



21 June 2021

NEW ZEALAND BEVERAGE COUNCIL SUBMISSION ON: PROPOSAL FOR REGULATING ORGANIC BUSINESSES IN THE PRIMARY SECTOR

INTRODUCTION

Established in 1993, the New Zealand Beverage Council (NZBC) is the industry association for New Zealand's non-alcoholic beverage sector. Our members are the brand owners, manufacturers, bottlers and suppliers of New Zealand's juice, carbonated drinks, flavoured-dairy and bottled water brands. Our membership is made up of a wide range of companies operating in New Zealand – from some of the largest multinational brands in the world through to some of the country's smallest boutique producers, as well as those companies that provide a wide range of goods and services to those companies, such as ingredient suppliers.

Our members represent over 75 percent of the non-alcoholic ready-to-drink beverages sold at retail level in New Zealand. A growing portion of the NZBC membership sells certified organic beverages. Some producers operate organic businesses, while others own an organic brand as part of their wider portfolio. Our members support communicating accurate information to consumers and are aware that terms such as "organic" can have influence over purchasing decisions. While majority of the NZBC membership that sell organic products do so domestically, there are also a number that export to other markets who may be impacted by any changes to the existing organic regime. We have made some comments below on the relevant proposals on behalf of our members and the wider non-alcoholic beverage industry.

PROPOSED BASELINE PROCESS

- 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.*

The NZBC acknowledges that the proposed process for assessing a business' compliance is in line with similar regimes that MPI is responsible for. However, we are concerned that the proposal may not be the best fit for purpose under the organic standard regime. We hold the view that the proposed baseline process for assessment add complexity, including additional approvals beyond what currently exists, ultimately putting added pressure on MPI resources and increasing costs.

APPROVING INDIVIDUAL BUSINESSES

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

The NZBC agrees with the proposed organic management plan requirements, in principle, but wishes to note that there is a lack of flexibility depending on the business. It is important that any and all

requirements are flexible for businesses operating as organic as well as businesses who have organic products in their portfolio mix. There are a number of non-alcoholic beverage producers who sell one or two organic products amongst many others, businesses that own an organic brand, as well as manufacturers whose business is made of entirely organic products. These differences need to be considered when implementing requirements for an organic management plan.

MPI APPROVAL AND THE PUBLIC REGISTER

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.*

The NZBC disagrees that MPI should assess and approve a business' organic management plan and the business. We see this as adding an additional layer of complexity by MPI that is unnecessary. Furthermore, NZBC holds the view that the decision-making authority should remain with the recognised agencies who are already involved and experts in this field. A better use of valuable time and resource for MPI would be spent on administrating and oversight of the organics regime, including maintaining the register, providing support and management of recognised persons and agencies.

VERIFICATION OUTSIDE OF THE REGULAR SCHEDULE

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.*

The NZBC disagrees that MPI should approve significant changes to organic management plans. As mentioned above, we believe the responsibility should sit with already recognised agencies instead of MPI.

The NZBC agrees that the recognised agency should be notified of any significant incidents.

RENEWAL OF APPROVAL

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

Our view is that a risk-based approach is appropriate for considering whether an approval would expire or require an expiry period. For example, businesses who has already undergone an assessment and approval, would not need to undergo a reapproval on the condition the business underwent an ongoing verification.

OPTIONS WITHIN INDIVIDUAL BUSINESS VERIFICATION

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

The NZBC strongly agrees that there should be flexibility in the frequency of verification, particularly for those businesses that are deemed low risk and have a proven track record of compliance. Our

view is that resourcing should be centred around new organic businesses or high risk or low compliance businesses.

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

The NZBC holds the view that a greater level of detail is required to determine the preferred option between Option 1A and Option 1B. The least preferred option is Option 1C.

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

The advantages and disadvantages could widely be different amongst non-alcoholic beverage manufacturers in New Zealand based on several factors, including the size of their business, if they are an organic business or simply own an organic brand and whether a significant portion of their product is exported to other markets. Without more granular detail about Option 1A, it is difficult to provide detailed advantages and disadvantages on behalf of the industry at large.

Cost of compliance with the proposed “fixed frequency and flexible nature” is, of course, a concern for businesses of all sizes. Any additional complexities and compliance requirements can also add disadvantages to low-risk businesses, such as beverage producers.

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?

The NZBC strongly supports a risk-based approach and is in favour of the proposed criteria to determine verification frequency or nature.

ALTERNATIVE METHODS OF APPROVAL, INCLUDING APPROVAL OF GROUPS OF BUSINESSES

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

The NZBC strongly agrees that small organic businesses should be allowed to be approved as a group. This is in line with approval processes and regimes in other markets and will increase uptake for small business in New Zealand.

EXPORTING ORGANIC PRODUCTS

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.

Beverages account for about 1 per cent of organic exports from New Zealand each year. While that number is small, it is constantly growing and adds value to NZ INC. The NZBC agrees, in principle, that businesses exporting from NZ should be verified with the same flexibility as businesses producing and processing organic products domestically. Additionally, the requirements of the exporting market must be taken into consideration.

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.

The NZBC agrees that products which are approved for export only can meet overseas market requirements rather than the New Zealand standard, so long as those products are not being sold domestically as organic.

DO WE WANT A NATIONAL LOGO FOR ORGANIC PRODUCTS?

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

The NZBC supports the principle that a national logo can be a useful and effective communication tool, particularly for consumers. However, we strongly support the proposal that the use of the logo remain voluntary for all organic products, as it is ultimately a commercial decision by the business if they wish to use the logo.

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

It is the view of the NZBC that only those business and products that are approved under the regime should be able to use the logo. Whether products are sold domestically, exported, or imported into New Zealand, they must meet the New Zealand standard in order to use and display the national logo in any form, including on packaging, advertising or any other communication.

MOVING TO A NEW REGIME

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

The main concern for beverage producers about transitioning to a new regime for organics is centred around the various regulatory changes currently underway as it relates to packaging. Beverage producers are facing a number of regulatory changes that will impact products in the market and consideration needs to be given to sell through of current stock, alignment with other required changes to packaging to minimise cost for businesses and the added level of complexity that the new regime will add for many compared to the current systems in place with private certifiers.

It should be noted that as this change in regime is not due to safety, therefore the transition period and stock in trade provisions should reflect this. This would mitigate the need for business to write-off packaging or stock, which incurs significant costs to the business, whilst mitigating environmental impacts associated with various packaging waste.

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

As mentioned above, there is significant cost associated with packaging and other marketing material for beverage producers. Streamlining any changes to packaging or labelling requirements with many of the other regulatory changes coming down the pipeline over the next several years will reduce the cost burden on businesses. Additional costs are also likely to be incurred due to the added compliance requirements.

CONCLUSION

Thank you for taking the time to consider the New Zealand Beverage Council's position on *Proposals for regulating organic businesses in the primary sector*. We hope you have found our comments useful. Should you require more information, please do not hesitate to contact me.

Yours sincerely,



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