



# 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 National Organic Standard Bill 2024 (The Bill) is a vital reform aimed at providing a clear and enforceable definition of “organic” in Australia, aligning domestic certification with international standards. This Bill addresses key challenges in the organic sector, such as greenwashing, inconsistent market access, consumer trust issues, and regulatory fragmentation. Its passage will enhance industry integrity, open new market opportunities, and increase consumer confidence in certified organic products.

The Organic Development Group (ODG) strongly supports the introduction of a robust Organic Standard Bill to ensure national consistency, strengthen consumer trust, and align Australia with global regulatory frameworks. A unified domestic standard will not only protect the integrity of organic products but also create opportunities for industry growth by enhancing market access and reducing barriers for producers. The ODG stands committed to collaborating with stakeholders and policymakers to deliver a positive outcome that secures the future of Australia’s thriving organic sector.

## Core benefits

- ❖ **Market Access:** The Bill will enable Australia to secure equivalency agreements with major organic markets, streamline export processes, reduce certification costs, and improve Australia’s competitiveness in global markets. By aligning domestic standards with international certification requirements, the Bill will allow Australia to fully leverage its substantial organic farmland and meet growing global demand for premium products.
- ❖ **Cost-Benefit Analysis (CBA):** The Bill represents long-term financial benefits to industry, far outweighing the initial implementation costs. While earlier options may have raised concerns about staffing and administrative costs, the Bill’s streamlined design minimises these burdens by utilising existing processes, enhancing cost-efficiency.
- ❖ **Traceability and Regulatory Oversight:** The Bill strengthens traceability systems to improve compliance and align with global standards. It designates the Australian Competition and Consumer Commission (ACCC) as the primary enforcer, providing clear mechanisms to address fraudulent practices and ensuring domestic regulatory oversight.
- ❖ **Consumer Trust:** By introducing a legally enforceable definition of “organic,” the Bill addresses consumer concerns about misleading claims. The Bill will ensure that organic products are properly certified, minimising greenwashing, restoring consumer confidence and meeting the demand for transparency and authenticity in the food supply chain.
- ❖ **Communication and Implementation:** A comprehensive communication strategy will support the Bill’s implementation, ensuring all stakeholders are informed of the regulatory changes. The three-



year timeline and phased approach provide time for industry education and engagement to ensure all stakeholders are supported through this transition.

### Aligned Industry Support

The majority of the certified organic industry, represented by the Organic Development Group (ODG), fully supports the Organic Standards Bill. The ODG is a coalition of nine leading organisations representing more than 90% of Australia’s organic industry operators, comprised of ACO Certification Ltd, Australian Organic Limited (AOL), Bio-Dynamic Research Institute (BDRI), Certified Organic Biodynamic Western Australia (COBWA), NASAA Certified Organic (NCO), National Association for Sustainable Agriculture Australia (NASAA), Organic and Regenerative Investment Co-operative (ORICoop), Organic Food Chain (OFC), and Southern Cross Certified (SXC). ORICoop will be providing a separate submission to this Inquiry.

The ODG’s primary goals are to advocate for domestic regulation to deliver a unified national standard that strengthens market integrity, protects consumer confidence, and aligns Australia with global frameworks. The group works to drive industry collaboration by presenting a unified voice on critical issues and to promote market development by addressing regulatory barriers, creating growth opportunities, and fostering a sustainable future for the organic sector. The ODG supports the introduction of the Organic Standards Bill as a positive and necessary step to secure the long-term success and integrity of Australia’s organic industry.

The ODG is committed to working with government and other stakeholders to ensure the Bill’s successful implementation and is available to provide further input as required. Accordingly, the ODG requests that any larger issues not addressed in this submission be given the opportunity to be raised during future hearings or supplementary submissions.

### **Organic Industry Snapshot**

Australia’s organic industry represents a significant and growing part of the nation’s agricultural landscape, both domestically and globally:

- **Global Significance:**
  - Australia has over 53 million hectares of certified organic farmland, constituting ~12.4% of the nation’s arable farmland and an impressive ~60% of the world’s organic agricultural land<sup>1 2 3</sup>.
  - Despite this, Australia contributes only 1% of the \$220 billion global organic industry value<sup>4 5</sup>, highlighting an untapped potential for growth.
- **Economic Contribution:**
  - The Australian organic industry is valued at a conservative \$2.6 billion, comprising both direct and indirect contributions<sup>6</sup>.

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<sup>1</sup> ACIL Allen, Mobium Group, & NielsenIQ. (2023). Australian Organic Market Report 2023. Australian Organic Limited.

<sup>2</sup> ABARES Insights. (2024). Snapshot of Australian Agriculture 2024.

[https://daff.ent.sirsidynix.net.au/client/en\\_AU/search/asset/1035603/0](https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1035603/0)

<sup>3</sup> Willer, Helga Jan Trávníček and Bernhard Schlatter (Eds.) (2024): The World of Organic Agriculture. Statistics and Emerging Trends 2024. Research Institute of Organic Agriculture FiBL, Frick, and IFOAM – Organics International, Bonn.

<sup>4</sup> ACIL Allen, Mobium Group, & NielsenIQ. (2023). Australian Organic Market Report 2023. Australian Organic Limited.

<sup>5</sup> Willer, Helga Jan Trávníček and Bernhard Schlatter (Eds.) (2024): The World of Organic Agriculture. Statistics and Emerging Trends 2024. Research Institute of Organic Agriculture FiBL, Frick, and IFOAM – Organics International, Bonn.

<sup>6</sup> ACIL Allen, Mobium Group, & NielsenIQ. (2023). Australian Organic Market Report 2023. Australian Organic Limited



- It supports over 22,000 full-time equivalent (FTE) jobs across 3,035 certified organic businesses<sup>7</sup>.
- Domestic Demand and Growth:
  - Domestic demand for organic products continues to rise, with 35% of households increasing their organic budget between 2021 and 2022<sup>8</sup>.
  - Projections indicate that the domestic organic industry will more than double by 2028, reaching an estimated \$5.8 billion<sup>9</sup>.
- Trade Opportunities:
  - Largest export markets include the United States (48%), Singapore (19%), and Malaysia (7%)<sup>10</sup>. However, Australia currently lacks equivalency agreements with four key organic markets: the United States, South Korea, China, and Canada, which collectively represent a market value of over AUD \$120 billion<sup>11</sup>.
  - Organic exports are projected to grow at an annualised rate of 29% up to the 2026/27 financial year<sup>12</sup>, despite ongoing challenges in accessing key markets like the US due to the lack of government-to-government equivalency agreements.
- Consumer Demographics and Trends:
  - The 18–39 age bracket represents the demographic most inclined to purchase organic products<sup>13</sup>, reflecting a younger generation prioritising sustainability, origin, and truth in labelling.
  - This trend highlights the growing importance of robust certification systems to protect consumers from misleading claims.

### Opportunities for Growth

Australia’s organic industry is well-positioned for significant growth, backed by strong domestic demand, global trends, and the nation’s status as the leader in organic farmland. However, to fully realise this potential, key opportunities must be unlocked through strengthened regulation and improved international market access.

Introducing a clear and enforceable definition of “organic” will safeguard consumer trust, strengthen market integrity, and protect the industry’s reputation. This clarity will not only enhance domestic confidence but also reinforce Australia’s standing as a global leader in high-quality products. Market data consistently highlights ongoing consumer concerns: approximately one-third of organic consumers report being misled by products claiming to be organic<sup>14</sup>, and four out of five Australian food shoppers admit to having some level of doubt when purchasing organic products<sup>15</sup>. These trust gaps undermine confidence and purchasing behaviour, demonstrating the critical need for robust regulatory reform to address consumer expectations and market integrity.

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<sup>7</sup> ACIL Allen, Mobium Group, & NielsenIQ. (2023). Australian Organic Market Report 2023. Australian Organic Limited.

<sup>8</sup> ACIL Allen, Mobium Group, & NielsenIQ. (2023). Australian Organic Market Report 2023. Australian Organic Limited.

<sup>9</sup> ACIL Allen, Mobium Group, & NielsenIQ. (2023). Australian Organic Market Report 2023. Australian Organic Limited.

<sup>10</sup> ACIL Allen, Mobium Group, & NielsenIQ. (2023). Australian Organic Market Report 2023. Australian Organic Limited.

<sup>11</sup> Willer, Helga Jan Trávníček and Bernhard Schlatter (Eds.) (2024): The World of Organic Agriculture. Statistics and Emerging Trends 2024. Research Institute of Organic Agriculture FiBL, Frick, and IFOAM – Organics International, Bonn.

