

Governance of Australian organic standards and certification: A recovery program

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Abstract

Australia made an excellent start with the growth of organic standards and certification in the 1990s having one of the first regulations for export of organic produce and one of the first IFOAM accredited organizations. The Australian organic industry contributed significantly to the early development of organic standards and certification internationally. In 2024, however there are multiple problems with governance of the Australian organic sector. Australia is the only OECD country without an organic domestic regulation, it lacks agreement on a peak body for the sector, certified organic production is declining and there is sparse organic research in Australian academic institutions with industry research and development almost non-existent. Twenty-two recommendations are made with respect to standards, certification, industry organizational arrangements, and regulation. This paper presents the findings of a 5-year research study proposing a reform and recovery program for the Australian organic sector.

Keywords: governance, organic standards, certification

Track: 4. Policies for scaling up organics and agroecology.

Topics: Topic 2: National policies upscaling organics, Topic 5: Tools and best practice in Organic Policy Advocacy

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Introduction and background

The first Australian attempt at an organic certification scheme was by the Organic Food Movement in Adelaide in 1972 (Paull, 2013). The OFM was a creation of members of the Soil Association of South Australia. The Organic Food Movement only remained active for about two years due to the small number of suppliers and outlets for organic food. The next attempt to certify organic food, the first in the southern hemisphere and the oldest surviving standard and certification system in Australia, was by the National Association for Sustainable Agriculture, Australia Ltd. (NASAA). NASAA maintains the private NASAA Standard for Organic and Biodynamic Produce and has signaled the publication of an Organic Regenerative Standard in 2025. NASAA created NASAA Certified Organic (NCO) in 2011 to separate certification from its organic advocacy functions.

The earliest operating certification scheme after NASAA was Northern Rivers Herb Growers and Marketers Organic Herb Growers of Australia, which began certifying herbs in 1988 and changed its name to Organic Herb Growers Association (OGHA) in 1990. The second surviving attempt at creating an organic certification system began with the formation of the Biological Farmers of Australia (BFA) in February 1987. OGHA was integrated with the BFA in 2006 and BFA changed its name to Australian Organic Limited (AOL) in 2012. Its

private standard is now called the Australian Certified Organic Standard (ACOS). AOL certification services were transferred to its subsidiary company Australian Certified Organic (ACO) in 2012 and ACO became a fully independent organisation in 2018 and changed its name to ACO Certification Limited (ACO).

Both the private standards that NASAA and BFA created, and the associated certification schemes received positive press and market acceptance that facilitated rapid growth including more than 100 applications to the NASAA scheme within the first year.

Australian organic standards rapidly became accepted around the world and applied in many countries within the Asia-Pacific region. In 2023 NCO certified operators in at least thirteen countries and ACO in a similar number. NASAA members, and Australians in general have been very active participants in development of CODEX Organic, regional organic standards, standards harmonization, the IFOAM Guarantee System, and the IFOAM Basic Standard, including Liz Clay, Sasha Courville, Andre Leu, Ruth Lovisolo, Tim Marshall, Rod May, Andrew Monk, Els Wynen, and others.

Government engages with organic standards and certification

NASAA first approached the National Food Authority in 1988 to ask for organic to be defined in the Australian Food Standards Code, but the request was refused because it was a process standard not a product standard. In 1989 NASAA asked the Australian Minister for Agriculture, John Kerin, to control organic exports and this led to establishment of the Organic Produce Advisory Committee (OPAC), which developed the National Standard for Organic and Biodynamic Produce (the National Standard) in 1992 (Chang et al., 2004, Lyall 2001).

The Commonwealth Export Control Act 1982 (Commonwealth of Australia, 1982) was used to deliver the Export Control (Organic Produce Certification) Orders, which came into effect in July 1993, and organic exports were regulated according to the National Standard.

