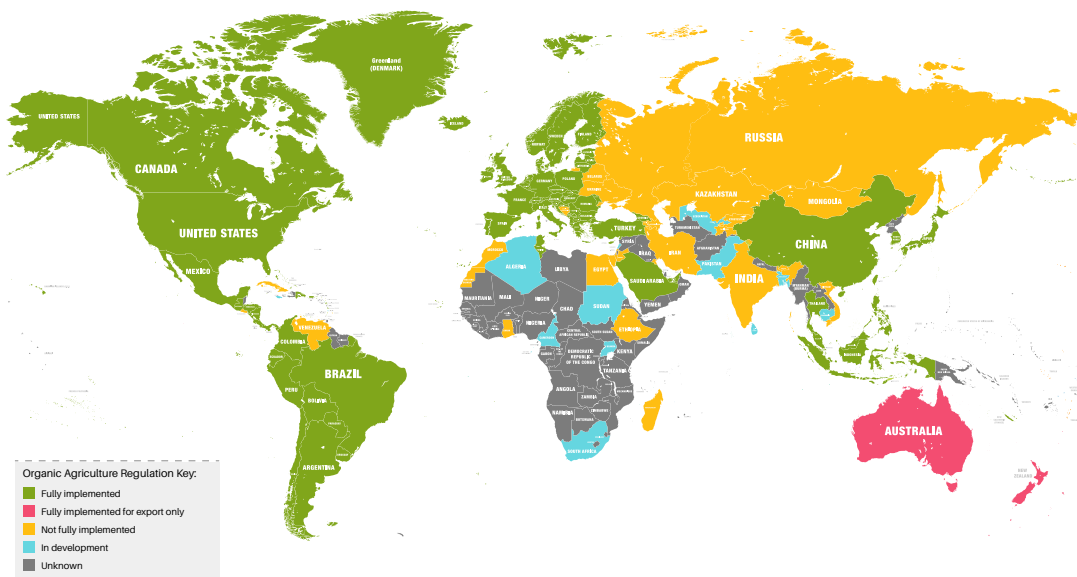
Countries with Organic Regulation (2016)

Australia is lagging behind in terms of establishing a domestically enforced national standard for organics and legal/regulatory protection for the phrase 'certified organic'.



Countries with Organic Regulation: 2021

Australia is lagging behind global standards and is one of the few remaining developed nations to have an enforced domestic standard for the use of the word "organic". The only way an Australian consumer or handler can be certain a product is truly organic is to look for a certification mark.





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