



21 June 2021

Organics Consultation
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Dear Sir/Madam

Attached are the comments that the New Zealand Food & Grocery Council wishes to present on the document *Seeking your views for regulating organic businesses in the primary sector: approving businesses and checking compliance with organic standards. MPI Discussion paper No: 2021/01.*

Yours sincerely

Katherine Rich
Chief Executive



Seeking your views for regulating organic businesses in the primary sector: approving businesses and checking compliance with organic standards. MPI Discussion paper No: 2021/01

Submission by the New Zealand Food & Grocery Council

21 June 2021

NEW ZEALAND FOOD & GROCERY COUNCIL

1. The New Zealand Food & Grocery Council (“NZFGC”) welcomes the opportunity to comment on the *Implementation of changes resulting from the Health Star Rating System Five Year Review – Stakeholder Engagement, May 2020*.
2. NZFGC represents the major manufacturers and suppliers of food, beverage and grocery products in New Zealand. This sector generates over \$40 billion in the New Zealand domestic retail food, beverage and grocery products market, and over \$34 billion in export revenue from exports to 195 countries – representing 65% of total good and services exports. Food and beverage manufacturing is the largest manufacturing sector in New Zealand, representing 45% of total manufacturing income. Our members directly or indirectly employ more than 493,000 people – one in five of the workforce.

The regulations should support the objectives of the Bill to: » increase consumer confidence in purchasing organic products; » increase certainty for businesses making organic claims; and » facilitate international trade in organic products. We consider that the regulations should balance meeting the objectives of the Bill with ensuring that: » the regulatory regime is simple to understand and administer; » the regime has flexibility; and » costs to businesses and consumers are proportionate to the overall benefits. We are interested in your feedback on whether you think the proposals in this paper will achieve these objectives.

COMMENTS

Baseline process for checking compliance

1 How strongly do you agree or disagree with the proposed baseline processes for assessing business' compliance with the organic standard? Please explain your view, including what, if any, alternative processes could be considered and why.

3. The baseline processes comprise:
 - Having a plan and keeping records
 - Initial assessment
 - Approval (MPI)
 - Ongoing verification (recognised agency)

Have a plan and keep records

4. NZFGC agrees with this proposal conditional on businesses that have management plans for other purposes, such as a risk management programme under the Animal Products Act, can combine the organics and animal products information, rather than holding two separate plans and we would oppose the provision of duplicate information.
5. Where the information required already forms part of another plan, it should not need to be duplicated. This means that for risk management programmes under the Animal Products Act, the only elements from the list proposed on p13 of the Consultation paper would be:
 - the type of products to which the plan applies (this might be duplicated);
 - all measures to be undertaken by the business to ensure compliance with the relevant standard (this might be duplicated);
 - a description of the activities that are carried out in any neighbouring premises that pose a risk to the organic status of the operation; and

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- the training provided to staff, contractors and visitors on their roles and responsibilities with respect to the organic management plan.

2. How strongly do you agree or disagree with the proposed organic management plan requirements? Is there anything you would add or remove?

6. NZFGC agrees with having an organic management plan but notes that it should not have to duplicate information provided as part of another plan.

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

7. The advantage is being able to demonstrate steps to compliance. The disadvantage is cost both initial and ongoing.

Initial assessment

8. NZFGC does not agree an initial assessment is required for existing operators, such as an organics operator who has been successfully operating an organics business for a minimum of one year. The operator knows what is required, what is at stake and assessment can be undertaken at the time of the first verification.

9. We consider it an unnecessary and costly step to require an initial assessment of existing businesses.

10. We do not agree that evaluation is necessary. This is a step vital in food safety. It is unnecessary for labelling or description and is an excessive requirement in terms of time and cost.

11. We do not agree pre-approval verification is necessary for existing operators. This is a cost-plus exercise.

12. The suggestion is made that if a business is operating under two different regulatory systems (e.g. both the Animal Products Act and Organic Products Act) then it may be possible for a single recognised person to conduct evaluation or verification under both systems at the same time. This could streamline the process for businesses and reduce costs.

