

Please provide your details below:

Rick Carmont

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Submitting on behalf of Organic Exporters

Which one of the following best describes your main activity in relation to organic products?

We are an organic service provider. The Organic Exporters Association of New Zealand was established in 29 years ago in 1992 and serves over 140 New Zealand organic exporters to 90 markets around the world earning \$450 million in export receipts and a market sector value of \$730 million. We are a solely member funded trade association. We assist with market access for certified organic food & beverage from New Zealand. Where no organic bilateral arrangements exist, we work with affiliates to provide the fastest, easiest and most economic route to market. We work closely together with the Ministry for Primary Industries to agree the prioritisation of work undertaken for the organic export sector. We provide a voice to government for organic exporter and organic foreign buyer representatives. We further encourage and support organic export growth by providing market knowledge, insight and guidance and networking opportunities to organic exporters.

2021 Executive Board

Alice Moore, Zespri International (Chair)

Donald Nordeng –BioGro New Zealand (Deputy Chair)

Andrea Armitage - Ministry for Primary Industries (abstained from all regulatory discussion)

Danielle Adsett – New Zealand Apple & Pears

Andrew Henderson - Fonterra Co-operative

Corrie den Haring – Tech Foods Ltd

Patrick Geals, New Zealand Trade & Enterprise

Matt Gallagher –ASUREQuality New Zealand

Chris Morrison – Karma Drinks

Heidi Stiefel – Bostock NZ

Fabian Yukich – New Zealand Wine

Rick Carmont (Executive Director)

- A. We don't import or export but represent most New Zealand companies that do.
- B. Where applicable most of our members export under MPI's Official Organic Assurance Programme.
- C. If you provide a service, which one of the following best describes your primary service? We assist with market access for certified organic food & beverage. And further encourage and support organic export growth by providing market knowledge, insight and guidance and networking opportunities to organic exporters.
- D. If you operate a business, does your business sell or deal with organic products? No.
- E. If you operate an organics business, is your business certified? No
- I. If you operate a certified organic business, who are you certified with?

Other (please specify) n/a

- J. In the last 12 months, what was your business's approximate turnover in relation to organic products?

not applicable

- K. If you operate a business, how many employees do you have?

None (owner-operated)

1-5

PROPOSED BASELINE PROCESS

The proposed baseline process for assessing compliance with the organic standard is: have a plan; get an initial assessment; get approval; and have ongoing verification. Refer to page 11 of the discussion document.

1. How strongly do you agree or disagree with the proposed baseline processes for assessing business' compliance with the organic standard?

Neutral

Please explain your view, including what, if any, alternative processes could be considered and why

Contained in the MPI notes from Organics Sector re-engagement: Ministry approval 21 July 2020. Ministry approval is a single, one-off step in the process, unless significant changes occur. Ongoing verification – ministry approval would not have a set end date, but could only be maintained if requirements were met and no significant change were made.

It would be helpful to define what a significant change was and this may be sourced from the experience and history ofASUREQuality and BioGro.

Based on the premise that Ministry approval is intended to be a one-off event and will either have no set date or the set date exceeds 10 years then we have no issue with this plan.

APPROVING INDIVIDUAL BUSINESSES

HAVE A PLAN

We propose that organic businesses should have a documented plan for how they will meet the organic standard, and records to show compliance. Refer to page 12 of the discussion document.

2. How strongly do you agree or disagree with the proposed organic management plan requirements?

Strongly agree

3. Is there anything you would add or remove?

If the format of the OMP is not defined then the time taken to enter the key data will add costs to the process. We favour a template approach. We concur and support the position as stated by GS1 that government policy states (as articulated, for example, in the Cabinet Office Circular CO (16) 3), which requires government agencies to identify business entities with the NZ Business Number (NZBN):

We recommend that all entities required to have a documented organic plan should be required to have an NZBN.

We recommend that the NZBN should be used to identify that business throughout all registers and transactions (e.g., in recognised agencies and MPI systems).

We recommend that consideration should be given to identifying locations where activities are occurring with an Organisational Part number.

