*GO ORGANICS*!

**USING THE CHALLENGE OF OTHER MANAGEMENT SYSTEMS TO INNOVATE AND GROW THE ORGANICS MARKET AND INDUSTRY**

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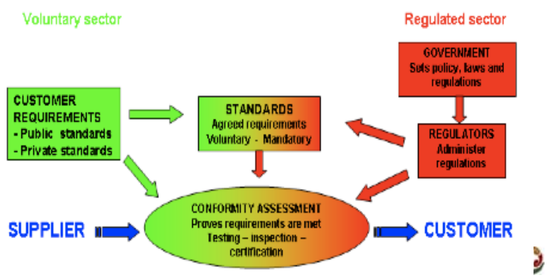
## Outline

1. Overview of trends in food quality assurance
2. Overview of the scope of issues covered by assurance
3. Overview of organic assurance and its performance
4. Possible insights for the future

## Assurance Overview




MAF Assurance Report 2008

## 1. Trends in Food Quality Assurance

- Drivers for increased assurance
- Scope and objectives of assurance
- Credibility
- Costs
- Effectiveness

## Drivers

- Growing retailer power – choice editing
- Retailers driven by reputation – food scares
- Increasing importance of supply chain relationships (security of contracts and contract access)
- Growing NGO – civil society influence
- Increasing consumer concerns

## Scope & Objectives

- Process eg how it is produced as well as product issues ie how safe
- Widening range of issues and responses
- Single vs multiple attributes
- Communication - understandable to consumers?
- Comparability between schemes not clear
- Inconsistent messages (labels vs other sources)

## Credibility

- Increasing importance of credible information
- Science base important for credibility (includes LCA approach)
- Dominance by single issues
- Cynical adoption or use
- Competence/credibility of certifications


## Costs

- Allocation of costs vs benefits of assurance
- Price premia often not obtained or sustained
- Other benefits in security of contracts
- Costs of conformity assessment
- Proliferation – confusion and costs
- Costs to meet standards
- Standard takers – achievable/relevant?

## Effectiveness

- Effectiveness of assurance for environmental outcomes
  - Should generally be beneficial
  - Tension between public good/production focus
  - Limited or no data
  - Measured by proxy (eg uptake, coverage)

## Assurance Responses

- International/national programmes
- Retailers
- Supermarket suppliers
- New Zealand


## National and International Responses

International Programmes

- GlobalGAP – dominant horticultural scheme
- European Initiative for Sustainable Development in Agriculture eg LEAF
- Sustainable Agriculture Initiative
- ISO 14001

National

- USDA Standards– Naturally Raised; Grass fed
- UK – Red Tractor
- China – ChinaGAP, Greenfood

## Retailers

- Range of approaches
  - Tesco's, BRC fully developed private schemes
  - Limited issues or reliance on other schemes (MSC, FSC, organic)
- Trend to build on existing schemes – integrate new issues
  - Rapid (reactive) response to consumer issues
  - Issues with appropriateness of standards and auditor competence
  - Concerns about selective enforcement (tight supply)
- Compliance costs

## Supermarket Suppliers

- Nestle Care, Unilever, Kraft
- Much more recent that retailer schemes
- Links to other existing schemes important (SAI, MSC etc)
- Building on management system standards

## New Zealand Schemes

Red Meat – Processors, DeerQA

Dairy - Dairy Accord, Market Focused

Wool – Zque

Horticulture - Zespri System, Pipfruit, NZGAP, Avo-Green, Sustainable Wine

## 2. Scope and Issues Covered in Assurance Programmes

- Faster adoption of compliance schemes
- Requirement for wider information on farm production and impact e.g.
  - the amount of inputs eg energy used in production.
  - climate change impacts of production.
  - environmental impacts of production.
  - the source and treatment of labour.
- Role of NGO`s

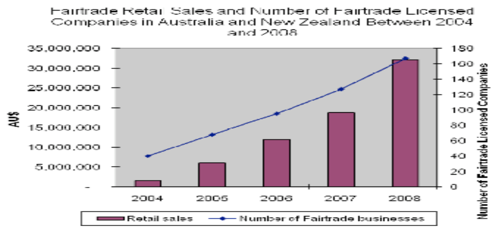
| Issue, campaign theme | Fish and Game | Greenpeace | Oxfam | Royal Forest and Bird | SAFE | Soil and Health |
|---|---|---|---|---|---|---|
| **Resource Use** | | | | | | |
| o Water quality protection | X | X | X | X | | X |
| o Water conservation | X | X | | X | | X |
| o Protection of soil | | X | | | | X |
| o Biodiversity protection | X | X | | X | | X |
| o Ethical use of farm inputs e.g. Palm Oil | | X | | | | |
| o Chemical inputs e.g. pesticides | | X | | | | X |
| o Anti intensive farming | | X | | | X | X |
| o Promote Organic farming | | X | | | | X |
| **Climate Change** | | | | | | |
| o Advocacy for action | | X | X | | | |
| o Include agriculture – with restrictions on production | | X | X | | | |
| **Food Consumption** | | | | | | |
| o Promote vegetarian diets | | | | | X | |
| o Anti - genetic modification | | X | | | X | X |
| o Country of Origin labelling – buy local | | | | | | X |
| o Food ingredients – natural focus | | | | | | |
| **Trade** | | | | | | |
| o Promote Fair Trade | | | X | | | |
| o Rising food prices – poverty, food crisis | | | X | | | |
| o Animal welfare e.g. Live sheep exports, anti vivisection, mulesing | | | | | X | X |