<sup>12</sup> ACIL Allen, Mobium Group, & NielsenIQ. (2023). Australian Organic Market Report 2023. Australian Organic Limited.

<sup>13</sup> ACIL Allen, Mobium Group, & NielsenIQ. (2023). Australian Organic Market Report 2023. Australian Organic Limited.

<sup>14</sup> ACIL Allen, Mobium Group, & NielsenIQ. (2023). Australian Organic Market Report - Consumer Insights 2023. Australian Organic Limited.

<sup>15</sup> Mobium Group. (2022). Australian Shopper Deep Dive: Exploring ‘Trust’ as a Roadblock to Purchasing Organic Products. Australian Organic Limited.



An estimated 2,122 operators remain uncertified in 2022, accounting for approximately ~34% of all organic producers<sup>16</sup>. Addressing this through the National Organic Standard Bill presents an opportunity to encourage certification uptake with the introduction of a single standard for domestic and export certification - the National Standard for Organic and Biodynamic Produce (National Standard)<sup>17</sup> - thereby boosting consumer confidence and unlocking untapped economic contributions.

Equally, aligning Australia's regulatory framework with international standards will position the industry to secure critical government-to-government equivalency agreements. These agreements are essential for reducing trade barriers, particularly with major markets like the United States, the world's largest organic market, and increasingly important regions in Asia. For example, New Zealand's recent adoption of a domestic organic standard has already enabled the government to advance equivalency negotiations with key trading partners, demonstrating the direct benefits of regulatory alignment for market access. Unlocking access to these markets will create new pathways for growth, allowing Australia to fully capitalise on its world-leading share of organic farmland.

The National Organic Standard Bill provides a clear and strategic solution to address these opportunities. By bridging the gap between Australia's agricultural strengths and its underperformance in global organic market share, the Bill will unlock significant trade potential, reduce compliance costs, and support sustained industry growth both domestically and internationally.

## Recent History of Regulatory Reform

The organic industry has been lobbying for a national organic standard for domestic sales for decades. While Australia's government-owned National Standard has been in place since 1992 for exports, there have been increasing calls from the organic industry to align domestic requirements with the existing export standard.

### 2021-2022: Initial Regulatory Proposals

Leading up to the 2022 Federal election, the Morrison Government took steps to progress domestic regulation:

- **Organic Industry Advisory Group (OIAG):** the OIAG was established to explore options for regulatory reform and included certifiers, peak industry groups, and representatives from the Department of Agriculture.
- **Cost-Benefit Analyses:**
  - *March 2021:* Deloitte conducted an initial cost-benefit analysis (CBA)<sup>17</sup>, which faced criticism from the OIAG for relying on existing reports and failing to capture the opportunities for the organic industry.
  - *March 2022:* PricewaterhouseCoopers (PwC) prepared a more comprehensive CBA as part of the consultation regulatory impact statement (RIS) process<sup>18</sup>.

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<sup>16</sup> KG2. (2022). Organic industry data collection: Report 2022. Department of Agriculture, Water and the Environment.

<https://www.agriculture.gov.au/sites/default/files/documents/organic-industry-data-collection-kg2-final-report-feb-2022.pdf>

<sup>17</sup> Deloitte. (2021). Cost-benefit analysis for the implementation of a mandatory domestic organic standard. Department of Agriculture, Water and the Environment.

<sup>18</sup> Department of Agriculture, Water and the Environment. (2022). Cost-benefit analysis of a new regulatory approach for domestic organics: Report provided to inform advice to government based on policy considerations as at 21 March 2022.

[https://www.agriculture.gov.au/sites/default/files/documents/QID108444\\_Cost%20benefit%20analysis%20of%20a%20new%20regulatory%20approach%20for%20domestic%20organics%20%E2%80%93%20PwC%20March%202022.pdf](https://www.agriculture.gov.au/sites/default/files/documents/QID108444_Cost%20benefit%20analysis%20of%20a%20new%20regulatory%20approach%20for%20domestic%20organics%20%E2%80%93%20PwC%20March%202022.pdf)



## Government Decision and Industry Response

Following the 2022 election, the new government opted not to proceed with domestic regulation. The decision was based on two key factors:

1. **Cost Concerns:** The PwC CBA estimated significant implementation costs, including a need for over 40 additional employees during industry transition toward a mandatory standard<sup>19</sup>. However, the analysis overlooked long-term opportunities such as market access gains and export revenue growth.
2. **Perception of Organic Industry Division:** While there was broad support for domestic regulation during consultations, there was debate within industry bodies regarding the specific form and implementation of such regulation.

In response to the government's decision, the organic industry acted to demonstrate unity and a clear pathway forward:

- **Formation of the Organic Development Group (ODG):** Established in April 2023, the ODG brings together all five DAFF-approved organic certifying bodies and four key industry groups. Collectively, the ODG represents over 90% of Australia's organic sector, ensuring a unified voice on regulatory reform.
- **Collaboration with the Opposition:** Over the subsequent 15 months, the ODG worked closely with the opposition to develop an alternative regulatory framework (in the absence of government prioritisation), culminating in the National Organic Standard Bill.

## The Bill: Addressing Previous Concerns

The National Organic Standard Bill reflects industry feedback and addresses prior concerns around cost and implementation:

- **Maintaining the National Standard:** Rather than integrating the National Standard into Standards Australia's AS6000 (as suggested in the PwC CBA), the Bill maintains the existing National Standard as the foundation for domestic regulation. This approach reduces costs for operators and avoids unnecessary administrative burdens.
- **Cost-Effective Implementation:** By leveraging the current system of certification, the Bill limits the need for additional government resources while providing a clear, enforceable definition of "organic" for domestic markets.
- **ACCC:** The Bill is designed to provide the ACCC with powers to investigate and hand out penalties to any operators who claim to be organic without being certified to the National Standard. It is expected that the ACCC will require approximately 1.5 FTEs to assist in the implementation of the ACCC's responsibilities.
- **Role of Certifiers and DAFF:** Certification bodies will still be responsible for auditing certified organic operators under the use of the National Standard. The Department will have limited new responsibilities under the proposed Bill.

This Bill represents the opportunity to implement a streamlined, cost-effective regulatory framework that protects industry integrity, unlocks market access opportunities, and supports long-term growth for Australia's organic sector.

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<sup>19</sup> Department of Agriculture, Water and the Environment. (2022). Cost-benefit analysis of a new regulatory approach for domestic organics: Report provided to inform advice to government based on policy considerations as at 21 March 2022.

[https://www.agriculture.gov.au/sites/default/files/documents/QID108444\\_Cost%20benefit%20analysis%20of%20a%20new%20regulatory%20approach%20for%20domestic%20organics%20%E2%80%93%20PwC%20March%202022.pdf](https://www.agriculture.gov.au/sites/default/files/documents/QID108444_Cost%20benefit%20analysis%20of%20a%20new%20regulatory%20approach%20for%20domestic%20organics%20%E2%80%93%20PwC%20March%202022.pdf)



## Summary of the Bill: A Clear Definition for Organic in Australia

The National Organic Standard Bill 2024 introduces a critical regulatory framework - supported by the majority of industry representing >90% of organic operators - that provides a clear, enforceable definition of “organic” for the Australian domestic market. Under the Bill, the term “organic” could only be used for products certified to the National Standard, aligning the domestic market with the existing export standard.

### Strengthening Compliance and Consumer Trust

The Bill establishes mechanisms for audits, compliance, and enforcement, empowering the Australian Competition and Consumer Commission (ACCC) to investigate complaints and penalise operators misusing the term “organic.” This marks a significant improvement over the current system, where consumers are left to decipher whether a product is certified organic at the point of sale, and recourse for deceptive practices is limited and largely falls on organic businesses to pursue.

#### **Case Study: Enviroganic Farm – Mislabelled Organic Chicken**

Enviroganic Farm, an organic poultry operator in New South Wales, supplies certified organic chicken to Woolworths (Macro range) and independent butchers across Australia. To maintain certification integrity, Enviroganic instructs butchers to sell whole chickens only, as further processing requires certification to ensure traceability.

An incident involving a Victorian butcher highlighted the vulnerabilities in the current regulatory system:

- The butcher sold loose, cut chicken under the Enviroganic brand, prompting customer complaints about potential fraud.
- Enviroganic investigated and confirmed the butcher’s deceptive practice of repurposing organic packaging for non-organic chicken. Despite reporting this to the ACCC, the only response was an acknowledgment with no further action taken.