We recommend that, where possible and appropriate, that parties should be encouraged to provide the Global Trade Item Number for the input. Apart from removing any ambiguity about which inputs or products are used in an organic management plan, such identification will facilitate interoperability between registers, assist with traceability & recall processes and the efficiency of the regulatory processes & supply chain.

4. What would be the advantages for your business of keeping an organic management plan?

We think the OMP ensures all necessary processes are in check.

We believe that an OMP should not be necessary for traders and exporters who own product but do not grow, process or store the product but this is completed by a organic certified third party operator.

5. What would be the disadvantages for your business of keeping an organic management plan?

None. Except for traders who add unnecessary administration costs.

INITIAL ASSESSMENT

We propose that once a business has developed an organic management plan they go through an initial assessment. This which would consist of:

- » an evaluation of the plan by a person formally recognised by MPI for example and
- » a pre-approval verification check of the business (and any other businesses covered by the plan) by an agency recognised by MPI.

Refer to page 14 of the discussion document.

4. How strongly do you agree or disagree with each of these statements? Please select one option for each statement.

| | Strongly agree | Agree | Neutral | Disagree | Strongly disagree |
|---|----------------|-------|---------|----------|-------------------|
| An initial assessment should involve an evaluation of an organic management plan, and verification of the business. | | Agree | | | |
| If the recognised person who evaluates the plan is also able to verify that the business is operating in accordance with its plan in one visit, then a second visit should not be required as part of the initial assessment. | | Agree | | | |

Do you have any further comments on initial assessment?

No.

MPI APPROVAL AND THE PUBLIC REGISTER

After having an initial assessment (evaluation and verification) from a recognised agency, the business will need to apply to MPI for approval. We propose that MPI will assess and approve:

- » the business' organic management plan, and
- » the business to make organic claims.

Refer to page 15 of the discussion document.

5. How strongly do you agree or disagree that MPI should assess and approve business' organic management plans (as well as assessing and approving the business)?

Disagree

Please explain your view

Consistent with Question 1. On Ministerial Approval, we can agree with a one-off approval process. However, the finer detail of assessing OMP's should be left toASUREQuality & BioGro and they should make the recommendations to MPI regarding approval.

6. We propose that there be a public register of organic businesses, how strongly do you agree or disagree that the following details should be made public:

| | Strongly agree | Agree | Neutral | Disagree | Strongly disagree |
|---|----------------|-------|---------|----------|-------------------|
| The name and location of the organic business | | Agree | | | |
| The products they are approved to describe as organic | | Agree | | | |
| The processes they are approved to carry out for organic products | | Agree | | | |
| The status of the approval e.g: approved; suspended | | Agree | | | |
| Approval date | | Agree | | | |
| The recognised agency or person who assessed the business | | Agree | | | |

Is there any other information that should be published?

The overseas markets that the organic business has been approved to access.

7. What factors do you think MPI should take into account when setting, or deciding to set a duration on the approval?

We strongly oppose a duration on the approval process. Imposing a duration is in conflict with previous advice from MPI contained in the MPI notes from Organics Sector re-engagement: Ministry approval 21 July 2020. Ministry approval is a single, one-off step in the process, unless significant changes occur. Ongoing verification – ministry approval would not have a set end date, but could only be maintained if requirements were met and no significant change were made.

What should the minimum or maximum duration be?

Minimum duration should be at least 10 years unless revoked for transgressions.

ONGOING VERIFICATION

We propose that after being approved, businesses will need to be verified on an ongoing basis to confirm they remain compliant with the organic standards. Refer to page 17 of the discussion document.

8. How strongly do you agree or disagree that businesses should be verified on an ongoing basis?

Agree

Please explain your view

To give consumer confidence and maintain compliance.

VERIFICATION OUTSIDE OF THE REGULAR SCHEDULE

We propose that organic businesses should inform MPI of any significant changes, and should inform recognised agencies of any significant incidents (e.g. spray drift). Refer to page 19 of the discussion document.

