



Supplementary Submission to the Senate Inquiry for 'National Organic Standard Bill 2024'

Rural and Regional Affairs and Transport Legislation Committee

On behalf of: Organic Development Group

Executive Summary

The Organic Development Group (ODG) welcomes the opportunity to provide a supplementary submission to the inquiry and thanks all stakeholders for taking the time to provide their thoughts on the *National Organic Standard Bill 2024* (The Bill). Upon review of the responses, the ODG acknowledges the overwhelming support for domestic regulation of organics in Australia, with 25 of the 26 submissions in favour. The robust evidence provided by 15 organic operators, alongside the ODG's submission representing nine industry bodies including all five Australian certifying bodies, will aid the committee in understanding the challenges currently facing the organic industry in Australia.

The majority of submissions (18 of 26) supported the Bill in its current format, with the remaining submissions supportive but with some suggested variations or questions. This supplementary submission aims to provide additional context for the committee around any concerns raised by:

- i) addressing key concerns and opportunities raised;
- ii) providing an additional case study demonstrating and quantifying current challenges faced without domestic regulation (from the world's largest organic beef producer); and
- iii) correcting data provided in the original ODG submission.

The ODG and its representative's welcome questions from the committee concerning this supplementary submission, as well as its original submission.

Key concerns and opportunities raised in submissions

a. Positive Considerations and Opportunities

The ODG represents greater than 90 per cent of the organic industry, including all five certification bodies in Australia as well as the two largest industry bodies. The vast majority of the sector is aligned in wanting domestic regulation and to them, the National Organic Standard Bill 2024 is the best way to achieve this goal, as it would unlock significant opportunities across the organic industry by removing long-term barriers.



More than 3000 operators in Australia have gone through the process of becoming certified organic – these operators recognise the Bill’s potential to protect them from having to compete with uncertified organic products. The key question is not whether uncertified operators are at a disadvantage, but whether certified operators—those who pay to maintain certification and uphold strict standards—are unfairly disadvantaged. The industry consensus, as evidenced by the responses to the submission process, strongly supports the latter perspective.

It also worth noting that even amongst non-certified organic operators, approximately 45 per cent were in favour of some compulsory certification of organic products in surveys conducted for the PricewaterhouseCoopers cost-benefit analysis in 2022.¹

Export market access was identified as a primary opportunity in many submissions, with operators seeking to sell organic products overseas often facing significant barriers. The Bill has the potential to address these current challenges, which include:

- Giving up or limiting exports due to the costs and complexities of maintaining multiple certifications along the supply chain²; or
- Selling certified organic products as conventional goods because they cannot meet the organic certification requirements of markets such as the United States³.

These challenges highlight the shortcomings of Australia’s current organic regulatory system and the pressing need for reform. Organic operators widely recognise the introduction of the Bill as a critical step towards improved market access and greater support for certified organic products.

Overall, the submissions noted that the Bill represents an opportunity to:

- Align Australia’s organic industry with international standards;
- Level the playing field for organic operators;
- Remove unnecessary cost and complexity by moving to a single standard for domestic and international certification, and;
- Improve truth in labelling and consumer trust in organic labels.

b) Key questions or concerns

As forementioned, responses to the first round of submissions to the National Organic Standard Bill inquiry were near unanimous in favour of introducing some form of domestic standard for the organic industry.

Of the 26 submissions received, the Department of Agriculture, Fisheries and Forestry (DAFF) was the only respondent that did not take a definitive position for or against the Bill. DAFF instead stated

¹ KG2 2022, *Organic Industry Data Collection: Report 2022*, Australian Government.

² *Kialla Pure Foods Pty Ltd 2024*, Inquiry into National Organic Standard bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 19*.

³ *Kehoe’s Kitchen 2024*, Inquiry into National Organic Standard bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 11*.



that “further investigation is needed to gain greater insight as to how the Bill would affect organic operators and consumers.”⁴ The Department also raised questions seeking clarification regarding monitoring compliance, trade obligations, organic certification, the labelling of organic goods, and the impacts on organic operators.⁵ These considerations are discussed and addressed in detail in the next section.