Enviroganic emphasised the consequences of such greenwashing:

- **Losses for Certified Operators:** Fraudulent use of “organic” undermines trust, creates unfair competition, and reduces sales for legitimate certified producers.
- **Market Instability:** Without clear regulatory enforcement, businesses face significant costs investigating and addressing misuse of the term “organic.”

This case underscores the pressing need for stronger compliance tools and effective enforcement mechanisms to protect certified operators and restore consumer trust.

### A Phased, Practical Implementation

To ensure a smooth transition, the Bill includes a three-year implementation period that focuses on:

- **Education and Support:** Assisting operators to understand and meet certification requirements, with industry as a key driver.





- **Exemptions:** Operators generating less than \$25,000 annually from organic produce will be exempt, reducing the burden on small-scale producers.

### A Strategic Step Forward

Beyond domestic protections, the Bill creates pathways to align Australia’s organic regulatory framework with key international markets, such as the United States and South Korea, which require strong domestic oversight and standards as a basis for future government-to-government equivalency agreements.

The National Organic Standard Bill addresses longstanding gaps in regulatory oversight:

- **Consumer Trust:** A legally enforceable definition of “organic” will deter greenwashing, ensuring legitimacy and transparency for consumers. Data shows that consumers are calling out for this with approximately nine in ten consumers noting that there should be standards for the use of the term organic<sup>20</sup>.
- **Market Integrity:** Certified operators will benefit from a level playing field, reducing the risk of fraudulent competition.
- **Global Trade:** Aligning with the National Standard strengthens Australia’s position as a trusted supplier of organic products, unlocking greater access to international markets and the global organic industry, worth approximately AUD \$220 billion <sup>21</sup>.

By establishing clear regulatory oversight, the Bill represents a significant opportunity to enhance consumer confidence, protect certified operators, and position Australia as a global leader in sustainable and high-value organic agriculture.

### **Market Access Opportunities**

Australia’s organic industry is uniquely positioned to expand into international markets, leveraging its global leadership in certified organic farmland and our reputation for premium produce. However, the absence of a mandatory domestic standard creates fragmented certification processes, significant financial burdens and complexity for certifiers and operators, and limits market access opportunities. Currently, Australia lacks equivalency agreements for four of its key organic export markets, including the United States, South Korea, China, and Canada, which collectively represent a market value worth over AUD \$120 billion<sup>22</sup>.

### Unlocking Major Export Markets

Key export markets, particularly the United States, the world’s largest organic market valued at ~AUD \$130 billion in 2023<sup>23</sup>, have been clear that they require robust domestic regulatory oversight as a precondition for equivalency agreements. Without this alignment, Australian organic operators face costly and duplicative certification processes, including the need to recertify at multiple points along the

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<sup>20</sup> Mobium Group. (2022). Australian Shopper Deep Dive: Exploring ‘Trust’ as a Roadblock to Purchasing Organic Products. Australian Organic Limited.

<sup>21</sup> Willer, H., Trávníček, J., & Schlatter, B. (2024). The world of organic agriculture: Statistics and emerging trends 2024. Research Institute of Organic Agriculture (FiBL) and IFOAM – Organics International. <https://www.fibl.org/en/themes/organic-world>

<sup>22</sup> Willer, Helga Jan Trávníček and Bernhard Schlatter (Eds.) (2024): The World of Organic Agriculture. Statistics and Emerging Trends 2024. Research Institute of Organic Agriculture FiBL, Frick, and IFOAM – Organics International, Bonn.

<sup>23</sup> <https://www.imarcgroup.com/united-states-organic-food-market>



supply chain—such as farms, processing facilities, and ingredient-level certifications—to meet individual market requirements. These overlapping requirements not only increase financial burdens but also reduce the competitiveness of Australian organic producers in these high-value markets.

The National Organic Standard Bill addresses this critical gap by establishing the regulatory framework needed to:

- i. Facilitate these equivalency agreements;
- ii. Reduce barriers for Australian organic exports;
- iii. Simplify and streamline the certification processes enabling operators to compete effectively in premium global markets.

### International Market Potential

The global organic market was valued at AUD \$220 billion in 2022, with Australia contributing 1%<sup>24</sup>. This stark disparity highlights the largely untapped potential for Australian organic exports.

Unlike other agricultural commodities traded under Free Trade Agreements (FTAs), organic products are classified as prescribed goods under the Export Control Act 2020<sup>25</sup>. This classification necessitates specific arrangements such as equivalency agreements or government-to-government recognition of standards for trade access. Emerging markets in Southeast Asia, such as Vietnam and Indonesia, also present growth opportunities for Australian organic operators due to their expanding middle class and increasing demand for premium, sustainably produced products<sup>26 27 28</sup>. However, challenges such as limited access to market information, fragmented regulations, and complex administrative red tape hinder effective engagement. For instance, Australian organic exports contracted from reaching 62 countries in 2020<sup>29</sup> to just 36 in 2022<sup>30</sup> due in large part to regulatory barriers and high certification costs.

By aligning Australia’s domestic standards with international frameworks, the National Organic Standard Bill provides a solution that will facilitate equivalency agreements, reduce red tape by streamlining certification requirements, ultimately eliminating the need for costly, duplicative recertification processes across multiple stages of the supply chain. This alignment ensures that a single certification can meet the standards of both domestic and international markets, simplifying compliance for operators and certifiers.

*(See Appendix 1 for an overview of Australia’s current market access status and associated complexities.)*

#### **Case Study: New Zealand’s Regulatory Reform**

New Zealand’s introduction of a domestic organic standard in 2023 demonstrates the transformative impact of regulatory reform. Prior to implementing its regulation, New Zealand’s organic sector identified barriers to market access, particularly the need for alignment with international standards and the establishment of equivalency agreements. The Organic Sector Strategy (2022) highlighted the critical role

<sup>25</sup> <https://www.legislation.gov.au/C2020A00012/2021-03-02/text>

<sup>26</sup> <https://www.vietnam-briefing.com/news/understanding-vietnams-middle-class-size-spending-patterns-and-opportunities-for-businesses.html>

<sup>27</sup> <https://www.business.hsbc.com/en-gb/insights/growing-my-business/a-3d-view-of-southeast-asia?>

<sup>28</sup> <https://www.imarcgroup.com/south-east-asia-organic-food-market>

<sup>29</sup> Australian Organic Limited, Market Report 2021. Available through following link: [Australian Organic Market Report 2021 \(austorganic.com\)](https://austorganic.com)

<sup>30</sup> ACIL Allen, Mobium Group, & NielsenIQ. (2023). Australian Organic Market Report 2023. Australian Organic Limited.





of equivalency agreements in reducing compliance costs and trade barriers for producers seeking to meet varying international organic standards<sup>31</sup>.

The adoption of a domestic standard is enabling New Zealand to address these challenges, facilitating government-to-government recognition of its organic standards and unlocking broader export opportunities. This reform has strengthened New Zealand’s competitiveness in high-value markets, such as China, where demand for premium organic dairy products continues to grow<sup>32</sup>. By reducing duplicative certification requirements and ensuring international recognition of its standards, New Zealand is solidifying its position as a key exporter of organic goods.

For Australia, the National Organic Standard Bill represents a similar opportunity. By aligning domestic standards with international frameworks, Australia can pursue equivalency agreements that reduce trade barriers, enhance competitiveness, and enable organic producers to capitalise on export opportunities in key markets.

### Reducing Market Access Barriers

Certification barriers are a form of technical market access barrier singular to the organic sector and prevent the export and trade of Australian organic goods into key markets, even where demand is high. Australia currently has four current organic equivalency arrangements in place with trading partners—the European Union, Japan, Switzerland, and Taiwan. However, from the top 18 export countries for Australian produce<sup>33</sup>, we have official equivalency with only one key trading partner (Japan). Australia's limited number of equivalency agreements underscores the need for expanded international recognition to enhance market access. Surveys and industry engagement have repeatedly highlighted limited market access as one of the greatest barriers to growth.

As an example, South Korea is a rapidly growing organic market, driven by increasing consumer demand for health-conscious and sustainably sourced products. Valued at approximately AUD \$2.7 billion in 2023, the market is projected to reach AUD \$5.13 billion by 2032 (CAGR of 7.4%)<sup>34</sup>. This is supported by South Korea's expanding middle-to-high-income population, which has an increasing preference for premium organic products. The country's advanced retail infrastructure further enhances its position as a key target for organic exporters.