9. How strongly do you agree or disagree with the following statements. Please select one option for each statement.

| | Strongly agree | Agree | Neutral | Disagree | Strongly disagree |
|--|----------------|-------|---------|----------|-------------------|
| Significant changes to organic management plans should be approved by MPI. | | | | Disagree | |
| Significant incidents should be notified to the recognised agency. | | Agree | | | |

Do you have any other comments on verification?

We consistently believe the OMP should be managed by AsureQuality or BioGro and recommendations made to MPI from them.

RENEWAL OF APPROVAL

We propose that if a business' approval has an expiry date, they will need to renew their approval before then, or be re-approved altogether.

10. What factors should be considered for whether an approval would expire?

We strongly oppose a duration or expiry on the approval process. Imposing a duration is in conflict with previous advice from MPI contained in the MPI notes from Organics Sector re-engagement: Ministry approval 21 July 2020. Ministry approval is a single, one-off step in the process, unless significant changes occur. Ongoing verification – ministry approval would not have a set end date, but could only be maintained if requirements were met and no significant change were made.

11. What factors should be considered when determining the renewal frequency (if any)?

The only reason for an expiry would be for high-risk exporters who have had enforcement or civil penalties opposed against them.

OPTIONS WITHIN INDIVIDUAL BUSINESS VERIFICATION

We propose that the frequency or scope of verification should be flexible to suit the nature and risks of the organic business. Refer to page 22 of the discussion document.

12. How strongly do you agree or disagree that there should be flexibility within verification?

Strongly agree

Please explain your view

There are operators that deal with primary produce that is not processed and then there are operators that deal with highly regulated foods like organic infant formula. The risks and complexities are vastly different.

13. We have identified three options for verification.

- » Flexibility in the nature of verification (1A): minimum verification frequency is fixed at annual, but there is flexibility regarding whether an onsite visit is carried out (preferred)
- » Flexibility in the frequency of verification (1B): verification frequency is flexible, but there would always be an on-site visit carried out
- » No flexibility (1C): verification frequency is fixed at annual, there would always be an on-site visit carried out,

Which is your preferred option for verification?

Flexibility in the nature of verification (1A)

Please explain your view

1A provides the best options for both the operator and the certifier.

14. If we progress with our preferred option (1A: fixed frequency, flexible nature), what would be the advantages for your business?

Better ability to plan.

15. We propose the following risk-based criteria to determine verification frequency or nature.

How strongly do you agree or disagree with the proposed criteria:

| | Strongly agree | Agree | Neutral | Disagree | Strongly disagree |
|---|----------------|-------|---------|----------|-------------------|
| The intended market of the products (i.e. domestic or export) | | Agree | | | |
| The value and volume of the products being produced | | Agree | | | |
| The competence and performance history of the business, including how long it has been organic | | Agree | | | |
| The complexity of the business and its plan, including whether non-organic products are also produced on the same premises and how many sub-contractors are covered | | Agree | | | |

Please explain your view

We agree with the risk-based assessment and its ability to protect New Zealand's reputation in our foreign markets.

16. What other criteria (if any) should be used to determine verification frequency or nature?

Provision for remote audits as has been extensively used around the world since May 2020.

ALTERNATIVE METHODS OF APPROVAL, INCLUDING APPROVAL OF GROUPS OF BUSINESSES

We propose that small organic businesses would be able to be approved as a group, if they meet the proposed criteria. Refer to page 26 of the discussion document.

17. How strongly do you agree or disagree that small organic businesses should be allowed to be approved as a group?

Agree

Please explain your view

It suits a number of business operations.

18. How strongly do you agree or disagree with the proposed criteria for group scheme membership?

| | Strongly agree | Agree | Neutral | Disagree | Strongly disagree |
|---|----------------|-------|---------|----------|-------------------|
| Only producers and processors of organic products | | | Neutral | | |
| Only businesses that have an annual turnover of \$200,000 or less | | | Neutral | | |
| Groups must have three or more members | | | Neutral | | |

Please explain your view

It is important is that the group is sufficiently similar in the way that they operate that they can have a group OMP and that all members of the group have an appropriate verification against their OMP to ensure that the credibility of organic claims is truthful. Where there is complexity and differences in the businesses the group verification model may not work and they should be approved separately.