In time, this enabled Australia to be one of the first countries accepted by the EU as a 'Third-Country', acknowledging the Australian standards and compliance scheme to be equivalent to that of the EU, and thereby enabling exports certified by Australian CBs audited by AQIS (Wynen 2007, p. 42).

The National Standard was explicitly created to facilitate export accreditation in accordance with the Export Orders issued by the department of agriculture but, in the absence of another government-recognized vehicle, the National Standard became the default standard in the domestic market, however it had no legal status (Do, 2015, Hall, 2007 and 2011). This remains the situation until the current time (November 2024).

Evolution of standards, certification and accreditation systems has maintained high production requirements and Australian organic produce on the export market is well regarded by our trading partners but there are multiple unresolved issues in the domestic market.

Organic standards and certification are not regulated in the domestic market

According to the 2023 edition of World of Organic Agriculture Statistics and Emerging Trends 74 countries had fully implemented organic regulations. However,

“Australia is one of the few developed nations in the world not to have implemented a domestic regulatory standard for the production and sale of organic products” (Willer et al. 2023, p. 28). Australian organic regulations are only fully implemented for organic exports (Willer et al. 2023, p. 154).

The 2000 decade revealed three significant organic fraud events, one that resulted in a producer serving some time in jail and in another a processor was found guilty and the company ceased to operate. In the most impactful case for the organic industry, an egg packer was found guilty of fraud and fined \$270,000, of which about \$36,000 was paid to NASAA as their logo that had been misused. However, as the National Standard does not apply in the domestic market, the magistrate said that he could not determine if the produce was genuinely organic. The remainder of the fine was made available to the Organic Federation of Australia to support Standards Australia, the nation's peak non-government, not-for-profit standards organisation, in the development of the AS6000 Standard for Organic and Biodynamic Produce. The AS6000 can be used by Australian courts and the ACCC Australian Competition and Consumer Commission (ACCC) to establish whether organic claims are compliant with the standard, but there is no evidence of recent cases undertaken by ACCC. The AS6000 has had limited support from accredited certification bodies, in favour of the private NASAA and AOL standards and the National Standard, with only one (Southern Cross Organic) using it consistently.

In a report called “Certified organic” food in Australia – opportunities for growth and development, prepared for an organic trading company, Delyth Samuel, Director of consulting company Discovery Works Pty. Ltd. wrote,

The sector is fragmented and driven by individual self-interests.

Certification is a driver instead of a means to demonstrate specific value to the consumer.

There is no cohesive industry structure and the current certification systems seem to hinder rather than drive value.

The sector needs a strong value proposition based on value creation and not competition with conventional agriculture, with a harmonised certification process that demonstrates value.

A lack of sector data and analysed information needs to be rectified to inform decision-making and gain investment into the sector. (Samuel et al. 2021).

Every major academic study of the domestic organic market (Chang et al. 2004, Do 2015, Macarthur Consulting, 1997, Samuel 2021, Webster and Alexandra 2017) and some recent high level consulting reports to government (Deloitte 2021, Price Waterhouse Coopers 2022), report on chaos, misinformation, and lack of regulation as a major inhibiting factor in consumer trust and/or in greater uptake of organic certification by producers. Many industry leaders and participants in the standards setting and certification system, including producers, processors, marketers, organic activists, and consumers, believe that governance of organic standards and certification in Australia needs reform.

Despite more than thirty years of government indicating that the National Standard for Organic and Biodynamic Produce would become relevant to the domestic market, the standard only applies to exports and there is still no regulation of organic at home. Lack of regulation has caused confusion with four standards commonly applied in the domestic market by five government-accredited and several unaccredited certification bodies, an unknown number of recently established PGS and one long-established PGS that uses the

IFOAM Basic Standard. There are disputes about the compliance of high-visibility nationally distributed certified organic products; uncertified produce is common in local stores and farmers markets and probably accounts for half of fresh produce sales in the organic category. An incorporated association responsible for standard writing was dominated by certification bodies, in common with almost all industry structures in the last thirty-five years. It was fraught with governance and conflict of interest disputes until these issues forced its disbandment in February 2022, passing standards management back to government. There are competing claims for peak body status that seriously limit the capacity of the sector to talk with government about standards or other important issues such as biosecurity, market development, and regulation.