Below are the remaining queries and concerns from various stakeholders:

Which Standard?: Three of the 26 submissions expressed a preference for using the AS6000 over the National Standard, due to a belief that it is the standard most likely to be recognised within the judicial system given its alignment with other international standard regimes.^{6,7,8}

Exemption Threshold: Two of the 26 submissions queried the \$25,000 exemption, with the Australian Honeybee Industry Council (AHBIC) questioning the proposed \$25,000 exemption and its impact on smaller honeybee producers, and CropLife expressing concern that this exemption could lead to misuse of the term “organic.”⁹

Cosmetic Exemption and Participatory Systems: Two of the 26 submissions noted the exemption for cosmetics as a consideration, with concern that this may undermine the Bill’s overall effectiveness.¹⁰ Additionally, one submission recommended the consideration of Participatory Guarantee Systems (PGS) as a certification model for smaller operators claiming to be organic.¹¹

CropLife, while supportive of the need for a domestic standard, raised several considerations, including: the potential for misleading claims from the organic industry; labelling of organic products; the proposed threshold for exemptions; transparency of the organic industry, and the industry’s zero-tolerance policy on GMO.¹²

Organic Development Group Response

⁴ Department of Agriculture, Fisheries and Forestry 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 21*.

⁵ Department of Agriculture, Fisheries and Forestry 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 21*.

⁶ Organic Operators Australia 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 13*.

⁷ John Furbank 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 22*.

⁸ Standards Australia 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 26*.

⁹ CropLife 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 24*.

¹⁰ John Furbank 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 22*.

¹¹ Peter Barrs 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 18*.

¹² CropLife 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 24*.



To assist the committee, the ODG provides the following responses to the concerns raised above:

Which Standard?

While there was broad agreement on the need for domestic regulation, two submissions suggested that the AS6000 should be the preferred standard over the National Standard.¹³¹⁴ The main argument was that the AS6000 better adheres to domestic and international standard conventions than the current National Standard for Organic and Bio Dynamic Produce (National Standard).

Standards Australia in their submission also noted the importance of aligning with international standards.¹⁵ The National Standard is already recognised internationally through current equivalency agreements.

There are currently only 120 operators out of the approximately 3000 certified organic operators in Australia¹⁶ using the AS6000, meaning the vast majority of operators in Australia would have to change, adding further costs. Standards Australia noted their support for an organic standard that is adopted and supported by industry, consumers, and supply markets.¹⁷ Given the near universal use of the National Standard by organic operators, it is arguable the National Standard is more likely to achieve this goal, which is why the ODG supports its designation as the preferred standard within the Bill. Additionally, transitioning to the AS6000 is likely to involve significant costs in both time and money to renegotiate current equivalence agreements from the National Standard to AS6000, as well as updating the AS6000 and setting up a new regulated framework if it were to become the regulated standard.

Questions were also raised about private standards and their continued authority.¹⁸ Under the Bill, private standards will no longer be used for domestic certification. Standards such as Australian Organic's Australian Certified Organic Standard (ACOS) and the NASAA Organic & Biodynamic Standard will only be used to support existing international conformity assessment arrangements.

State vs. Federal: Who Has Legislative Authority?

¹³ *Organic Operators Australia 2024*, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 13*.

¹⁴ *John Furbank 2024*, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 22*.

¹⁵ *Standards Australia 2024*, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 26*.

¹⁶ ACIL Allen, Mobium Group, & NielsenIQ. (2023). *Australian Organic Market Report 2023*. Australian Organic Limited.

¹⁷ *Standards Australia 2024*, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 26*.

¹⁸ *Department of Agriculture, Fisheries and Forestry 2024*, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 21*.



One submission argued that the use of the National Standard would not be allowed due to constitutional convention, and that any effort to create a domestic standard would require the approval of state governments.¹⁹

Section 51(xviii) of the *Constitution* provides the Commonwealth with the power to legislate with respect to trademarks and other categories of intellectual property.

Section 7 of the proposed Bill, under the definition of “regulated sale,” includes²⁰:

- A corporation
- Sale involving the use of a logo, mark or sign that is the name, substantially identical or deceptively similar to an issuing body’s registered trademark or intellectual property.
- Sale or trade or commerce among the states or trade or commerce within a territory, between a state or state and territory, or between two territories.

Furthermore, the penalties for non-compliance under the Bill mirror those in the current Export Control Act 2020, which governs organic exports.