19. What other criteria (if any) should there be for qualifying to be a member of an organics group scheme?

Domestic operations and sale only

20. Is there another model for reducing the cost of verification that we should investigate?

No.

21. Compared to organic businesses approved individually, how much confidence would you have in organic products that were produced by businesses approved using the group process?

Neutral

Please explain your view

The confidence level should remain the same if the verification was performed by AsureQuality or BioGro.

Importing and exporting organic products

IMPORTING ORGANIC PRODUCTS

We propose that importers that need to be approved will follow the same approval and ongoing verification process as other organic businesses. Refer to page 29 of the discussion document.

22. How strongly do you agree or disagree that importers should be verified with the same flexibility as businesses producing and processing organic products domestically?

Strongly agree

Please explain your view

Organic imports will compete in some circumstances with NZ produced organic products and should come under similar regimes.

23. Do you have any other comments about importing organic products?

Imported organic products are very necessary for many ingredients in organic processed foods made in NZ for export and we need to ensure the stream of commerce is maintained.

EXPORTING ORGANIC PRODUCTS

We propose that exporters that need to be approved will follow the same approval and ongoing verification process as other businesses. Refer to page 31 of the discussion document.

24. How strongly do you agree or disagree that exporters should be verified with the same flexibility as businesses producing and processing organic products domestically, where the export market allows it?

Strongly agree

Please explain your view

Where exports markets allow the flexibility, we need to ensure that no unnecessary compliance is imposed.

25. How strongly do you agree or disagree that regulations should allow businesses exporting from New Zealand to meet overseas market access requirements rather than the New Zealand standard (as long as those products aren't sold as organic in New Zealand)?

Strongly agree

Please explain your view

This is a standard practice where a foreign market has an OMAR that may not be a requirement in NZ but is a requirement in the destination country. It usually pertains to processed foods. An organic operator should have the same market access as a non-organic operator in these circumstances.

Exemptions

EXEMPTIONS FOR VERY SMALL ORGANIC BUSINESSES SELLING DIRECT TO CONSUMERS

We propose that very small domestic organic producers and processors (e.g. less than \$10,000 turnover per year, selling direct to consumers from a single physical location) should not need to have a plan evaluated, be verified, or be approved by MPI, if they meet the proposed criteria. They would still need to:

- » meet the relevant organic standard
- » have and follow a plan and keep records
- » provide their details to MPI, and
- » hold information demonstrating why an exemption applies.

Refer to page 34 of the discussion document.

26. How strongly do you agree or disagree with the following proposed criteria for exempting very small businesses from approval? Please select one option for each criteria.

| Criteria | Strongly agree | Agree | Neutral | Disagree | Strongly disagree |
|--|----------------|-------|---------|----------|-------------------|
| The business must only sell the products that they produce or process | | Agree | | | |
| The business must only sell such products directly to the final consumer from a single physical location (i.e. not through internet sales or other electronic sales) | | Agree | | | |
| The business must only use ingredients from businesses that are approved (if applicable) | | Agree | | | |
| The business must have an annual turnover relating to organic production or processing which does not exceed \$10,000. | | Agree | | | |

Please explain your view

We are happy with the exemption criteria. If a business wants to progress to internet sales for example, then they need to waive their exemption.

EXEMPTIONS FOR RETAILERS

Retailers who only sell pre-packaged final products are excluded from the Bill, and therefore do not have any requirements. We propose that other retailers selling organic products should not need to be approved by MPI. They will still need to:

- » meet the relevant organic standard; and
- » have a plan or keep records that demonstrate how their retailing methods comply with the organic standard.

Refer to page 35 of the discussion document.

28. How strongly do you agree or disagree that retailers who sell bulk organic products or who repackage organic products should be exempt from having a plan evaluated, being verified, and being approved?

Strongly disagree

Please explain your view

If a retailer is handling bulk unpackaged organic product, then they must be approved and operate an OMP.

29. What, if any, other groups/classes of businesses do you think should be exempt from any parts of the approval and verification process?