However, despite strong consumer demand, Australian operators face significant hurdles when entering this lucrative market, including:

- **Duplicative Certification Requirements:** Operators must meet South Korean organic standards in addition to Australian standards, resulting in costly and time-consuming recertification processes.
- **Biannual Audits and Extensive Documentation:** South Korea requires mandatory biannual audits and detailed paperwork at every stage of the supply chain, increasing compliance costs.
- **Lack of Equivalency Agreements:** The absence of an equivalency agreement compounds certification burdens, adding complexity to market entry.

<sup>31</sup> Organics Aotearoa New Zealand. (2022). 2022 Aotearoa New Zealand Organic Sector Strategy. Organics Aotearoa New Zealand. <https://www.oanz.org/sector-strategy>

<sup>32</sup> Organics Aotearoa New Zealand. (2022). 2022 Aotearoa New Zealand Organic Sector Strategy. Organics Aotearoa New Zealand. <https://www.oanz.org/sector-strategy>

<sup>33</sup> <https://tradingeconomics.com/australia/exports-by-country>

<sup>34</sup> Expert Market Research. (n.d.). South Korea organic food market report and forecast 2023-2032. <https://www.expertmarketresearch.com/reports/south-korea-organic-food-market>



- **Financial and Operational Impact:** These barriers lead to significant financial losses and resource diversion, particularly for SMEs.

The following case studies illustrate how these hurdles impact Australian organic operators in practice:

#### Case Study: Soulfresh – Certification Barriers and Financial Loss

Soulfresh, a Melbourne-based organic manufacturer, exemplifies the costly challenges of Australia’s disjointed regulatory landscape. The absence of equivalency agreements forced Soulfresh to bear additional certification expenses in an attempt to access the South Korean market, resulting in the cancellation of contracts valued between AUD \$500,000 and AUD \$1 million annually. Beyond these immediate financial losses, the complexities and delays associated with meeting South Korea’s rigorous standards diverted resources away from other growth opportunities, compounding the operational impact.

Soulfresh also highlighted a broader strategic risk: without domestic regulation, businesses may consider relocating to countries like New Zealand, where regulatory reforms facilitate faster market access. Soulfresh had already begun evaluating this option, citing the need for efficiency and reduced barriers in securing equivalency agreements.

#### Case Study: The Organic Milk Co. – Entry to South Korea

The Organic Milk Co. experienced significant challenges navigating the South Korean market, where organic certification systems are among the most complex and costly globally. The absence of robust regulatory oversight in Australia, which prevents the establishment of equivalency agreements, compounded these challenges. Without such agreements, the company was required to undergo additional certifications to meet South Korean organic standards, incurring additional costs exceeding AUD \$200,000 over two years.

These expenses extended across the entire supply chain, including soil and water testing, auditor travel, ingredient-level certifications, and administrative processes to ensure compliance. Beyond financial burdens, these barriers delayed market entry by six months and disrupted the entire supply chain, impacting revenue and operations.

The challenges faced by The Organic Milk Co highlight the broader structural issues in Australia’s current regulatory framework, which the National Organic Standard Bill aims to resolve.

#### Untapped Export Opportunities

Australia’s organic export sector holds immense potential, but its growth is constrained by high recertification costs and the absence of streamlined market access arrangements. For example, to export to the United States, operators must obtain additional USDA National Organic Program (NOP) certification, which can cost up to AUD \$4,160 annually per operator (see Appendix 2). These costs include application fees, audit expenses, and additional administrative time required to prepare fraud prevention and integrity plans, creating a significant financial burden for businesses. Despite 48% of Australia’s organic



exports being directed to the United States<sup>35</sup>—the world’s largest organic market—operators face these significant financial and administrative burdens due to the lack of government-to-government equivalency agreements.

Certifier data shows that organic export consignments to the US are approximately 20 times the volume of exports to Australia’s next largest markets, underlining the critical importance of this trading partner. Yet, costly and duplicative certification processes erode profitability and force businesses to make difficult trade-offs, such as prioritising conventional exports over organic ones or delaying entry into premium markets due to financial strain.

### Case Study: Certification Challenges and Opportunity Costs

Inglewood Farms and Kehoe’s Kitchen illustrate the tangible costs of Australia’s fragmented regulatory framework and the lack of domestic equivalency agreements.

Inglewood Farms reported that the absence of agreements like USDA NOP significantly restricted their ability to export organic poultry to high-value markets. This lack of streamlined certification created operational burdens across their supply chain, requiring compliance with overlapping international standards. Mrs. Katrina Hobbs of Inglewood Farms explained:

*"Export is probably a growth area for our business. There are a lot of hurdles for us...because of the lack of domestic equivalencies, we are having to get a US certification or a Japanese or a Korean. You're running around needing to satisfy a standard from another country. Then you've got your own regulatory framework that you're working with as well."*

Kehoe’s Kitchen highlighted the financial strain of duplicative certifications required for export. Mrs. Katrina Kehoe noted the significant costs incurred to comply with USDA requirements for every input, forcing her to prioritise conventional exports over organic despite strong demand:

*"We're working on sending our conventional product to America. Per product, I've got to spend about \$10,000 just to get that product approved and registered. I want to send organic because that's the unique selling point."*

These certification costs, compounded by overlap in lucrative Asian markets, create substantial barriers to growth and prevent businesses like Kehoe’s Kitchen from fully capitalising on opportunities in premium international markets.

### Consumer Demand for Premium Products

Global consumers are increasingly willing to pay a premium for organic products. A recent study revealed that international consumers are willing to pay up to 35% more for organic beef compared to conventional options<sup>36</sup>. This price premium reflects broader global trends, driven by rising incomes, increasing health awareness, and consumer demand for sustainable food production systems<sup>37</sup>. High-income economies

<sup>35</sup> ACIL Allen, Mobium Group, & NielsenIQ. (2023). Australian Organic Market Report 2023. Australian Organic Limited.

<sup>36</sup> Zhang, A., Schrobback, P., Maxwell, C., Kinch, N., Lim, S., Ha, T. M., & Feng, N. (2023). Consumer preference for beef attributes and willingness to pay for Australian organic beef: A comparative study of China, UK, and Vietnam. Trusted Agrifood Exports Mission. CSIRO, Australia.

<sup>37</sup> <https://theconsciousinsider.com/organic-food-statistics-trends-market/>



and Asia's emerging middle-class markets are leading this trend, creating strong opportunities for Australian organic producers to access premium markets and capitalise on this demand<sup>38</sup>.

### Market Access and Profitability Challenges

Despite the strong demand for organic products globally, Australian exporters face significant challenges in maintaining profitability due to high domestic production costs and fragmented certification processes under the current non-regulated domestic system. Limited market access, particularly in emerging regions, further restricts growth. Yet, as the global organic sector continues to expand—projected to grow at a CAGR of 13.2% to 2033<sup>39</sup>--streamlined regulatory and export processes are critical to ensuring that Australian producers remain competitive.

### Unlocking Value through the Bill

By addressing regulatory inefficiencies and aligning Australia's organic standard with key trading partners, the Bill would remove costly barriers to trade and unlock new market opportunities. The Bill offers a pathway to improve profitability, enhance value-adding within the organic supply chain, and position Australian businesses for sustainable growth in global markets. a pathway to improve profitability, enhance value-adding within the organic supply chain, and position Australian businesses for sustainable growth in global markets.

### Advancing National Agricultural Goals

The National Organic Standard Bill aligns with broader agricultural goals, including the \$100 billion agricultural industry target by 2030<sup>40</sup>. With approximately 1,400 processors and 1,600 certified organic producers nationwide<sup>41</sup>, streamlining regulatory oversight over organic claims and processes would improve market access options and reduce compliance burdens, thereby:

- Supporting the export of premium, high-value organic products.
- Enable the organic sector to contribute more significantly to \$100 Billion by 2030.
- Driving GDP growth and strengthening Australia's trade balance.
- Positioning Australia as a global leader in sustainable and high-quality agriculture.

#### **Case Study: Denmark's Growth through Regulatory Reform**

Denmark's organic regulatory framework provides an excellent example of the impact of cohesive national organic standards. In 2022, Denmark achieved record organic exports, driven by its proactive adoption of equivalency agreements with major trading partners such as Germany and Sweden<sup>42</sup>. These agreements reduced certification barriers and streamlined trade, enabling a 6% increase in Danish exports to both markets in within a year.