The Administrative Arrangements for Approved Arrangements are the DAFF’s requirements for approved certifying bodies inspection and certification operations for the export of certified organic and bio-dynamic goods.²¹

The DAFF’s management of inspection and certification for the export of certified Australian organic and bio-dynamic goods is underpinned by the Export Control Act 2020 (the Act), the Export Control (Organic Goods) Rules 2021 (the Rules), the National Standard for Organic and Bio-dynamic Produce (the National Standard) and the administrative arrangements for approved certifying bodies.

Once the Bill is enacted into Federal legislation, authority will rest with the Federal Government rather than the states.

Resources

DAFF raised concerns about resourcing for organic certification and monitoring compliance, particularly for certification bodies and their ability to audit businesses that become certified.²²

The Bill provides a three-year transition period from assent, allowing certification bodies time to educate and allocate resources for the additional auditing workload before the legislation becomes mandatory. The recent dissolution of certification body AUS-QUAL is testament to the five current

¹⁹ *Organic Operators Australia 2024*, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 13*.

²⁰ The Parliament of the Commonwealth of Australia 2024, *National Organic Standard Bill 2024*, section 7: Definitions ‘regulated sale’.

²¹ <https://www.agriculture.gov.au/sites/default/files/documents/administrative-arrangements-for-approved.pdf>

²² *Department of Agriculture, Fisheries and Forestry 2024*, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 21*.



DAFF-approved certification bodies' ability to meet market demand for certification, having absorbed all additional clients seamlessly. Additionally, given the potential expansion for certification across the organic industry, potential growth opportunities exist for new certification bodies to enter the market and distribute the workload more evenly.

Competitiveness

DAFF also noted concerns around the competitiveness of the industry, particularly if smaller operators must become certified under the Bill.²³

However, it can be argued that uncertified businesses claiming to produce organic goods already operate at a competitive advantage. Such operators can charge a premium for their products without undergoing the costly and rigorous auditing processes required of certified operators. Meanwhile, there is no competitive advantage for existing certified operators who continue to incur the costs associated with certification.

This situation creates an uneven playing field, which the Bill seeks to rectify. It ensures fair competition for certified operators by requiring all businesses claiming "organic" to adhere to a consistent standard.

Exemptions

Some submissions raised concerns about the \$25,000 exemption for smaller operators and the exemption for cosmetic products.²⁴²⁵

The \$25,000 threshold aims to acknowledge that smaller producers may lack the resources to pursue organic certification. While the concern is that this will undermine larger operators who have gone through the correct process, the explanatory memorandum to the Bill provides leeway for an alternate figure as prescribed by the rules.²⁶ Therefore, if issues are identified with the proposed threshold, the Bill provides flexibility to revise this threshold through its review process, although it can only be raised higher under the current form of the Bill.²⁷

Operators who are exempt according to this threshold still have the responsibility to prove they are adhering to 'organic' principles. If an operator is claiming to be organic and selling produce under the threshold but is not adhering to the principles of the National Standard, then they could face penalties if they are unable to support their claims.²⁸

²³ Department of Agriculture, Fisheries and Forestry 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 21*.

²⁴ Australian HoneyBee Industry Council 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee 17*.

²⁵ John Furbank 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 22*.

²⁶ Parliament of the Commonwealth of Australia 2024, *National Organic Standard Bill 2024: Explanatory Memorandum, Senate*

²⁷ The Parliament of the Commonwealth of Australia 2024, *National Organic Standard Bill 2024*,

²⁸ The Parliament of the Commonwealth of Australia 2024, *National Organic Standard Bill 2024*,



Regarding cosmetics, similar legislation in other countries limits regulation to agricultural products. An example of this approach can be found in the US and is detailed in a USDA National Organic Program factsheet.²⁹

Prior to the revision of the Export Control Act in 2020, organic cosmetics being exported from Australia had to meet the National Standard. However, following Department consultations, it was determined that importing countries do not require organic certification for cosmetics. The cosmetic section of the National Standard is also too narrow and restrictive for most cosmetic compounds other than simple products such as essential oils.