Traders, handlers and storage facilities where the product is not under their care until the products is processed or packaged into the final state for export. For example, A cool store that is holding a sealed shipping container waiting for export should not require organic approval nor should the ship it will sail on.

Recognising Agencies and Persons

COMPETENCY REQUIREMENTS FOR RECOGNISED AGENCIES

We propose that recognised agencies should be accredited to either of the following standards, to demonstrate that they are competent and capable:

- » ISO:17020 (Conformity assessment – Requirements for the operation of various types of bodies performing inspection); or
- » ISO:17065 (Conformity assessment – Requirements for bodies certifying products, processes and services).

Refer to page 36 of the discussion document.

30. How strongly do you agree or disagree that recognised agencies should be accredited to either ISO 17020 or 17065 to carry out roles under the organics regime?

Strongly agree

Please explain your view

Agree with ISO17065, and feel there is less relevance in ISO17020, especially when it is not required internationally.

We propose a ‘key technical persons’ approach, which means that agencies would not have to get each verifier or evaluator recognised individually. This would reduce costs for agencies, but could also increase risks for agencies as their recognition could be suspended or withdrawn if an individual recognised person is found not to be performing well.

31. How strongly do you agree or disagree that recognised agencies should be able use a ‘key technical persons’ approach?

Neutral

Please explain your view

We like that this would reduce costs but the risk may be too high for the agency.

COMPETENCY REQUIREMENTS FOR RECOGNISED PERSONS

32. How strongly do you agree or disagree with the proposed competencies for verifiers and evaluators:

| Criteria | Strongly agree | Agree | Neutral | Disagree | Strongly disagree |
|--|----------------|-------|---------|----------|-------------------|
| knowledge and understanding of organic legislation and any other relevant legislation | | Agree | | | |
| knowledge and understanding of organic production and processing methods | | Agree | | | |
| relevant skills for the role they are applying for (i.e. evaluation or verification); | | Agree | | | |
| how to operate in accordance with the standard operating practices (SOPs) of their agency (if applicable); | | Agree | | | |
| impartiality, and management of conflicts of interest; | | Agree | | | |
| knowledge of when specialist technical expertise is needed and how it could be obtained | | Agree | | | |
| knowledge of the specific requirements of group schemes (if evaluating or verifying group schemes) | | Agree | | | |

Are there any other competencies that should be included?

While all of the above competencies are required, we consider that the focus for MPI should be on the integrity and robustness of the certification processes/systems themselves, and Recognised Agencies appoint assessors and verifiers and not focused on the individuals.

INFORMATION SHARING BETWEEN MPI AND RECOGNISED ENTITIES

It will be possible for businesses to switch between recognised entities. Without the correct settings, this could lead to situations where the new recognised entity is not aware of outstanding or ongoing non-compliance issues if the business does not inform them. Systems and processes should be in place to ensure recognised entities have access to the information they need.

33. What systems and processes should be in place to ensure organic businesses keep up to date with compliance obligation when switching between recognised entities?

We understand there are already protocols in place between certifiers to ensure that switching was for reasons other than attempting to circumvent addressing a nonconformance position. The same way that if a car fails a WOF it can go to another provider but the reason for failure will still be visible to the new provider.

Do we want a national logo for organic products?

During the 2018 consultation, we received mixed feedback from submitters on whether a national logo for organics should be developed or not. Refer to page 40 of the discussion document.

34. Would a national logo for organic products be useful to you?

Yes, useful for some businesses but not compulsory.
The cost should be borne by the users.
The cost should be per business not per unit.

Why or why not?

The Organic Exporters believe that a national organic mark expressly designed and used for marketing New Zealand product is not necessary. The best marketing tool available is the "Product of New Zealand" strapline. There are commercial organic logos in New Zealand already.

Firstly, Biogro, AsureQuality, Demeter and others have organic logos which are used as part of the marketing collateral for New Zealand based businesses. They are trusted logos and brands now. A national logo will not lift the trust higher than these certified organic products are today.