<sup>38</sup> OECD/FAO. (2023). *OECD-FAO Agricultural Outlook 2023-2032*. Organisation for Economic Co-operation and Development and Food and Agriculture Organization. Retrieved from <https://www.oecd-ilibrary.org/agriculture-and-food/oecd-fao-agricultural-outlook-2023-2032>.

<sup>39</sup> <https://finance.yahoo.com/news/global-organic-food-beverages-market-120000294.html>

<sup>40</sup> <https://www.agriculture.gov.au/sites/default/files/documents/delivering-ag2030.pdf>

<sup>41</sup> ACIL Allen, Mobium Group, & NielsenIQ. (2023). *Australian Organic Market Report 2023*. Australian Organic Limited.

<sup>42</sup> <https://www.organicdenmark.com/blog/new-record-for-denmarks-organic-exports>



The Danish government’s strategic approach included a comprehensive organic growth plan launched in 2020, targeting the doubling of organic land use, sales, and exports by 2030<sup>43</sup>. This policy alignment significantly boosted Denmark’s agricultural GDP and positioned it as a global leader in organics. By implementing the National Organic Standard Bill, Australia can replicate Denmark’s success, creating pathways for increased organic exports and contributing to the \$100 billion agricultural industry target by 2030.

## Cost-benefit Analysis

The National Organic Standard Bill presents an opportunity to address the substantial financial burden associated with the current non-regulated domestic landscape, offering measurable benefits to both industry operators and government stakeholders alike. By streamlining certification processes, the Bill mitigates the ongoing costs of non-action while fostering long-term economic growth.

### Financial Burdens on Certifiers

Australia’s organic sector maintains its integrity under the oversight of the five DAFF-approved certification bodies<sup>44</sup>, which collectively manage the compliance and accreditation processes for thousands of organic operators. To maintain market access across multiple export markets, certifiers incur significant costs, including staff upskilling, training, and compliance with complex and overlapping regulatory requirements. The absence of government-to-government equivalency agreements further exacerbates these challenges, leading to duplicative processes and inefficiencies. These costs, often passed on to operators—particularly SMEs—place additional financial strain on the sector and hinder opportunities for growth.

### **Case Study: Financial Burden on Certification Bodies and Operators**

As one of five DAFF-approved certification bodies, SXC plays a crucial role in facilitating market access for Australian organic operators to the US and EU. For the EU market, livestock and wine categories (major exports), are not currently covered by the equivalency agreement. As seen in Appendix 1, the US market also requires direct certification or a conformity arrangement for access. The absence of equivalency agreements puts the onus of navigating the technical market access barrier on industry. This amounts to \$354,900 for initial setup costs, and \$154,900.00 in annual ongoing maintenance costs.

Table 1: The total financial burden of navigating technical market access for SXC.

Market	Annual Certification Licensing Charge	Initial Setup Costs	Ongoing Administrative Burden	Total Costs
US	\$37,680	\$50,000	\$15,000	\$102,680
EU	\$46,800	\$150,000	\$30,000	\$227,100
IOAS	\$25,120	-	-	\$25,120
			<b>Total</b>	<b>\$354,900</b>

<sup>43</sup> [https://eu-cap-network.ec.europa.eu/publications/case-study-organics-policies-denmark-0\\_en](https://eu-cap-network.ec.europa.eu/publications/case-study-organics-policies-denmark-0_en)

<sup>44</sup> <https://www.agriculture.gov.au/about/contact/phone/approved-certifying-bodies>





*Note: The International Organic Accreditation Service (IOAS) is essential for certification bodies certifying to international organic schemes, ensuring compliance with global standards.*

Certification bodies also currently bear the cost of facilitating access to other key markets like China, South Korea, and Canada. These countries present technical barriers to access as per Appendix 1, increasing operational costs. This burden is ultimately passed on to operators, stifling growth potential.

### Financial Burdens on Operators

Organic operators, particularly SMEs, face steep costs in ensuring supply chain integrity and meeting certification requirements for export markets. Updated industry data reveals that operators collectively pay approximately AUD \$12.5 million per year to access five key markets (see Appendix 2). These costs include certification body fees, duplicative audits, extensive administrative paperwork, and travel expenses, all of which disproportionately impact SMEs.

For markets such as the United States, South Korea, and China, operators face significant financial burdens due to duplicative requirements. For instance, the USDA National Organic Program (NOP) mandates additional certification costs at every input level, while South Korea's biannual audit system escalates compliance expenses.

The National Organic Standard Bill provides a critical solution by streamlining certification processes and facilitating equivalency agreements. These reforms would reduce financial burdens, improve cost-efficiency for operators, and enhance their competitiveness in lucrative international markets.

### Balancing Costs with Long-Term Opportunities

The 2022 CBA conducted by PwC<sup>45</sup> explored the financial implications of implementing a mandatory domestic organic standard as part of the consultation RIS process. This followed an earlier 2021 Deloitte CBA<sup>46</sup>, which faced criticism from the OIAG for relying on outdated data and limited industry input.

While the PwC CBA had a broader scope, it focused heavily on government costs, including an estimated need for 40 additional employees without clear explanation, and despite the proposed standard aligning with Australia's existing export standard, which operates effectively with current resources.

The CBAs also overlooked the significant financial burden imposed on certified organic operators by the non-regulated domestic system. Without mandatory domestic regulation, operators face:

- Additional auditing costs to validate their organic claims, often ranging between AUD \$3k+ to \$9k+ annually, depending on the export market.
- Duplicative certification processes, disproportionately impacting SMEs, which struggle with cumulative expenses related to audits, documentation, and quality control.

<sup>45</sup> Department of Agriculture, Water and the Environment. (2022). Cost-benefit analysis of a new regulatory approach for domestic organics: Report provided to inform advice to government based on policy considerations as at 21 March 2022.

[https://www.agriculture.gov.au/sites/default/files/documents/QID108444\\_Cost%20benefit%20analysis%20of%20a%20new%20regulatory%20approach%20for%20domestic%20organics%20%E2%80%93%20PwC%20March%202022.pdf](https://www.agriculture.gov.au/sites/default/files/documents/QID108444_Cost%20benefit%20analysis%20of%20a%20new%20regulatory%20approach%20for%20domestic%20organics%20%E2%80%93%20PwC%20March%202022.pdf)

<sup>46</sup> Deloitte. (2021). Cost-benefit analysis for the implementation of a mandatory domestic organic standard. Department of Agriculture, Water and the Environment.

[https://www.agriculture.gov.au/sites/default/files/documents/QID108443\\_Cost%20benefit%20analysis%20of%20the%20implementation%20of%20a%20mandatory%20domestic%20organic%20standard%20%E2%80%93%20Deloitte%20March%202021.pdf](https://www.agriculture.gov.au/sites/default/files/documents/QID108443_Cost%20benefit%20analysis%20of%20the%20implementation%20of%20a%20mandatory%20domestic%20organic%20standard%20%E2%80%93%20Deloitte%20March%202021.pdf)





These inefficiencies highlight the need for a streamlined and harmonised regulatory framework to reduce costs, alleviate administrative burdens, and enhance long-term competitiveness for organic operators.

### Opportunities Missed in the 2022 CBA

While the PwC CBA concluded that short-term costs outweighed quantifiable benefits, it failed to account for the long-term economic opportunities a domestic standard could unlock:

#### **1. Market Access Gains**

- Global demand for organic products continues to rise, with the market reaching AUD \$220 billion in 2022. A streamlined domestic standard, paired with equivalency agreements, would reduce certification costs and barriers, enabling operators to enter high-value export markets while reallocating resources to growth activities. Notably, PwC estimated that even a 1% growth in organic exports could offset implementation costs<sup>47</sup>, positioning Australia as a trusted supplier of organic products.

#### **2. Strategic and Economic Benefits**

- Market conditions have evolved significantly since the 2022 CBA. In New Zealand, the introduction of a mandatory organic standard in 2023 has demonstrated clear benefits, including:
  - Improved market access.
  - Reduced duplicative certification costs.
  - Enhanced consumer trust in organic claims.

These reforms highlight how regulatory alignment can unlock export potential, reduce inefficiencies, and provide a model for Australia. The Bill offers a similar pathway to leverage Australia's 60% share of the world's certified organic farmland, tapping into global demand while reducing unnecessary financial burdens for producers.

## **Regulatory and Implementation**

Australia's long-term success in agricultural exports hinges on its ability to maintain robust regulatory and traceability systems that safeguard brand reputation, meet consumer expectations, and ensure market access. Traceability is essential for verifying product claims, enhancing supply chain integrity, and strengthening Australia's global standing as a provider of high-quality agricultural goods.<sup>48</sup>

In the certified organic context, traceability is particularly critical, as consumer trust relies on verified claims. Without robust systems in place, fraudulent "organic" claims can erode confidence, harm legitimate producers, and diminish the premium value associated with organic products.