13. We strongly support a shared verification but we continue to oppose evaluation of an organics plan at any time.

4. How strongly do you agree or disagree with each of these statements:
» An initial assessment should involve an evaluation of an organic management plan and verification of the business.
» 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.
Do you have any further comments on initial assessment?

14. We strongly disagree with each of the statements as set out in the preceding paragraphs (see above):

- Evaluation is unnecessary for labelling
- An initial/pre-approval verification is unnecessary for an existing operator

MPI approval and the public register

15. We agree with approval by MPI and inclusion on a public register but this should not be subject to prior evaluation and verification.

16. We do not agree that the processes an operator is approved to carry out for organic products be listed in a public register unless they are generic terms set out in regulations to select from. We also do not believe it is relevant to list the recognised agency or person who assessed the business. Such information is not relevant for the public just as the person or business who provides a warrant of fitness for a vehicle is necessary for the public.

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)? Please explain your view.

17. We agree MPI should assess and approve business' organic management plans but this should not be subject to prior evaluation and verification.

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:

- » the name and location of the organic business;
- » the products they are approved to describe as organic;
- » the processes they are approved to carry out for organic products;
- » the status of the approval e.g.: approved; suspended;
- » approval date; and » the expiry date of the approval (if any); and
- » the recognised agency or person who assessed the business.

Is there any other information that should be published?

18. As noted above, we do not agree that the processes an operator is approved to carry out for organic products be listed in a public register unless they are generic terms set out in regulations to select from. We also do not believe it is relevant to list the recognised agency or person who assessed the business. Such information is not relevant for the public just as the person or business who provides a warrant of fitness for a vehicle is not necessary for the public.

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

19. NZFGC does not agree with expiry dates nor re-approval schedules.

Ongoing verification

20. We agree that businesses will need to be verified by a recognised agency on an ongoing basis to check that they remain compliant with organic standards. The frequency of verification should be aligned with any other verification frequency under any other regulatory regime the business is operating under. Coordinating verification in this way will minimise costs.

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

21. NZFGC agrees that businesses should be verified on an ongoing basis. See above for further comment.

Verification outside of the regular schedule

22. MPI proposes significant changes must be approved by MPI before they are implemented and must be notified of significant incidents to decide whether additional verification is required at the time or whether it is being handled adequately.
23. NZFGC agrees that significant changes should be approved by MPI before being implemented and that significant incidents should be reported but does not agree that additional verification should be considered. This is not a food safety incident and regulation should be light touch.

9. How strongly do you agree or disagree with the following statements?
» Significant changes to organic management plans should be approved by MPI.
» Significant incidents should be notified to the recognised agency.
Do you have any other comments on verification?

24. See above.

Costs – Expiry and renewal of approval

25. MPI proposes that if a business's approval has an expiry date, the approval will need to be renewed before then, or be re-approved as a new plan. NZFGC does not agree with expiry dates nor re-approval schedules. NZFGC considers that organic management plans, should not need to be annual – this is not a food safety issue. Re-registration is inconsistent with current Animal Products Act 1999 requirements, and imposing this for organic management plans would be an unnecessary step resulting in additional cost without benefit.

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

26. As noted above, NZFGC does not agree with expiry dates nor re-approval schedules. Re-registration is inconsistent with current Animal Products Act 1999 requirements, and imposing this for organic management plans would be an unnecessary step resulting in additional cost without benefit

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

27. NZFGC does not agree with expiry dates nor re-approval schedules.

Options within individual business verification

28. MPI proposes that the frequency or scope of verification should be flexible to suit the nature and risks of the organic business. NZFGC agrees but does not agree that the minimum should be annual. A minimum of three years is strongly recommended for businesses supplying the local domestic markets with more frequent verification for all domestic markets and export and drawing on the risk-based criteria proposed for verification.

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

29. NZFGC strongly agrees that there should be flexibility both for and within verification. See above.

13. We have identified three options for verification, which is your preferred option?

30. Option 1A is preferred but this should extend to frequency as well as nature.

14. If we progress with our preferred option (1A), what would be the advantages and disadvantages for your business?

31. .N/A

15. We propose that risk-based criteria are used to determine verification frequency or nature. How strongly do you agree or disagree with the proposed criteria, and why?