Lack of cooperation between certification providers and the absence of a universally supported peak body gives rise to multiple problems. A very small cohort of individuals understand how organic standards and certification work such as which standard or accreditation is applied to a certified product, and because of competition between certification bodies and lack of a peak body, information is not shared adequately beyond this small insider group. Growers, traders, and consumers are exposed to lack of information, misinformation and lack of transparency about how the industry is managed, and the integrity of organic products.

In 2024 organic certification logos may also appear on products where the standard and label requirements are not clearly defined, such as farm inputs. Logos may appear on products where it is unclear from the label which standard the product is certified to (the National Standard, the AS6000 or a private standard). Industry data is strongly disputed (Wynen 2016, 2019, OTARE 2019). Lack of domestic regulation inhibits the negotiation of equivalency arrangements with trading partners, resulting in high cost to certification bodies to maintain individual conformity assessment arrangements with multiple export destination countries, costs that are inevitably passed back to producers, processors, and traders and add to the burden of certification, and disincentives for conversion of new producers.

A underlying issue is that food legislation is not within the constitutional scope of the Commonwealth Government of Australia unless this power is referred to the Commonwealth Government by the States and Territories per the Australian Constitution s51(xxxvii). They could do this by acting uniformly as the Ministerial Councils comprising of the responsible Commonwealth, State and Territory Ministers. The possibility of the Food Standards Code mechanism was made clear by The Blewett Review (COAG 2011), an independent review of food labelling law and policy commissioned by the Council of Australian Governments (COAG was the precursor to the Ministerial Councils) in 2009, but this has been rejected by the organic industry several times as it will not cover organic fibre or cosmetics.

A reform and rescue package

A reform and rescue package is proposed for the governance of organic standards and certification in Australia, consistent with the aims and objectives of Organic Industries Australia (OIA), the main organisations representative of certified organic producers, and the Organic Consumers Association of Australia (OCAA).

Recommendations for action include the following:

1. Formalise the casual public/private arrangement for management of organic standards

by meeting with government and signing a Charter or Memorandum of Understanding that establishes responsibilities for each party.

2. Adopt one domestic standard that can be recognised by the courts. Although which standard is less important than clearly adopting a single standard, the AS6000 is the obvious choice as it has exemplary governance and the most representative standards committee.
3. Align the standard with the policy positions of IFOAM Organics International.
4. Review the standard to ensure consistency with Australian Consumer Law and emerging international requirements for climate-related financial disclosures and sustainability claims.
5. Form a Standards Development Organisation (SDO) so that the organic sector owns its own standard, contracting Standards Australia as the standards writer and manager. Ongoing management of the standard will easily be paid for by the savings made when certification bodies are no longer required to negotiate individual conformity assessment arrangements with multiple countries around the world. Ensure representative membership of the standards committee based on clear Terms of Reference with a broad spectrum of required knowledge and experience, and professional conduct, obligations, to reverse the historical dominance of certification bodies in management of the National Standard. This will allow for the standard to be made free of charge by the SDO.
6. Coordinate state departments of consumer affairs to agree that there be uniform national legislation.
7. Adopt the AS6000 into domestic regulation and then adopt it as the export regulation confirming One Organic Standard policy of OIA. Use this as the basis for equivalency arrangements with our trading partners.
8. Permit PGS operating to the one organic standard (possibly with geographic and operator-income limits).
9. Acknowledge the separation of the three critical components of certification: standards setting, certification services, and inspection. Establish an independent inspector's association with its own training, confidentiality, conflict of interest, and impartiality documentation and procedures.
10. Establish an independent process for approval of permitted inputs using the not-for-profit model of the Organic Material Research Institute (OMRI) in the USA.
11. Reconsider arrangements for retailer certification so that its implementation is uniform and consistent regardless of the size of the business, replacing the preferential system that has favoured the large supermarket chains.
12. Launch a consumer education campaign to inform consumers about genuine certified organic products and improve recognition of the Standards Australia logo for use on organic products.