As a result of this review and consultation, cosmetic products were deemed not to be 'prescribed goods' for the purposes of the Act and therefore not subject to the export requirements of the [Export Control \(Organic Goods\) Rules 2021](#).³⁰

Cosmetics production and labelling requirements differ significantly from agricultural products and should be managed by the relevant regulatory body. This appears to be the conclusion of the regulators in the existing regulated markets. Therefore, regulating these goods under the Bill would not be practical or necessary.

Participatory Guarantee Systems (PGS)

There were also some concerns raised about Participatory Guarantee Systems (PGS) and whether they should be considered as part of the Bill.³¹

The concerns around PGS relate to the quality of auditing and compliance under the PGS system where there is no regulatory oversight from DAFF and an independent, third-party accreditation body.

Unlike DAFF-approved certifying bodies, PGS producers are not subject to independent accreditation or impartial auditing. In Europe, PGS producers cannot label their products as 'organic' but can market them as being produced using organic principles.

DAFF-approved certifiers are required to:

- Be impartial;
- Have no conflicts of interest;
- Undergo annual training and regular audits witnessed by DAFF and ISO 17065 accreditors.

Trade Obligations

²⁹ United States Department of Agriculture 2008 *Cosmetics, Body Care Products, and Personal Care Products*, National Organic Program, <https://www.ams.usda.gov/sites/default/files/media/OrganicCosmeticsFactSheet.pdf>

³⁰ *Export Control (Organic Goods) Rules 2021*.

³¹ Peter Barrs 2024, Inquiry into National Organic Standard bill 2024, Rural and Regional Affairs and Transport Committee, Submission 18.



DAFF noted that the Bill must comply with the World Trade Organisation (WTO) Agreement on Technical Barriers to Trade, which requires that conformity assessment procedures impacting trade be considered in their draft stage by WTO's Technical Barriers to Trade Committee for comment.³²

In response, the ODG recognises these concerns. If the committee recommends that the Bill be passed, or that legislation be put in place to ensure domestic standards for organics, the ODG trusts that the government will follow the appropriate process when it is able to do so.

Costs

DAFF raised concerns about cost recovery, with reference to the findings of the cost-benefit analysis undertaken in 2022³³. DAFF was also concerned about the cost impacts on smaller operators. They stated: "To resolve this, low or no-cost certification would be necessary. This potential issue may be exacerbated by the fact that the Bill allows issuing bodies complete discretion as to the amount of fees that can be charged (provided they do not amount to taxation) and does not include a mechanism for the Commonwealth to set fees (for example, by way of subordinate instrument)".³⁴

Under the Bill, there would be no mechanism for the Commonwealth to facilitate low or no-cost certification³⁵. However, the required review process could assess whether such mechanisms are necessary or of potential broader benefit to larger environmental outcomes as seen in other markets such as the European Union.³⁶

In response, the ODG notes that cost recovery by the DAFF for the National Standard as the export standard is by invoicing the approved certifying bodies each year³⁷.

DAFF could consider cost recovery options for the new domestic organic regulation in line with other existing cost recovery models. It is also expected, based on even a one per cent increase in export growth highlighted in the 2022 PricewaterhouseCoopers cost-benefit analysis³⁸, that increased exports of organic produce would have a positive impact on the Australian agriculture industry. This is due to the increase in tax revenue from certified organic operators who choose to export because of the Bill.

Approved certification bodies all have different operating expenses as a cost of holding accreditations, enabling them to offer organic certification services which are covered by

³² Department of Agriculture, Fisheries and Forestry 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 21*.

³³ Department of Agriculture, Fisheries and Forestry 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 21*.

³⁴ The Parliament of the Commonwealth of Australia 2025, *National Organic Standard Bill 2024*, The Senate.

³⁵ Parliament of the Commonwealth of Australia 2024, *National Organic Standard Bill 2024: Explanatory Memorandum*, Senate

³⁶ European Commission 2020, Farm to Fork Strategy: For a fair, healthy and environmentally-friendly food system, European Union.

³⁷ <https://www.agriculture.gov.au/sites/default/files/documents/non-prescribed-goods-exports.pdf>

³⁸ Department of Agriculture, Water and the Environment 2022, *Cost-Benefit Analysis of a New Regulatory Approach for Domestic Organics*, PricewaterhouseCoopers.



certification fees. If the Federal Government were to implement a set low-cost or no-cost certification, this could adversely impact certifiers. Instead, incentives or subsidies for certification, as the EU and USA have implemented for many years, can be offered by Government to encourage participation without negatively impacting certifying bodies.