# Fair Trade

Guarantees a better deal for Third World Producers

FAIRTRADE

Fair price. Fair labor conditions, Direct trade, Democratic and transparent organisations, Community development Environmental sustainability

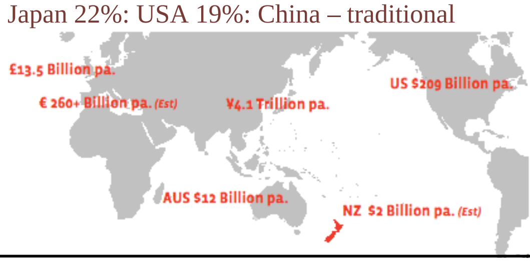



# LOHAS

- Lifestyles of Health & Sustainability
- Consumers who seek out goods and services focused on health, the environment, social justice, personal development and sustainable living.
- Wide range of sectors
- Becoming mainstream, rather than fringe.

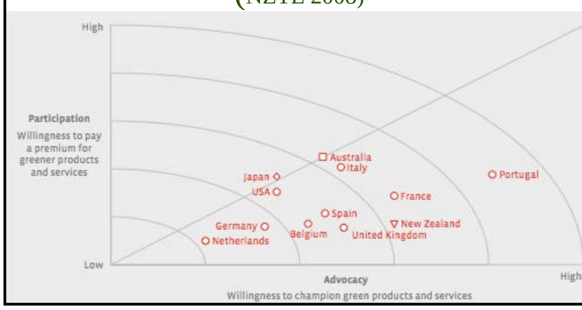
# LOHAS Market

Estimated % of Consumers: Australia 25%: Japan 22%: USA 19%: China – traditional




# LOHAS Tendencies per Country

(NZTE 2008)




# 3. Organic Assurance

- International programme – IFOAM – 750 members in 100 countries
- Regulatory access requirements eg EU, USA, Japan. NZFSA - BioGro, AsureQuality.

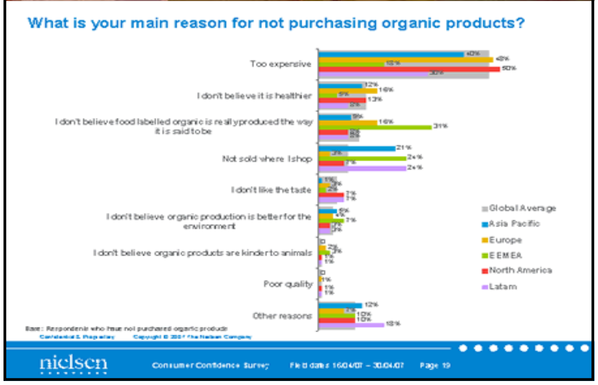
Drivers – varies by market – food safety, environmental impact.

# Principles of Organic Agriculture

- Health – sustain and enhance the health of soil, plant, animal, human and planet as one and indivisible.
- Ecology - based on living ecological systems and cycles, work with them, emulate them and help sustain them.
- Fairness- build on relationships that ensure fairness with regard to the common environment and life opportunities.
- Care -should be managed in a precautionary and responsible manner to protect the health and well-being of current and future generations and the environment.

## Organic labels (some)

## 




## Organic Performance

- Credibility
- Costs
- Effectiveness
  - Organic does make a positive difference - ARGOS
  - Is the impact enough?

Analysis

## Organic – Strengths/Opportunities

- Premiums, established, well known
- Critical mass in some sectors – expanding sectors – growth potential - 1% of farmers but 10% intend to use organic management (Fairweather 2009)
- Robust assurance, integrity, regulatory linkages, industry agencies/networks eg OANZ etc
- Multiple attributes and positive impacts
- Aligns with LOHAS, credence product trends, health
- New dimensions – eco-system services, satisfy regulatory demands eg Horizons RC

## Weaknesses/Threats

- Responsiveness of standards to address new issues; regulatory lock-up
- Comparative performance – should there be more assessment of farm impacts on environment vs assumptions about inputs ?
- Multiple attributes – messages may be lost?
- Multiple programmes and market requirements eg USDA, NZ etc - compliance costs, barriers to entry
- Corporate/cottage split?
- Emerging programmes comparative performance and image

## New Zealand Organics – The Future

- Organics - responds to a wide range of market and consumer drivers - emerging issues eg climate change
- But - increasingly `noisy' and competitive assurance environment – organics will need to continue to innovate, refine, enhance and promote its systems and `story' to keep its premium position.
  - New tools, approaches, solutions to production issues
  - Active management eg ecological, carbon sinks, trees, shelterbelts, IPM, whole farm planning.
  - Refine standards- monitoring and verification of impact, New Zealandize them; Organic Plus

## New Zealand Organics

- Communication
  - Honestly review performance and learn and grow from it
  - Tell your stories – we have some good data now to support claims
  - Increase the targeting of messages to address specific issues
- Industry
  - Celebrate diversity, build on networks and grass/flax roots innovation