32. NZFGC agrees that there should be criteria used to determine verification frequency and nature but does not agree with all the proposed criteria. The market could be further divided into local/North or South Island/all New Zealand. Value and volume needs segmenting and competence and prior performance detailed. We do not agree that the complexity of the business should be a factor.

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

33. NZFGC has no other criteria to propose.

Alternative methods of approval

34. MPI proposes that small organic businesses should be able to be approved as a group. NZFGC agrees with this proposal so long as the criteria for verification also apply here.

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

35. NZFGC agrees that small organic businesses should be allowed to be approved as a group so long as the criteria for verification also apply here.

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

36. NZFGC supports the proposed criteria for group scheme membership (similarity of systems, complexity of business, complexity of supply chains, geographic proximity to one another, performance history and competence, resources for an internal control system).

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

37. NZFGC proposes no others.

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

38. NZFGC is not aware of other models.

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

39. There should be no difference.

Approval process for importers needing to be approved

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? Please explain your view.

40. NZFGC strongly agrees that there should be flexibility but also that any business making organic claims or statements with respect to food must be in compliance with New Zealand organic regulatory requirements and that this is appropriately enforced by MPI.

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

41. None.

Exporting organic products

42. MPI proposes that exporters that need to be approved will follow the same verification process as other businesses. NZFGC does not agree with this proposal. The whole organics regulatory regime is predicated on the need for overseas markets to have visibility of the New Zealand system. The minimum approval period should be annual for export and all other aspects determined by risk.

Market access requirements for exports

43. MPI proposes that regulations should allow exporters to meet an overseas standard for a country they are exporting to where it conflicts with the New Zealand standard. NZFGC agrees.

Official assurances for exported products

44. MPI proposes that the process to obtain official assurances be similar to the current overseas access process, amended to align with the requirements of the new regime. NZFGC agrees.

24. How strongly do you agree or disagree that businesses exporting from New Zealand should be verified with the same flexibility as businesses producing and processing organic products domestically, where the export market allows it? Please explain your view

45. See above.

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)? Please explain your view.

46. NZFGC agrees that regulations should allow businesses exporting from New Zealand to meet overseas market access requirements rather than the New Zealand standard since promoting trade was the reason for the regulatory regime. If the regulatory regime then becomes a barrier to export, objectives are not being met.

Exemptions

47. The Bill provides for two types of exemption: an exemption for a class, or group, of similar businesses; and an exemption for an individual business. MPI proposes that very small organic businesses selling direct to consumers and retailers should not need to be approved by MPI.

26. How strongly do you agree or disagree with the proposed criteria for exempting very small businesses from approval? Please explain your view.

48. NZFGC agrees with the proposed criteria for exempting very small businesses from approval.

27. How strongly do you agree or disagree that very small domestic businesses should be exempt from MPI approval (subject to proposed criteria)? Please explain your view.

49. NZFGC agrees that very small domestic businesses should be exempt from MPI approval (subject to proposed criteria) but believes there should be some way of identifying them in the register so that it is clear who has been exempted.

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, being verified, and being approved? Please explain your view.

50. NZFGC agrees that retailers who sell bulk organic products that are supplied by others who are registered should not also need to be registered. However, if a retailer is repackaging organic products for retail sale they should not be exempt from having a plan since their product is potentially sitting alongside the product of suppliers who are required to have a plan and this otherwise creates an unlevel playing field.

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

51. NZFGC has not others to propose for exemption.

National logo for organic products

52. NZFGC supports the concept of the development of a New Zealand organic logo which could be used on a voluntary basis by any business (eg producers, processors, exporters) that has an approved and verified organic management plan, we do not believe the timing is right to embark on this now. We are concerned that logo administration and promotion would be costly and not justifiable on a cost benefit basis. We consider the system should have the opportunity to bed in before a national logo is contemplated. Only then could costs and benefits be accurately calculated.

34. Would a national logo for organic products be useful to you? Why or why not?

53. See above.

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

54. See above.