Labelling of Organic Goods

DAFF noted the absence of a definition for 'organic' in the Bill.³⁹ However, 'organic' is clearly defined under Part 1, Section 7 of the Bill.

CropLife also raised concerns about false and misleading claims, particularly regarding the labelling of organic products.⁴⁰ However, their concerns about false statements on organic, including references to "chemical-free" or "pesticide-free" claims made by some organic businesses⁴¹, appear to fall under the jurisdiction of the Australian Competition and Consumer Commission (ACCC). Furthermore, labelling requirements are addressed under Section 5 of the National Standard and will therefore be regulated if the Bill is passed.⁴²

Organic Industry Transparency

CropLife expressed concerns about the lack of broader industry involvement in the Organic Industry Advisory Group (OIAG) and the Organic Industry Standards and Certification Council (OISCC).⁴³ However, it should be noted that:

- The OIAG ceased operation after the completion of the domestic regulation process in 2022, with its final report delivered in June 2021.⁴⁴
- The OISCC was disbanded in December 2021 and replaced by the National Standard Advisory Committee, which currently oversees reviews of the National Standard.⁴⁵

Domestic Regulation for Equivalence

DAFF acknowledged Australia's equivalence agreements and current challenges in negotiating them⁴⁶, but they did not highlight the restrictions these agreements impose, which exclude certain commodities. DAFF also did not address the role that the absence of domestic organic regulation plays in these difficulties.

³⁹ Department of Agriculture, Fisheries and Forestry 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 21*.

⁴⁰ CropLife 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 24*.

⁴¹ CropLife 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 24*.

⁴² Department of Agriculture, Fisheries and Forestry 2022, National Standard for Organic and Bio-Dynamic Produce: Edition 3.8.

⁴³ CropLife 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 24*.

⁴⁴ <https://www.agriculture.gov.au/agriculture-land/farm-food-drought/food/organic-biodynamic/organic-industry-advisory-group>

⁴⁵ <https://www.agriculture.gov.au/biosecurity-trade/export/controlled-goods/organic-bio-dynamic/nsac>

⁴⁶ Department of Agriculture, Fisheries and Forestry 2024, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 21*.



Organic Operators Australia (OOA) noted in its submission that “all major trading partners require organic regulation in Australia’s domestic market in order to grant equivalence of domestic certification with importing country certification. The USA, China, Canada, the United Kingdom, and soon the European Union are all in this category.”⁴⁷

The ODG would like to clarify that:

- Current equivalence agreements with the UK and EU do not have any connection with a lack of domestic certification; and remain in place.
- As of this writing, the ODG is not aware of any impending changes to EU equivalence requirements that would necessitate domestic regulation.
- As far as ODG is aware, domestic regulation is not currently required for equivalence negotiations with China or Canada.

GM Tolerance

CropLife raised concerns about the organic industry’s zero-tolerance approach to the low-level presence of GMs and conventional products, describing such a standard as biologically implausible and impractical.⁴⁸ They also advocated for the establishment of clear, nationally harmonised thresholds for inadvertent presence, alongside coexistence language that aligns with science-based principles.

The ODG acknowledges that reasonable precautions to avoid contamination are a foundational principle of the National Standard. This framework already requires producers to take steps to prevent contamination from conventional and GM production systems.

The ODG notes that zero-tolerance policies are effectively implemented in markets like the European Union⁴⁹ and Taiwan,⁵¹ demonstrating that such standards are achievable in practice. While coexistence is important, it should not undermine the integrity of certified organic products nor consumer trust in organic labelling. Any further discussion of thresholds must balance the needs of both conventional and organic systems while preserving the organic industry’s stringent standards. The introduction of domestic regulation provides an opportunity to strengthen these principles and ensure that coexistence is clearly defined without compromising organic certification requirements. This will support the integrity of Australia’s organic sector while maintaining fairness for conventional producers operating within their regulated systems.

ii) Additional Case Study: Hewitt Foods and Certification Challenges

⁴⁷ *Organic Operators Australia 2024*, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 13*.

