

11 June 2018

Food and Regulatory Policy
Ministry for Primary Industries
PO Box 2526
Wellington 6140
New Zealand

By email: organicsconsultation@mpi.govt.nz

**SUBMISSION on
“Would New Zealand benefit from new organic regulation?”
Discussion Paper**

1. Introduction

Thank you for the opportunity to make a submission on the discussion paper on the organic regulation regime. This submission is from Consumer NZ, New Zealand’s leading consumer organisation. It has an acknowledged and respected reputation for independence and fairness as a provider of impartial and comprehensive consumer information and advice.

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2. General comments

Consumer NZ supports the Ministry for Primary Industries’ proposal to regulate organic production.

We agree a new regime would provide producers and consumers of organic products with increased certainty in making or relying on organic claims. We also agree New Zealand’s organic regulatory regime needs to be better aligned with other countries.

We consider the scope of regulation needs to be broad to cover the range of consumer products carrying organic claims. These products not only include foods but also other consumer goods such as cosmetics and textiles.

Our research continues to find examples of products marketed as “organic” where the extent of the product’s organic content is minimal and would not meet the requirements of any recognised organic standard. Among the products identified in our 2016 review were:

- Natures Organics Organic Care Shampoo. Despite the product's name, only four out of 18 ingredients were certified as organically produced. Combined, they made up less than five percent of the shampoo.
- Palmer's Organics Cocoa Butter Massage Cream. Just three of the 33 ingredients in the cream were certified as organically produced.
- Stepout Organic Cotton Socks. While the socks carried a "certified organic cotton" logo on the pack, the logo was developed by the manufacturer and was not a third-party certification mark.

Given the range of consumer products on which organic claims appear, we recommend the ministry liaise with other relevant government agencies on the scope of regulations. Our preference is for a single standard that would apply to all consumer goods.

Such a standard could be mandated under section 27 of the Fair Trading Act, which provides for Consumer Information Standards to be issued by Order in Council.

Our answers to selected questions from the discussion paper are set out below.

3. Answers to selected questions

Question 1: Do you agree or disagree with the proposed scope? Are there any other products, for example, aquaculture products, that should be considered? Please specify.

As noted above, we think the scope should be widened. Consumers have the right to know whether the organic foods they buy are true to label. They also have the right to know whether other organic products they buy meet their label claims.

Question 4: Do you agree that this is a good opportunity to change the way organics are currently regulated in New Zealand? In your opinion, what needs to change? Please explain why.

Yes, we agree this is a good opportunity to change the way organics are currently regulated. In our view, the current regime is not serving consumers well and is open to abuse.

Organic products are becoming increasingly popular in New Zealand with the organics industry now worth more than half a billion dollars. Our survey research has found 65 percent of consumers buy organic products at least some of the time.¹

While consumers pay a premium for organic goods, it can be difficult for shoppers to know whether they're getting a genuine product. As noted above, we have found items displaying logos that give the appearance of official certification when no certification has been obtained.

Misleading organic claims have also seen companies fined. In 2006, two butchers were fined for falsely labelling products as certified organic when they were not. The Commerce Commission currently has four open investigations into unsubstantiated organic claims.

Lack of regulation puts New Zealand out of step with our trading partners. It also means consumers here have less protection than those in countries we typically compare ourselves with. Close to 90 countries already have mandatory regimes for organic production.

¹ Data are from a nationally representative survey of 1022 New Zealanders aged 18 years or over, carried out online in December 2017.

Question 9: If a standard became mandatory for all organic operators, what would be the positive and/or negative impacts on you or your business?

We believe a mandatory standard for all organic operators would give consumers greater confidence in the products they are buying.

We also think it would be beneficial for businesses to have a mandatory standard as it will provide greater certainty and create a level playing field between domestic production and export production.

Producers that are already meeting recognised organic standards should not face any significant cost increase if a mandatory standard is introduced. Therefore, we don't expect a marked rise in the price consumers pay for genuine organic goods.

Question 10: To what extent do you support or oppose the use of a logo to help distinguish organic products from non-organic products? Please explain why.

Our preference is for a single logo to help distinguish organic products from non-organic. Having a single logo would help ensure products meeting the mandatory standard are easily identifiable.

Question 15: To what extent do you support or oppose this combination? Please explain why.

We support mandatory compliance for all relevant businesses so that consumers can have confidence the organic products they're purchasing meet expected standards.

We also support ongoing verification. We agree there may be some situations in which businesses should be exempt from ongoing verification provided that these businesses are still subject to enforcement action if they sell organic products that do not meet the standard.

Question 19: Do you have any comments on the range of proposed compliance and enforcement tools?

Yes, we would like to see the introduction of fines sufficient to deter non-compliance.

Thank you for the opportunity to make a submission on the Discussion Paper. If you require any further information, please do not hesitate to contact me.

Yours sincerely

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Consumer Advocate