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<sup>47</sup> Department of Agriculture, Water and the Environment. (2022). Cost-benefit analysis of a new regulatory approach for domestic organics: Report provided to inform advice to government based on policy considerations as at 21 March 2022. [https://www.agriculture.gov.au/sites/default/files/documents/QID108444\\_Cost%20benefit%20analysis%20of%20a%20new%20regulatory%20approach%20for%20domestic%20organics%20%E2%80%93%20PwC%20March%202022.pdf](https://www.agriculture.gov.au/sites/default/files/documents/QID108444_Cost%20benefit%20analysis%20of%20a%20new%20regulatory%20approach%20for%20domestic%20organics%20%E2%80%93%20PwC%20March%202022.pdf)  
[https://daff.ent.sirsidynix.net.au/client/en\\_AU/search/asset/1036521/0/TraceabilityAusAgrExports\\_v1.0.0.pdf](https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1036521/0/TraceabilityAusAgrExports_v1.0.0.pdf)



While stringent international organic certification frameworks exist--such as the EU Organic Regulation (2018/848)<sup>49</sup> and the USDA National Organic Program ‘s Strengthening Organic Enforcement (SOE) rule<sup>50</sup>-here are opportunities for improvement within the current domestic organic traceability systems. This includes inconsistent data practices, limited interoperability, and insufficient domestic resources to integrate traceability into certification systems. Addressing these gaps offers significant opportunities for the broader agricultural sector by enhancing supply chain efficiency, safeguarding claims, and ensuring compliance with international standards.

### Strategic Investment in Traceability

Strategic investment in traceability systems can transform Australia’s agricultural and organic sectors. By addressing gaps, these advancements would operational efficiencies, bolster financial security for farmers, and ensure robust verification of organic claims, safeguarding Australia’s reputation in global markets. The Organic Standards Bill presents a critical opportunity to close these gaps in the current domestic regulatory system, driving innovation and setting a benchmark for agricultural standards and exports. This aligns with the National Agricultural Traceability Strategy 2023-2033, which aims to increase market access, boost export value, and ensure biosecurity resilience<sup>51</sup>.

#### **Case Study: Strengthening Agricultural Traceability for Market Growth and Sustainability**

The Australian Government recognises the importance of traceability systems in supporting agricultural exports through enhanced transparency, sustainability, and fraud risk management <sup>52[OB]</sup>. These systems are critical for maintaining access to premium markets and addressing evolving consumer and regulatory demands.

Since 2021, the Department of Agriculture, Fisheries, and Forestry (DAFF) has invested over AUD \$100 million into modernising traceability. Key initiatives include:

- The National Traceability Framework (2019)
- The 10-Year National Agricultural Traceability Strategy (2023), and
- The upcoming 5-Year Implementation Plan (2024).

These efforts have led to advancements such as digital certification tools (eCert), industry pilots, and frameworks to verify sustainability claims. The report highlights three key areas where traceability delivers significant value:

**1. Export Certification** – Digital systems streamline compliance with importing-country requirements and enhance sustainability verification.

**2. Fraud Risk Management** – Improved traceability mitigates fraud risks, protecting Australia’s reputation and product integrity.

<sup>49</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R0848>

<sup>50</sup> <https://www.ams.usda.gov/rules-regulations/strengthening-organic-enforcement>

<sup>51</sup> <https://www.agriculture.gov.au/sites/default/files/documents/national-agricultural-traceability-strategy.pdf>  
[https://daff.ent.sirsidynix.net.au/client/en\\_AU/search/asset/1036521/0/TraceabilityAusAgrExports\\_v1.0.0.pdf](https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1036521/0/TraceabilityAusAgrExports_v1.0.0.pdf)



**3. Sustainability** – Reliable traceability frameworks enable evidence-based validation of production practices, increasing consumer trust and driving price premiums.

For the organic sector, these advancements align with the need for enhanced domestic oversight and internationally recognised compliance systems.

### Meeting International Traceability and Regulatory Oversight

The Organic Standards Bill, paired with relevant traceability protocols, has the potential to drive comprehensive updates across traceability systems in Australian organic and non-organic agriculture. Establishing a uniform and trusted standard will bolster consumer confidence, streamline compliance with key trading partners' requirements, and strengthen Australia's position in global markets.

Enhanced traceability measures are particularly critical for meeting international organic certification frameworks, such as the EU Organic Regulation and the USDA NOP. These frameworks rely on robust systems to verify product integrity, minimise fraud, and ensure seamless import and export processes. Australia has an opportunity to adopt similar approaches to enhance its competitiveness and align with global best practices.

#### **Case Study: Digital Traceability Systems for Import Oversight in the EU**

The European Union's TRACES (Trade Control and Expert System)<sup>53</sup> platform is a highly effective tool for managing and regulating organic product imports. By centralising digital traceability, TRACES ensures all imported goods comply with the EU's stringent regulatory standards. The system verifies provenance, production methods, and adherence to organic requirements in real time through Electronic Certificates of Inspection (COI), enhancing oversight, reducing fraudulent claims, and seamlessly integrating with biosecurity inspections to detect risks such as pests or contaminants. This combination of transparency, fraud prevention, and biosecurity integration strengthens consumer trust and aligns with international market expectations.

In contrast, Australia currently lacks oversight for the import of organic produce, leaving the domestic market vulnerable to unverified claims and fraudulent products. This gap not only risks undermining consumer trust but also creates an uneven playing field for certified organic Australian operators.

The Bill presents a critical opportunity to close this gap. By adopting a traceability framework similar to TRACES, Australia can safeguard its domestic market, ensure imported products meet national standards, and reinforce its reputation as a trusted producer of organic goods in global markets.

### A Blueprint for Broader Agricultural Reform

While the exact mechanisms for enhanced domestic regulatory oversight can be further finetuned, leveraging traceability technologies provides a transformative opportunity. The organic sector can act as a blueprint for broader agricultural sector reform, fostering operational efficiencies, boosting market competitiveness, and reinforcing Australia's reputation as a global leader in sustainable and ethical farming practices.

<sup>53</sup> [https://ec.europa.eu/food/animals/traces\\_en](https://ec.europa.eu/food/animals/traces_en)



## Addressing Domestic Gaps

Significant gaps remain in the enforcement of organic certification within domestic markets, underscoring the need for robust regulatory oversight and collaborative efforts to ensure product integrity.

### **Case Study: ACCC Investigations into Organic Claims**

The Australian Competition and Consumer Commission (ACCC) has highlighted critical vulnerabilities caused by the coexistence of two definitions of organic products: *certified* and *uncertified*. While certified organic products undergo stringent verification processes, uncertified products can freely use the term "organic" without meeting any established standards. This creates confusion for consumers and disadvantages certified producers who invest significantly in maintaining compliance.

The ACCC's limited powers further exacerbate the issue:

*"However, in the majority of matters reported to it, the ACCC has not found conduct that a court would find contravenes the Australian Consumer Law. This is due to a number of factors, including there being a general lack of evidence of misconduct, as well as difficulties in pursuing misconduct even where there is evidence due to no clear definition of 'organic'."*<sup>54</sup>

This regulatory gap enables greenwashing practices, where products are falsely marketed as organic, eroding consumer trust and undermining the premium value of genuine organic products. For consumers, this results in financial loss and reduced confidence in organic labels. For legitimate producers, it creates an uneven playing field, stifling competitiveness and market growth.

Currently, the burden falls on the organic sector to educate stakeholders and consumers about the differences between certified and uncertified products. However, without cohesive domestic regulation, the ACCC remains limited in its ability to investigate and penalise false claims effectively.

### **Case Study: U.S. Integrity Database for USDA National Organic Program**

In contrast to Australia, The USDA National Organic Program employs an integrity database to centralise certification information and ensure accountability across stakeholders. This system provides consumers with verifiable product data, helping combat fraud and safeguard the integrity of organic labels.

In the absence of such a system, producers and consumers face significant risks: farmers may lose competitive opportunities due to counterfeit goods, and consumers may be misled into paying premium prices for non-organic products.