⁴⁸ *Croplife 2024*, Inquiry into National Organic Standard Bill 2024, *Rural and Regional Affairs and Transport Committee, Submission 24*.

⁴⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32007R0834>

⁵⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R0848>

⁵¹ <https://micor.agriculture.gov.au/organics/Pages/taiwan/taiwan.aspx>



Case Study: Hewitt Foods and Certification Challenges

Hewitt Foods (Hewitt) is Australia's largest organic meat producer and operates the world's leading fully integrated paddock-to-plate supply chain for certified organic meat. The company's operations span livestock production to branded retail-ready products, including well-known brands such as Cleaver's.

As a key player in Australia's organic supply chain, Hewitt provides a real-world example of the significant financial and administrative challenges faced by certified organic operators. Suppliers within the Hewitt network voluntarily comply with multiple additional certification schemes, such as USDA NOP and South Korea's MAFFRA organic standards, to enable market access. These schemes require extensive documentation, audits, and compliance systems, which result in substantial costs and administrative burdens.

Certification Costs and Administrative Burdens

- Annual recertification costs for Hewitt Foods suppliers average between AUD \$3,435 and AUD \$4,430 per producer, leading to total supply chain costs exceeding AUD \$326,325 for USDA NOP certifications alone (*see Table 1 in Appendix 2*).
- Compliance with USDA NOP standards requires over 150 hours of labour annually for a typical livestock operation, translating to an estimated AUD \$8,490 in associated costs (*see Table 2 in Appendix 2*).

While these figures reflect the experience of a typical livestock operation, costs vary depending on the scale of production. Importantly, these challenges are not unique to Hewitt. With over 1,000 certified organic livestock producers in Australia (of which more than 500 are USDA NOP certified) the systemic nature of these burdens highlights the urgency of the reforms proposed in the National Organic Standards Bill.

Economic Impacts of Limited Market Access

Hewitt Foods also underscores the economic consequences of restrictive market access. When regulatory misalignments or certification barriers prevent export opportunities, certified organic products are often forced to be sold as conventional goods. This results in:

- Missed price premiums, reducing producer profitability.
- Lower economic contributions from the organic sector to GDP.
- Reduced global competitiveness of Australian organic products.

The challenges experienced by Hewitt Foods mirror those experienced by certified operators across the Australian organic sector. Certified operators are disproportionately burdened by costs associated with maintaining compliance and navigating duplicative certification schemes for international markets. The Bill provides a critical opportunity to



alleviate financial burdens, streamline compliance processes, and enhance market access for certified organic operators.

By addressing these systemic challenges, the Bill ensures that certified operators—those who invest significantly to maintain the integrity of their organic claims—are supported in their efforts to access premium markets and remain competitive. The Hewitt case study demonstrates the importance of these reforms and highlights the broader economic and market benefits that could be realised with domestic regulation.

iii) Corrections to the Organic Development Group Submission dated 18/12/2024

Since the publishing of the Organic Development Group (ODG) submission it has been brought to the ODG's attention that a correction was required to data originally provided.

Amendment

ODG Submission Dated 18/12/2024 - Appendix 2: Annual Certification Costs for Key Organic Export Markets'. Please find corrected figures in Appendix 1.

Conclusion

After reviewing the submissions provided, the ODG reaffirms its position that the National Organic Standard Bill 2024 continues to represent the best option for domestic regulation of Australia's organic industry. The ODG strongly encourages the committee to consider the feedback presented in this supplementary submission.

The Bill includes mechanisms for review, allowing for many of the concerns raised to be revisited after a three-year active period for the legislation. Additionally, the three-year transition period provides ample time for stakeholders, particularly operators and certifiers, to familiarise themselves with their responsibilities and the opportunities the Bill offers. This transition period will also enable the industry to collaborate with relevant Departments to maximise the advantages the Bill can bring to the organic sector.

Most importantly, the submissions highlight the optimism within the organic industry about the potential of domestic regulation to unlock opportunities that might otherwise be overlooked. A recommendation from the committee to support the Bill is an opportunity to demonstrate alignment with the overwhelming consensus from industry submissions: that domestic regulation is not only long overdue, but that this Bill is the most appropriate framework to establish a robust domestic standard.



