



Summary

Australian Organic Ltd welcomes this Senate review, recognising the independent, transparent nature of organic certification and organic standards in Australia, and the opportunity for our industry to showcase this to government and the public.

Australian Organic Ltd is a not for profit organic industry services organisation, owned by members of industry and interested organic stakeholders including consumers. It has operated since 1987. Its independent subsidiary Australian Certified Organic (ACO) certifies some 1900 organic business operators in Australia across the supply chain from farm inputs, to farms, processors, handlers and retailers.

Australian Organic Ltd is respected for its biennial industry publication it commissions: the Australian Organic Market Report, which benchmarks and tracks organic industry growth www.austorganic.com. It funds an education program www.organicsschools.com.au; an Organic Awareness Month; along with industry excellence awards and other industry member services.

The Australian Certified Organic logo is on the majority of Australian organic products, its recognition and respect growing from Australian consumers.

The organic industry in Australia has a national peak council: the Organic Industry Standards and Certification Council (OISCC) which manages the National Standard (NS) program that has been in place with full certified organic industry and government support since the early 1990s.

The organic industry is serviced well by competition for provision of organic certification services via 6 separate government accredited certification agencies, certifying to the National Standard. Australia has an open domestic marketplace without the term organic legislated. Responsibility for action taken on misuse of the term organic and certified organic therefore falls on the certification industry, working in concert where relevant with the ACCC and fair trade agencies. Ultimately this is a market driven and supported production system attribution claim which requires vigilance from consumers in looking for, and buying, *certified* organic products under a recognised logo.

The organic industry would welcome additional resourcing and involvement of the ACCC in particular that would complement and assist the industry's co-regulatory system in Australia – which is otherwise a paragon of independent standards setting and industry self-regulation, enjoying high levels of consumer recognition and respect.

Key points

National organic standards, peak representation to government, and structure of the organic certification services sector:

- The government (Department of Agriculture, DoA) directly accredits 6 (third party) certification companies, specified in Law via the Export Orders which deems organic a "prescribed good" for export
- These groups at a minimum certify operators to the National Standard (NS) requirements - one of the highest standards in the world - which mandates certification in order to use the term organic
- This program is a "co-regulatory" arrangement between government and industry, with government advised via the peak Council OISCC on all standards and certification matters
- The presence of this standard and export program has, over the past two decades, enabled international market access for Australian organic producers and exporters
- **Organic as a term is clearly defined and uniformly understood in international documents (via the WTO's Codex Alimentarius as well as IFOAM) and at national levels (USDA NOP; EU; etc and in Australia via government national and private industry standards)**
- Standards are determined and reviewed regularly by technically competent representatives of industry, government, consumer groups, producers, retailers and others. Equivalence with international organic standards requirements remains a core driving logic of Australian standards, along with alignment of consumer expectations about organic
- **The use of third party accredited certification services is an internationally recognised means of governments regulating markets which have legislated for the term organic**
- **For an end product to be labeled as certified organic to national standards, the entire production chain (from farm/s, through to processors and handlers) requires audit and certification**

Explanation of ACO organic certification programs:

- Australian Certified Organic (ACO) is accredited by the Australian Government (DoA) for certification of organic products to the NS, as well as to other government organic programs, ensuring market access for its clients including USDA NOP, EU organic program, Korea, Japan, and for other markets via the IOAS. It is accredited to ISO 17065, along with for provision of services such as Freshcare for on-farm food safety
- **ACO is the largest certifier, certifying over half of all Australian organic farmers, the majority of exported products and some 80% of end label users domestically under the ACO Bud**
- ACO works actively with most major as well as leading independent retailers via education and review of organic products ensuring products comply with national or internationally recognised standards and certification (including for imported products)
- **ACO and its Bud logo were the winners of the inaugural (and only) Choice Food Endorsement Awards** - underscoring the independence

of industry standards setting processes, the third party certification requiring minimum annual audits, and recognition by consumers of the organic Bud brand

- ACO, via auditors and technical staff, conducts annual and unannounced audits, label checks, ingredient checks, product testing and compliance directives to businesses using its organic logo

Costs of certification:

- ACO has certification programs catering for smaller producers through to large operations, on a sliding scale of fees starting from \$495 per annum for small scale farm operators and capped at less than \$5,000 (ex GST) for the largest operations (farm and processing/handling)
- **ACO maintains its charging structure to assist smaller to medium enterprises as they develop, while also ensuring that financially it is not beholden to any large or singular commercial interests, by maintaining capped and low charges**
- Costs of certification for the majority of clients are estimated to be between less than 1% of wholesale cost of a certified organic product down to as little as 0.001% in the case of large volume operations
- ACO competes in an open marketplace for certification services with the other 5 government accredited certification groups
- **Funds raised by the certification programs are channeled back into assisting in regulating, testing, spot inspections, market access and trade and consumer education**
- The costs of the certification programs are fully managed and borne by the market (industry and the trade, and therefore consumers) i.e. they are not subsidised by the taxpayer

Regulation of the marketplace and non-compliant products:

- **While organic certification in Australia is a paragon of industry-government co-regulatory approach to managing market compliance, there is no legislation domestically defining "organic". The certification programs are used by the marketplace and industry to self-regulate the market for consumers**
- New Consumer Laws (2010) have assisted the ACCC in taking action against larger scale operations that have attempted to misuse the term organic, which industry has welcomed
- Actions taken by ACO against non compliant products or operators have also assisted in ensuring that products in the marketplace claiming certified organic status are indeed that
- Standards Australia has in more recent years, in concert with industry, government, Choice and the ACCC, mirrored the NS and established the AS 6000 organic standard, which may, according to the ACCC, in concert with other private standards (e.g. ACOS) and the NS enable easier prosecution of cases of misuse of the term organic. This AS standard is not directly utilised by the certification industry, which uses the existing NS program. Industry, via the OISCC peak council intends to determine in the coming year which base standard will be utilised by

the certification industry going forward. Both the NS and the AS 6000 standards are effectively identical in application at operator level and therefore industry does not expect any impacts on the consumer market nor the trade with these decisions over the coming year ahead.

- **Industry remains seeking greater support and action from ACCC in cases of overt fraud by operators misusing the term organic on products in Australia, while expecting the DoA to take action in relation to products that may be exported as organic but found not to be compliant with the NS.**
- While industry has called for some years for government to legislate the term organic domestically, it is informed by government departments that this would only be considered in the event of significant market failure. Government agencies point to the industry having a uniformly and nationally applied standard, related third party certification programs, and widespread market support for these programs (from major retailers and leading independent retailers) as arguments against suggestion of any significant market failure. This is not always the case and in relation to less easily regulated market domains such as uncertified independent retailers and some farmers' markets there remain cases where consumers could be at risk if buying uncertified products.
- **To ensure protection and confidence in obtaining what they are paying for, consumers are advised to purchase only *certified* organic products, certified to industry recognised and endorsed standards under a respected and recognised organic certification logo such as the ACO Bud logo.**

Reference links:

www.austorganic.com for the Australian Certified Organic Standard

<http://austorganic.com/ao-market-report/> for direct link to Australian Organic Market Report

www.organicsschools.com.au for information on this education program

www.aco.net.au for outline of certification requirements and documents

www.oiscc.org for outline of National Standard and processes for review