Adopting a similar model in Australia could help address current regulatory gaps, ensuring transparency and building trust with international trading partners. For consumers, it provides certainty around authentic organic products, reinforcing expectations of quality and ethical sourcing. For producers, it protects legitimate operators from counterfeit competitors, safeguarding market share and enhancing profitability. Ultimately, such a system would allow Australian producers to access premium export

<sup>54</sup> <https://www.accc.gov.au/system/files/domestic-organics-accs-submission-consultation-ris.pdf>



markets, boost national export revenues, and mitigate the reputational damage caused by fraudulent claims.

## The Role of the Organic Standards Bill

Strategic investment in regulatory oversight, as proposed in the Organic Standards Bill, provides a clear opportunity to rectify these issues. By establishing enforceable standards for all organic claims and empowering the ACCC to act against non-compliance, the Bill will:

- Close existing regulatory loopholes to combat greenwashing and ensure fairness.
- Build consumer trust by protecting the integrity of organic labels.
- Strengthen market opportunities for Australian producers in both domestic and international markets.

Parliamentary hearings on greenwashing have further highlighted the need for comprehensive reform to prevent misleading claims and ensure accountability<sup>55</sup>. The Bill provides a structured pathway to address these challenges, fostering a fair and transparent marketplace while positioning Australia's as a global leader in ethical and sustainable agriculture.

## **Consumer Trust**

Australia's organic products are globally recognised for their exceptional quality. However, domestically, consumer trust remains an ongoing issue due to uncertainty around the legitimacy of organic claims. Market reports consistently show that approximately one-third of consumers have been misled when purchasing products labelled as organic<sup>56</sup>, raising concerns about truth in labelling and market integrity. This lack of regulation undermines the trust consumers place in organic products and compromises the competitive standing of certified organic operators.

At the same time, consumer sentiment strongly supports improved regulation of the organic industry<sup>57</sup>. By introducing a clear and enforceable definition of "organic," the National Organic Standard Bill will:

- Safeguard consumers from misleading claims, ensuring products labelled as organic meet rigorous certification standards.
- Provide the ACCC with a clear mechanism to investigate and penalise misuse of the term "organic."
- Address greenwashing, a growing issue highlighted by an ongoing Senate Inquiry<sup>58</sup> and prioritised by the ACCC in 2023<sup>59</sup>.

The Bill aligns with broader government trends towards truth in labelling, as demonstrated by the successful regulatory changes implemented in the seafood industry.

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<sup>55</sup>[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Environment\\_and\\_Communications/Greenwashing/Public Hearings](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Greenwashing/Public_Hearings)

<sup>56</sup> ACIL Allen, Mobium Group, & NielsenIQ. (2023). Australian Organic Market Report 2023. Australian Organic Limited.

<sup>57</sup> Mobium Group. (2022). Australian Shopper Deep Dive: Exploring 'Trust' as a Roadblock to Purchasing Organic Products. Australian Organic Limited.

<sup>58</sup> [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Environment\\_and\\_Communications/Greenwashing](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Greenwashing)

<sup>59</sup> <https://www.accc.gov.au/media-release/accc-publishes-draft-guidance-to-improve-businesses-environmental-claims>



### Case Study: Seafood Country of Origin Labelling

For over a decade, Australia’s seafood industry had been advocating for greater transparency in country-of-origin labelling of seafood products within the food service sector. With 70% of seafood consumed in Australia being imported—primarily through the food service sector—consumers were unable to identify where their seafood was sourced<sup>60</sup>. In response to persistent industry efforts and growing consumer demand, the government introduced mandatory country of origin labelling for the food service sector in November 2023, with implementation scheduled for 2025<sup>61</sup>.

Seafood Industry Australia CEO Veronica Papacosta highlighted the success of this reform:

*“To have delivered a result that will provide the Australian community with the ability to make informed choices about the food they purchase and consume is a credit to the constant support and encouragement of SIA members and leaders across the industry”<sup>62</sup>.*

The organic industry faces a parallel challenge—without regulation, consumers cannot make informed choices about products claiming to be organic. The National Organic Standard Bill addresses this gap, closing regulatory loopholes and strengthening consumer confidence in organic labelling.

Like the seafood industry, the organic industry is requesting regulatory oversight to protect its long-term sustainability and ensure consumers can make informed choices about what is—and isn’t—truly organic. Implementing a domestic standard is critical to safeguarding the industry’s integrity, supporting its continued growth, and enhancing its contribution to Australia’s agricultural sector. The government’s proactive approach in addressing similar loopholes in other industries, such as country-of-origin labelling for seafood, demonstrates its ability to enact targeted reforms to protect consumers and support industry development. The National Organic Standard Bill offers an equivalent opportunity to close regulatory gaps and strengthen consumer confidence in organic products.

As outlined in the Bill, the ACCC will have a clear role in investigating and addressing the misuse of the term “organic,” as defined under the new framework. This enforcement mechanism is essential for deterring deceptive claims and ensuring only certified organic products are marketed as such. Additionally, the Bill’s proposed three-year implementation period will provide ample time for consumer education initiatives. These efforts will help consumers understand the importance of certification, what to look for when purchasing organic products, and how to raise concerns about misleading claims.

### Communications Strategy

Outlining and resourcing a Communication Strategy is an integral part of the implementation process. To effectively engage and educate all stakeholders—operators, consumers, industry bodies, and retailers—a clear, collaborative, and phased approach is required over the three-year transition period.

The strategy must be carefully structured to address the regulatory and implementation processes, whilst aligning with the overarching objectives of education, engagement and compliance – all whilst building consumer trust. A phased approach ensures that each stakeholder group understands and is prepared for the change.

<sup>60</sup> <https://463.9af.myftpupload.com/aussie-aussie-aussie-seafood-industry-calls-on-aussies-to-support-origin-labelling-review/>

<sup>61</sup> <https://seafoodindustryaustralia.com.au/we-did-it-cool-decision-for-australian-seafood/>

<sup>62</sup> <https://seafoodindustryaustralia.com.au/we-did-it-cool-decision-for-australian-seafood/>





While the ODG understands that Government and Department will play an important role in a communication plan for the Bill, we would like to provide the committee with a proposed outline.

### Leveraging Existing Communication Frameworks

The ODG recommends that the communication strategy can draw from successful frameworks used in similar national campaigns, such as Australian Made and Australian Seafood, which effectively addressed diverse stakeholder groups—including industry, government, and consumers. These examples demonstrate how clear messaging, strategic partnerships, and multi-channel communication can drive understanding and adoption across a wide audience.

- **Unified Branding:** Just as Australian Made uses its logo as a recognizable and trusted symbol, the strategy could evaluate the adoption of a single certification mark. This would simplify consumer recognition and trust in certified organic products.
- **Targeted Messaging:** Different audiences require tailored communication. Operators need detailed guidance on compliance and certification processes, while consumers need easy-to-understand messaging about the benefits of regulation.
- **Partnerships and Collaboration:** Collaboration with certifiers, industry bodies, government departments, and retailers can amplify the message. For example, Australian Seafood successfully engaged retailers to promote sustainable fishing practices to consumers. A similar approach could involve retailers in highlighting the integrity of certified organic products under the new regulation.

### Proposed Communication Framework

- **Phase 1 (Awareness):** Introduce the regulation, its purpose, and benefits while laying the groundwork for operator and consumer education.
- **Phase 2 (Engagement):** Collaboration between government, industry bodies, operators, and certifiers to ensure traceability, compliance and operator and consumer awareness and understanding, while building alignment with global market standards.
- **Phase 3 (Transition Completion):** Celebrate the milestones achieved while ensuring ongoing compliance and maintaining consumer trust through sustained education efforts.

#### ➤ **Phase 1 - Awareness**

The first phase focuses on introducing the regulation, its purpose, and its benefits while laying the groundwork for operator and consumer education. Clear and consistent messaging will be essential to ensure operators understand the regulatory requirements and how the changes will impact their certification processes. Consumers will also need to understand how these regulations will build trust and guarantee the integrity of organic products. Early and continuous education and resources can be delivered via industry and certification bodies.

- **Workshops and Training:** Provide operators with region-specific, hands-on training to simplify complex requirements and traceability systems.
- **Certifier Collaboration:** Work through certifiers and industry bodies to distribute toolkits, step-by-step guides, and ongoing compliance updates.



To ensure wide dissemination, multi-channel campaigns, including a dedicated website, press releases, webinars, and social media, will be employed to introduce the regulation's benefits and align expectations. There is evidence to suggest that many operators would consider certification if domestic regulation were introduced. During the transition period, there would be significant opportunities to engage a broad audience through webinars, mass media (including social media and press), and sector bodies. Particular attention would be given to smaller producers who may not yet be certified, with a focus on developing clear and simplified communications about the certification process and cost-benefit analysis.