Appendix 1
Annual Certification Costs for Key Organic Export Markets

Country Certification	Audit frequency	Cost breakdown per year for Market Access (\$)		Operator Count	Total
China***	Annual	Application fee (initial and renewal)	415	8	\$77,792
		Application document review	415		
		Inspection workload	1245		
		Time for additional paperwork (8 hours)*	240**		
		Time for audit (3 hours)	90		
		Auditor accommodation, Flights, Fuel, Food	4000		
		Audit cost (report writing, review, certification issuing & CNCA registration fee)	2282		
		Levy (admin)	1037		
		Total	9724		
USDA NOP	Annual	Certification Body application fee	650	545	\$2,267,200
		Annual fee (\$895 + audit fee)	2340		
		Additional certification costs (3 hours @ 200ph)	600		
		Time for additional paperwork (15 hours) (inc. fraud prevention plan and integrity plan)	450		
		Time for audit (4 hours)	120		
		Total	4160		
South Korea	Annual Certification with Biannual Audit	Certification Body application fee	650	119	\$653,905
		Annual fee (\$995 + audit fee)	2440		
		Mandatory 2 nd annual audit fee	1445		
		Time for additional paperwork x 2 (12 hours)	720		
		Time for audit x 2 (4 hours)	240		
		Total	5495		
Japan (JAS)****	Annual	Certification Body application fee	650	31	\$132,990
		Annual fee (\$995 + audit fee)	2440		
		Abattoir and processing inspection time (5 days)	1200		
		Total	4290		
Europe (EU)	Annual	Certification Body application fee	650	151	\$546,620
		Annual fee (\$1195 + audit fee)	2640		
		Time for additional paperwork (8 hours)	240		
		Time for audit (3 hours)	90		
		Total	3620		
				TOTAL	\$3,678,507



*This is the minimum time required for an educated certification officer and may take more time for other individuals to complete.

** Per hour rates were calculated at \$30 per hour and don't include additional on-costs such as transport, testing, leave, flights, or accommodation.

***The number of operators certified to China has significantly decreased over the past three years, dropping from 40 to just 5 due to trade restrictions. Certification costs for China vary depending on factors such as operator size and location.

****The Japanese JAS standard requires abattoirs and processing plants to go through additional auditing processes.



Appendix 2:
Hewitt Foods Case Study Data

Table 1: Conformity Assessment/Recertification Market Access Costs

COST COMPONENT	CERTIFICATION LEVEL	
	USDA NOP, Korea	USDA NOP
Producers in Hewitt Supply Chain	20	170
Annual audit fee (3hr audit - including NS)	\$1,445.00	\$1,445.00
NOP certification fee	\$895.00	\$895.00
Korea certification fee	\$995.00	-
ACOS certification fee	\$695.00	\$695.00
Average additional time (\$200 per/hr)	\$400.00	\$400.00
Average cost per producer	\$4,430.00	\$3,435.00
Total Supply Chain Cost	\$88,600	\$326,325

Note: estimated costs have been derived from ACO Fee Schedule

Table 2: Additional Labour and Associated Costs Required to Maintain USDA NOP Organic Compliance

Certification	Hours	Cost per hour	Annual cost
General certification requirements	6	\$30	\$180.00
Certification application	4	\$30	\$120.00
Application review (CARs raised)	6	\$30	\$180.00
On-site inspection	3	\$30	\$90.00
Audit report review (CARs raised)	3	\$30	\$90.00
Continuing certification	1	\$30	\$30.00
Records			
Record keeping	12	\$30	\$360.00
Organic Integrity Plan – Livestock	3	\$30	\$90.00
Organic Integrity Plan – Crops and pasture	3	\$30	\$90.00
Fraud Prevention plan	2	\$30	\$60.00
Input Register	20	\$30	\$600.00
Livestock Inventory	2	\$30	\$360.00
Livestock			
Origin of livestock	10	\$30	\$600.00
Livestock feed	20	\$30	\$1,200.00
Livestock health care	40	\$30	\$1,800.00
Pasture management	10	\$30	\$900.00
Handling			
Pest management	8	\$30	\$300.00
Consignment			
Transport costs	40	\$30	\$1,200.00
Spelling yards (only as required)	8	\$30	\$240.00
TOTAL	151 hours		\$8,490.00