Secondly, another difficult issue about the national organic mark is its use and control. For example, the USDA manage and control the use of the USDA national organic mark. Many New Zealand companies use the USDA organic logo in their foreign marketing collateral. What would stop other countries from using the New Zealand logo? What would prevent Australian organic Manuka Honey operators from applying the New Zealand organic logo. If we restrict the use of the New Zealand logo to only New Zealand original product then we could open up reciprocating restrictions for New Zealand organic companies in their application of the USDA organic logo and the EU organic logo and New Zealand would be the poorer for it.

Thirdly MPI will cost recover the establishment, operation and control of the new logo. 100% of these costs will be added to the NZ organic producers and processor. We do not believe that the benefit will outweigh the cost of the new logo.

Fourthly, for export markets the logo of the destination country is the logo customers and consumers' demand. Not that of the country of origin.

Finally, experience has taught us that sometimes when a national organic logo is launched and maintained by the competent authority, the use of certifiers logos can be prohibited like in the USA. That would devalue the brands of Biogro, AsureQuality, Demeter and others.

35. If a national logo was to be developed, who do you think should be allowed to use the logo?

(Tick all that apply)

- Businesses that are approved individually
- Businesses that are approved as a group
- Importers importing products that meet the New Zealand Standard
- Importers importing products that meet an overseas standard as agreed as part of a trade agreement
- Importers importing products that are produced under an overseas organic regime deemed equivalent to New Zealand's regime by the New Zealand government

If the national logo was to be developed Organic Exporters believe all the above should be able to use it and all the above users should have to pay for 100% of the total cost of the development and operation.

Moving to a new regime – we're here to help!

We understand that the proposals in this document may mean a significant change for some businesses, while for others it might mean smaller changes. Refer to page 44 of the discussion document.

36. If you have any concerns about transitioning to a new regime for organics, what are they?

We believe there should be a Grandfathering clause put into the regulations to provide for ingredients which have been imported into New Zealand and fully meet the organic standards. For example, a beverage company may have imported 2-3 years' worth of certified organic sugar due to commodity cycles. Under the current wording this sugar would lose its organic certification as it was never certified to the NZ Organic Standard. Without a Grandfathering clause many ingredients and long-life products like wine and honey would lose their organic certification.

37. What, if any, costs (other than those identified in this document) would your businesses face in transitioning that we should be aware of?

Too early to tell. Biggest cost could be a levy on producers.

38. Thank you for completing this survey. Do you have any other final comments you wish to make?
Yes

Remove the Requirement for Official Organic Assurance.

The Organic Exporters want to clarify what, if any, requirement the new organic regime has for the Official Assurance step from MPI for the daily transactions and consignments.

We would like to get to a position that mirrors most of the organic regulated world where official assurances are not required to be registered for export transactions to a country where New Zealand has negotiated organic trade arrangement with. We note that the Bill does not require an official organic assurance and therefore is consistent with our target. Current assurances are written into many of our organic trade arrangements (from New Zealand to the organic agreement market but not visa-versa) and that these gave the right level of confidence while New Zealand operated without organic regulations.

The Organic Exporters fully support the Official Assurance model that MPI operate for the export of Agricultural products. All of the organic agricultural products exported out of NZ are already subject to the primary SPS official assurances. We maintain that Organics is a marketing claim not a food safety one. All the exported organic product already has a primary Official Assurance. Organics does not require a secondary layer of official assurance.

Once the Bill becomes Law and New Zealand has its organic regulatory regime, we would like to see that organic exporting entities only require, from an organic perspective an organic certificate to the New Zealand national organic standard issued by their ISO17065 Third Party Agency (AsureQuality or BioGro).

We note that this is consistent in the proposed regulations for organic imported product. Where it is expressed in section 7 that organic product from foreign countries will be permitted if a certificate from an overseas certification body is gained. This demonstrates that MPI will expressly trust foreign certification bodies to make the organic claim.

Harmonized Commodity Description and Coding System (HS code).

We request that organics is recognised and allocated within the New Zealand Harmonized System Classification 2017 (NZHSC). This is used by more than 190 other countries as a basis for their customs tariffs and for the collection of international trade statistics. An up-to-date trade commodity classification is essential for maintaining the relevance, accuracy, and international comparability of New Zealand organic trade statistics.

END