There will also be consideration also to the message transparency and why businesses with under \$25,000 turnover are excluded from certification requirements. This can help mitigate any perceptions of unfairness whilst also offering an opportunity to provide supporting resources to such businesses such as guidance on how they can still meet consumer demand and voluntarily pursue certification.

### ➤ **Phase 2 - Engagement**

In the engagement phase, the focus would remain on working closely with industry bodies, operators, and certifiers around traceability compliance, transitioning from local private standards to the National Standard, and building alignment with global market standards. This stage will involve deeper engagement with operators, particularly those unfamiliar with certification, and emphasise the economic opportunities presented by aligning with international regulations.

The Bill positions Australia to align with global standards, enhancing our ability to meet international market demands. This will be a key focus throughout the implementation process, highlighting how the changes open opportunities for export growth by reducing barriers and ensuring credibility in global markets. Engagement with government bodies, trade organizations, and major exporters will underscore the economic advantages of the regulatory framework, encouraging operator participation.

### ➤ **Phase 3 - Transition Completion**

The final phase will celebrate milestones achieved, solidify compliance practices, and ensure consumer trust is maintained through sustained education efforts. Success stories will be shared through media announcements, case studies, and milestone events to showcase progress within the industry.

Broad-reaching education campaigns through retailers will remain central to building consumer trust. Partnering with retailers will provide opportunities to display educational content both in-store and online, emphasizing how certification guarantees quality and integrity. Real-life storytelling, including examples of certified operators and satisfied consumers, will demonstrate tangible benefits, such as improved health, sustainability outcomes, and economic growth.

Sustaining compliance among operators will involve ongoing collaboration with certifiers and regular updates to ensure they are well-equipped to meet requirements over the long term.

There is significant potential to continue raising the awareness of the organic market through targeted digital communication and education efforts ongoing. For instance, establishing a robust database



platform to maintain accurate producer information would enable direct communication with farms, facilitating the effective sharing of organic news, updates, and opportunities.

### Consumer Education and Trust-Building

Consumer trust in certified organic products will be central to the regulation’s success. The process will include broad-reaching education campaigns emphasising the benefits of the regulation—ensuring that every product carrying the certification mark meets rigorous standards. There are several existing marks within the market today that have reasonable levels of consumer awareness and will play a pivotal role in fostering recognition and confidence. A potential evaluation of adopting a single unified mark, aligned with regulatory goals, should be explored during the transition. Partnering with retailers will amplify these efforts, ensuring consumers understand and value the significance of certified organic products.

- **Multi-Channel Campaigns:** Build awareness and trust through consumer-friendly campaigns, using relatable narratives to explain why regulation matters.
- **Retail Partnerships:** Collaborate with retailers to display educational content in-store and online, showcasing how regulation guarantees the quality of certified organic products.
- **Storytelling:** Use real-life stories from certified operators and consumers to illustrate the positive impact of regulation on health, sustainability, and economic growth.

### Funding

This process will require funding to help with the transition, the PwC noted that education for a regulatory option would cost approximately \$1.6m with ongoing cost of \$500k<sup>63</sup>. If we look to this CBA as an estimate for the funding required for an effective education program, then it is likely the introduction of the education and communication program above will likely require approximately \$3m over the transition period.

While this would be new money invested in the organic sector, it would be an opportunity for government to align with the unanimous findings of the *Trading North* Report which called for ongoing budgetary assistance for the organic sector<sup>64</sup>. Funding for the Bill will also align with recommendations to review and ensure the compatibility of the regulatory framework for Australian organic products.

### Change Management

The three-year timeline for the bill’s implementation provides ample opportunity for comprehensive engagement with both industry and consumers. This structured approach allows for a gradual rollout, enabling operators to absorb regulatory changes at a manageable pace, while regular communication through multiple channels reinforces key messages, enhancing understanding and compliance. Ongoing feedback loops with industry partners ensure the strategy adapts to stakeholder needs, and the extended timeline supports robust consumer education campaigns, building trust and ensuring certified organic products are recognized and valued under the new

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<sup>63</sup> DAWE, COST BENEFIT ANALYSIS. PWC

<sup>64</sup> TRADING NORTH REPORT



ODG representatives are committed to working with the government and other key stakeholders to provide input into any communication strategy undertaken as part of the transition process and is more than happy to act as a facilitator between government and industry as part of any communication that takes place.

## Conclusion

In summation, the National Organic Standard Bill represents a significant step forward in ensuring the integrity, growth, and international competitiveness of Australia's organic industry. By establishing a clear, enforceable definition of "organic," the Bill will protect both consumers and certified operators from misleading claims, fostering greater trust in organic products. This reform will not only streamline domestic certification but also pave the way for critical equivalency agreements with key international markets, thereby improving market access, driving economic growth and opportunities and reducing trade barriers for Australian organic producers.

The Bill addresses longstanding challenges in the organic sector, particularly around regulatory fragmentation, market access, and consumer confidence. With the backing of over 90% of the organic industry, the Bill has widespread support and is seen as essential to unifying the sector under a transparent and effective regulatory framework. This alignment with global standards will help Australia leverage its significant share of organic farmland and meet the growing international demand for high-quality, sustainably produced organic products.

The Organic Development Group (ODG) is committed to supporting the successful implementation of this Bill and to ensuring its positive impact on the industry. We request that any unresolved issues be addressed in future hearings or addendums, and we stand ready to collaborate with the government and stakeholders to facilitate the transition. With its clear benefits for both the organic sector and Australian consumers, the Bill offers a robust foundation for the continued success and expansion of the organic industry in Australia.



Appendix 1:  
**Current Market Access Situation for Australian Organic Goods**

**Equivalency Arrangements:**

Equivalency arrangements support direct market access for organic operators looking to export certain organic products. Countries with equivalency tend to have maturing organic markets with established regulation of organic goods.

- **Countries:** European Union, Japan, Taiwan, Switzerland, United Kingdom
- **Challenges for AU Organic Operators:** There are limitations to equivalency arrangements when the standards in question do cover all products. For example, Australian organic wine operators can currently only export to Taiwan out of the five regions listed above. Access to other markets requires additional organic certification(s), which significantly increase costs and restrict export opportunities.

**Conformity Arrangements:**

Conformity arrangements exist where there is no full equivalency agreement in place, but a specific Australian certification body is accepted and found to conform with the organic requirements of the importing country. Countries with conformity arrangements also tend to have maturing organic markets with established regulation of organic goods.

- **Countries:** United States, South Korea, Canada, China
- **Challenges for AU Organic Operators:** While these arrangements provide access, the associated costs can be prohibitive. The conformity assessment arrangement process is between an individual certifying organisation and the relevant overseas government entity, with management coming at a significant cost.

**Emerging Markets / No Current Arrangements:**

At present, several markets have no formal equivalency or conformity arrangements for organic products. However, trade in organic products is still possible. These countries are defined as having regulations on organics but lack mature implementation and/or require only slight labelling adjustments and adherence to import protocols.

- **Countries:** Many markets, including Cambodia and Vietnam
- **Challenges for AU Organic Operators:** Current challenges include a lack of information about these markets and how to approach them. This lack of understanding leads to issues around red tape. Improved information from the government and departments would help ease this burden for organic operators.



Appendix 2:  
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		
		<b>Total</b>	<b>9724</b>		
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		
		<b>Total</b>	<b>4160</b>		
South Korea	Annual Certification with Biannual Audit	Certification Body application fee	650	119	\$653,905
		Annual fee (\$995 + audit fee)	2440		
		Mandatory 2 <sup>nd</sup> annual audit fee	1445		
		Time for additional paperwork x 2 (12 hours)	720		
		Time for audit x 2 (4 hours)	240		
		<b>Total</b>	<b>5495</b>		
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		
		<b>Total</b>	<b>4290</b>		
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		
		<b>Total</b>	<b>3620</b>		
<b>Organic Goods Certificate (OGC)</b>	Per consignment	OGC Certification Body fee	70	<b>5,200</b>	<b>\$520,000</b>
		OGC time (1 hour)	30		
		<b>Total</b>	<b>100</b>		
				<b>Total</b>	<b>\$4,198,507</b>
				<b>Grand total ****</b>	<b><u>\$12,595,521</u></b>

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

\*\*\*\* This data is based on the OGC data from ACO and SXC only, there are four other certification bodies that offer similar market access services, therefore, the final number was multiplied by 3.

\*\*\*\*\*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.