13. Establish a register of all certified organic operators that can be used as a single online operator certification verification system such as the USDA Organic Integrity Database, where the industry or public can check the certification of every Australian organic operator regardless of their certification and promote use of the register.
14. Improve the performance of certification bodies to ensure that they treat all clients equally irrespective of size. Certification has been a cornerstone of the organic industry. Organic is defined by standards that differentiate sustainable, humane, and socially responsible farming production and processing systems, verified by paddock to plate tracing, and enforced by regular inspection breaches of standards. This has encouraged acceptance by consumers, and market growth. Regulation of organic should meet commonly held certification values including effectiveness, relevance, transparency, openness, and impartiality, and not be trade restrictive. Reinstate biodiversity, water management and general environmental management questions into annual questionnaires and Organic Management Plans.
15. Make clear to government, traditional agriculture institutions, and consumers, that organic agriculture is the best available system to resolve the tension between commercial agriculture and sustainability and biodiversity, and to align agriculture with commonly held values in the Australian community.
16. Support a single peak body to encourage organic sector interests and provide for government observers to establish that a new era of cooperation has arrived, replacing the long-established era of the dominance of certification bodies and competition between them and their associated membership organisations. Membership and management of the peak body must include all sector interests. It should respect the historical input and technical knowledge of certification bodies but provide balance of interests in the supply chain including direct engagement of certified operators, environment experts, traders, and consumers. Ideally a single peak body could result from the merger of AOL, NASAA, and OIA. Such a merged organisation would have the knowledge and financial assets necessary to represent the interests of the entire sector including consumers.
17. Establish positive relationships between the organic industry and all three levels of government and emphasize environmental, health and trade benefits of organic, with reference to government policy and international treaty obligations, including UN SDG and ESD goals. Lobby government to reform all forms of agricultural assistance so they are aligned with sustainability and biodiversity objectives contained within the UN Sustainable Development Goals.
18. Promote regenerative agriculture as the pathway for transition to organic agriculture. To do this the organic sector should establish relationships with regenerative agriculture organisations and invest in people, to encourage younger farmers to understand organic systems and develop into influential agri-political leaders. Provide grower information and workshops to assist growers to transition to organic production and certification.
19. Lobby the Australian Government and Rural Development Corporations to ensure organic operators get their fair share of R & D expenditure. This could be by

agreement that the existing organisations to establish organic research sub-committees but ideally would see the development of a new organic R & D fund, and an option that certified operators could choose how to divide compulsory levies between their industry or commodity fund and the organic fund.

20. Establish an organic agriculture research institute to undertake R & D and facilitate information sharing for existing and prospective organic operators. Development more positive relationships with existing research institutions and agri-political organisations to reduce barriers between organic and conventional producers and establish a collaborative online information hub or repository for organic research and encourage access to innovation such as biological input development (soil health and pesticide alternatives), drones and robotic systems, for all growers. Improve relationships with all research institutions and establish a collaborative online information hub or repository for organic research.
21. Improve organic industry data collection, which should be managed by the peak industry body using professional economic and data collection agencies and protocols, to encourage investment in the industry.
22. Investigate barriers to conversion: what are the reasons for the slowing rate of conversion to organic? Investigate information, institutional and financial constraints. What incentives or assistance can be provided by industry and government, including workshops and farming schools, mentoring by existing organic operators, and financial incentives such as those that have been available in USA and EU, including per-hectare payments for conversion, or rate reductions by local governments such as those that are available in some Australian states for land that is dedicated to bush heritage agreements.

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