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Kialla Pure Foods Pty Ltd

National Organic Standard Bill 2024 Submission



Executive Summary

Certified organic producers, whether farmer, processor or manufacturer, comply with rigorous standards and undergo testing in order to be Certified Organic within Australia as well as to meet requirements needed to claim the equivalent Organic Certification in overseas markets.

We believe that being a Certified Organic operation offers enormous advantages for sustainable food production. While farming and producing to truly organic standards require time and effort above and beyond conventional farming and food practices, Organic Certified products are better for the environment in many ways. For example, carbon footprint is greatly improved due to reducing on-farm chemical inputs; while care for biodiversity improves soil health and helps local species thrive in ways that standard farming does not. At the level of manufacturing, pesticides and other chemicals that are increasingly shown to be injurious to health are also eliminated.

However, without Domestic Organic Regulation anyone in Australia can market themselves as ‘organic’ without having to follow the standards or undergo any of the testing that is necessary for certified producers. This is clearly unfair on both the organic producer and on consumers who wish to purchase truly organic products. “Greenwashing” piggy backs on the environmentally sustainable benefits provided by certified organic products, without any requirement to “do the work”. It also has a negative impact on consumers who increasingly want to choose organic products for reasons of health and sustainability; and they should be protected with clear Government regulated standards.

Increasing our access to export markets is major focus for growing The Kialla Group business, and to do this effectively we need a consistent national organic standard that offers Export Equivalence with other countries. Lack of regulation means we must certify our products in each of the countries that we ship to, leading to enormous inefficiencies and increased costs in our supply chain. The Australian Organic industry needs this Bill to be supported to ensure future growth of the industry, including accessing the \$300bn export market. As an export-based nation, agricultural exports are a big driver of our economy, therefore it offers enormous benefits to the nation if the government makes it easier for organic producers to export.

Background

Kialla Pure Foods mills certified GMO-free organic cereal grains into high-quality organic products which are sold to retailers and manufacturers throughout Australia and overseas.

Established in 1988 as the first certified organic processor in Queensland, Kialla produces a wide range of premium flours, whole grains, pancake mixes, bread mixes, and oat products in both bulk and retail. All product is certified to the Australian Certified Organic (ACO) standard. Kialla Pure Foods has been exporting certified organic products to Asia for almost two decades. Overseas markets include Japan, Korea, Taiwan, Singapore, and Malaysia.

Situated in the Darling Downs farming region, the Kialla Group employs 37 people, most of whom come from the local area, providing both highly skilled and entry level job opportunities for a regional



community. With annual sales of \$17 million, and more than 20% of the company's income derived from export markets, Domestic Regulation will provide opportunities for our business while also having a flow-on effect for our local region. Export Equivalence as a direct result of Domestic regulation will have a major impact on our business growth through making it simpler and more efficient to export, thus helping us to develop export opportunities.

The Kialla Group sources grains from farmers in Queensland and Northern NSW. Due to the lack of Domestic Regulation, there is no Export Equivalence which means we must buy grains that have been certified to individual countries requirements. For example, separate certifications are required for the USA, Korean and Chinese markets because there is no Export Equivalence, and this requires that farmers carry multiple organic certifications. All the additional administration takes more time and increases the costs of organic compliance for both farmers and processors, thus impacting efficiencies in the food chain. It also limits our access to new markets such as China which requires certification for each step in the supply chain due to lack of Export Equivalence.

Impacts

With our focus on exporting, even the smallest increase in the volume of exports would be of huge benefit to our business. However, the lack of Export Equivalence is a major impediment to growing export markets. When each individual business in our whole supply chain must meet export country requirements many farmers are increasingly deciding not to continue with these certifications due to the extra costs and administration. For example, many farmers are no longer maintaining their Korean Certification and this, in turn, jeopardises our ability to supply products into our largest export market Korea, which makes up about 40% of our export income.

Considering the countries that have Domestic Organic Regulation and those that do not, it is shocking to see that Australia is one of the last developed countries to not have any domestic regulation of the term 'organic'. This reveals the degree to which Australian organic producers are at a disadvantage when competing with those in other developed countries. At the risk of stating the obvious, growing Australia's export markets is of enormous benefit to the Australian economy, and by extension to all Australians. Our economy is directly impacted by robust exports, and with Australia being such a large net exporter of agricultural products, if the government implements Domestic Regulation this will support organic producers' ability to compete in export markets.

It's important to note that the key impact of having Domestic Regulation will be to protect consumers from unscrupulous operators who use the word organic to describe their products, but do not need to undergo any third party audits to prove their claims. While there may be many small farmers at markets who are honest in making such claims, the consumer cannot have full confidence without independent assurance provided by Government Regulations.

In summary, the few extra costs that might be involved in regulating the use of the term 'organic' simply pale in comparison to the opportunities it would open up for all organic businesses.



Conclusion

The most significant impact Domestic Regulation would have on the Kialla business is Export Equivalence. Lack of equivalence is a major impediment for any organic business that wishes to export. For the Kialla Group it limits our capacity to grow our export markets due to the current requirement for each business in the whole supply chain to meet export country requirements (i.e. Korean Organic Certification and the USDA National Organic Program). Export Equivalence is not attainable without Domestic Regulation, hence this is a necessary first step for the longer term goal of Equivalence with international organic markets.

We urge you to support Domestic Regulation of Organic products in Australia due to the enormous benefit it will have for the exporters of organic products, as well as for the flow-on benefits it will have through providing Australian consumers with confidence that they can fully trust any organic claims.