



Australian Organic Limited
Supplementary Submission – Greenwashing
Inquiry

Introduction

Australian Organic Limited (AOL) appreciates the opportunity to provide a supplementary to our original submission. In response to the invitation, AOL has focused on the inquiry undertaken by the Australian Competition and Consumer Commission (ACCC) and its update on environmental and sustainability claims. AOL identifies opportunities for improving the guidance published by the ACCC, aligning them with the recommendations in our original submission.

In this submission, AOL presents examples from members who have experienced adverse effects due to greenwashing by non-organic businesses who have misrepresented organic labelling as their own, negatively impacting our producers.

Australian Competition and Consumer Commission – Greenwashing Inquiry

Since our submission in May 2023 to this inquiry, the ACCC has conducted its own inquiry focusing on its own internal processes for addressing greenwashing¹. The inquiry was carried out between 14 July 2023 and 15 September 2023 and presented an opportunity for stakeholders to contribute their perspectives.

AOL contributed to the inquiry, providing a joint submission with like-minded industry groups under the Trusted Label Group (TLG). The TLG comprises the following organisations:

- *Aquaculture Stewardship Council (ASC)*
- *Australian Organic Limited*
- *Forest Stewardship Council (FSC)*
- *Good Environment Choice Australia (GECA)*
- *Marine Stewardship Council*

Each of these organisations represents industries with robust certification systems. These systems ensure product traceability and validate claims related to environmental and sustainability practices. Greenwashing poses a serious concern for all TLG members, and collectively, they seek actions to mitigate its negative effects on consumer trust.

While ACCC's report acknowledged concerns about greenwashing and provided guidance on how to avoid it, it fell short in effectively deterring businesses from making misleading claims of being 'organic' or 'sustainable' without legitimate, traceable certifications across the entire supply chain.

¹ Australian Competition and Consumer Commission 2023, *Making environmental claims: A guide for business*, Commonwealth of Australia, accessed 18 January 2024, <https://www.accc.gov.au/system/files/greenwashing-guidelines.pdf>

What Next?

AOL would like to see the outcomes of the ACCC inquiry strengthened so that significant consequences are imposed on anyone making unsubstantiated claims of environmentally and/or sustainable products. This aligns with recommendation two from our original submission which emphasises the necessity for:

Stricter regulations and greater consequences around misleading or deceptive advertising practices – i.e., greenwashing².

Without increased economic penalties or penalties that outweigh the benefits of using terms like 'organic' as marketing tools, mere guidance will not resolve these issues. The ACCC has highlighted the requirements to avoid greenwashing, it is crucial to enforce these guidelines in a manner that significantly impacts organisations choosing to disregard them.

AOL urges severe ramifications to deter operators from engaging in repeated greenwashing. The objective is to establish consequences that will serve as a strong deterrent, ensuring accountability and protecting consumer trust in claims of environmental and sustainability practices.

Industry Examples

The examples below are provided to offer the committee insights into the direct challenges faced by the organic industry due to the mislabelling of products under the guise of greenwashing.

It is crucial to highlight that inaction and limited punishment from organisations like the ACCC perpetuate these issues, showing no signs of resolution. The current system appears insufficient to support the necessary reforms and must be strengthened.

Organic Almond Industry

The Australian organic almond industry has long grappled with suppliers falsely claiming their almonds to be completely pesticide/spray-free and organic without reputable third-party oversight or a supervised testing schedule to substantiate their claims. This deceptive marketing strategy has led consumers to opt for the 'pesticide-free' alternative over certified organic almonds, resulting in a significant decline in market share and corresponding sales for certified organic almond producers.

Despite bringing this to the attention of the ACCC, the lack of education, as highlighted in AOL's original submission, contributes to a widespread misunderstanding of labels like 'pesticide-free.' This confusion hinders consumers, industry stakeholders, and government bodies from comprehending the misuse of such labels and its impact on consumer confidence.

² Australian Organic Limited 2023, *Australian Organic Limited Greenwashing Submission*, submission 2, accessed 18 January 2024, [Submissions – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au/submissions)

While the ACCC has responded, there has been an absence of concrete action to safeguard organic almond producers from those falsely claiming their almonds to be pesticide-free. Without systemic improvements such as stricter labelling requirements and consequences for repeat offenders (e.g., product withdrawal and increased fines), this problem will persist, exacerbating the broader issue of consumer distrust within the organic industry.

This lack of accountability also makes it difficult for almond industry representatives to effectively address complaints through official government and departmental channels. Please refer to the attached folder 'Almond Example Support Documents' for detailed letters and photographs highlighting the concerns raised by organic almond growers regarding mislabelling.

Organic Poultry Industry

Enviroganic Farm, an organic poultry operator based in southern New South Wales, supplies organic chicken to Woolworths as part of their Macro range and to smaller butchers across Australia. As part of this arrangement, Enviroganic instructs the butchers to sell the chicken whole, without any cutting involved. This precaution is essential because, under organic certification standards, any further processing of certified organic products must be carried out by a certified organic retailer with the necessary traceability protocols in place. Accordingly, Enviroganic consciously refrains from selling in bulk to avoid the risk of butchers manipulating their quantities of organic chicken and reusing the packaging material for non-organic chicken.

An incident involving a butcher in Victoria selling mislabelled organic chicken prompted Enviroganic to cease supplying to them. After receiving calls from a customer who was suspicious of loose, cut chicken being sold under the Enviroganic brand by the Victorian butcher, Enviroganic investigated and noted that the butcher had begun claiming to be supplied by a new organic chicken supplier. Enviroganic contacted this alleged new supplier and discovered that they had not supplied chicken to this butcher for several years.

Despite reporting this deceptive practice to the ACCC, the response received was merely an acknowledgement for raising the issue, with no further actions beyond issuing warnings to the responsible butcher.

This ongoing issue, exacerbated by the inability to deter the use of 'organic' instead of 'certified organic' due to regulatory shortcomings, has resulted in continual sales losses for the operator.

Enviroganic emphasised that without their contract with Woolworths, sustaining their operation would be highly improbable due to competition posed by fraudulent organic products, primarily attributed to the decline in sales resulting from butchers repurposing their organic packaging and marketing material for non-certified organic chicken. The absence of effective recourse in such scenarios highlights the ease with which greenwashing takes place, also underscoring the pressing need for education throughout the supply chain along with greater ramifications for those engaging in deceptive greenwashing practices.

Please refer to the attached folder titled 'Poultry Example Support Documents' for correspondence from Enviroganic Farm, shedding light on the issue, accompanied by photos illustrating the mislabelling of organic chicken.

Conclusion

This submission highlights the challenges faced by the organic industry due to the mislabelling and greenwashing of products, a practice exacerbated by inadequate regulatory measures. Through industry-specific examples, such as Enviroganic Farm, the detrimental impact on certified organic producers is highlighted, emphasising the urgent need for strengthened regulations and penalties. The ongoing vulnerability in the current system contributes to continual losses for certified organic operators and fosters an environment conducive to continual greenwashing.

To safeguard the integrity of the organic industry and rebuild consumer trust, it is crucial to implement systemic reforms, specifically: stricter labelling requirements, enhanced penalties for repeat offenders, and an overarching educational initiative throughout the supply chain. This submission advocates for tangible actions that will protect certified organic producers and fortify the organic industry against the challenges of greenwashing.