Australian Organic
Market Report 2017
AUSTRALIAN ORGANIC MARKET REPORT 2017

Dr Andrew Monk
Chair
Australian Organic Ltd
chair@austorganic.com
www.austorganic.com
GROWTH IN THE AUSTRALIAN ORGANIC INDUSTRY

- Certified organic land
- Certified operations
- Certified organic products
- Organic exports
- Growth for business
- Consumer confidence
- Shopping for organics today

Anthony Beutel – Googa Farms
Agricultural land under certified organic management in 2016 was over 27 million hectares, of the world’s 50.9 million hectares.

Australia owns 53% of the world’s organic farmland. This is an increase of 23% (over 5 million hectares) since 2015.
The number of certified organic operations in Australia grew by 5% between 2015 and 2016.

There were an estimated 2,075 certified producers, 1,163 certified processors, and 513 certified handlers in Australia in 2016.
TOP 3 ORGANIC PRODUCTS
(leading food basket categories)
1 Fruit & vegetables
2 Dairy
3 Home-cooking ingredients

Fruit and vegetables remain the dominant purchase for shoppers from 2010 to 2016 and are the key entry category for first-time organic purchasers.

Dairy remains the most frequently purchased organic product, with shoppers buying at least one product every month.

“Organic grains, fruit and vegetables, livestock feeds, and red meat are all undersupplied according to organic insiders.”
TOP 5 EXPORT DESTINATIONS:

1 USA
2 South Korea
3 China
4 Hong Kong
5 Singapore

(accounting for about two-thirds of total tonnage exported)

EXPORT GROWTH:
The tonnes of organic products exported grew by 17% in 2016
TOP EXPORT:

**Beef** was the top export by tonnage, at close to **20%** of all exports in 2016. Horticultural produce, dairy products and wine were other important exports in terms of total tonnage.

**Bakery items** showed more than five-fold export growth between 2015 and 2016, and exports of **sheep/lamb meat, cosmetics, alcoholic drinks, dairy products** and **chicken** all showed exceptional growth.
In 2014, the total value of the Australian organic market was estimated to be AU$1.72 billion (including the domestic market and exports).

Expected to reach AU$2 billion by 2018, given the current growth trajectory.

The organic packaged food and beverage share of the total domestic consumer market in Australia was estimated to be about AU$696 million in 2016 (US$541.40 million), an increase of 5.4% on 2015
Recently, two organic companies have listed on the Australian Stock Exchange (ASX), demonstrating the general public are confident about channelling investment into the organic sector.

Murray River Organics Group Limited
Listed December 2016

Bubs Australia Limited
Listed January 2017
More than two out of three Australian households say they bought at least one organic product in the past year.

Personal health for the buyer and their family is the strongest driver in 2016.

Barriers to purchasing organic products are lower in 2016 than in 2014. Value, trust and access remain the largest barriers for shoppers increasing their purchases of organic food.
Certification awareness has increased 17% since 2010.

85% of all shoppers say that, all other things being equal, an organic certification mark on a product would have some level of influence on their purchase decision.

The animal welfare benefits of organics have grown in importance: 59% percent of people valued ‘free range’ (up from 57% in 2014), and ‘cruelty free’ is up from 39% in 2014 to 45% in 2016.
14% of organic households say they spend 40% or more of their food budget on organics.

38% of organic shoppers indicate they increased the percentage of their household food budget spent on organics over the past year.
AUSTRALIAN ORGANIC MARKET REPORT 2018

• New 2018 Report in development
• Due to release early 2018
• Will use available data from Australian Bureau of Statistics –
  – Five year farm census
  – Consumer data
  – Post farm-gate data
THANK YOU

Next:

Elizabeth Bradley
General Manager of Certification
Australian Certified Organic Pty Ltd
1. Certification process
2. Conversion timeframes explained
3. International market access
CERTIFICATION PROCESS

- Payment of application fee
- Submission of forms – ACO application, Statutory Declaration, Organic Management Plan, Certification Agreement

- Any additional information required will be requested at this stage before going to audit

- Onsite audit and testing to verify compliance to Standard(s) and organic management plan

- Any non-compliances issued must be addressed before a Certificate can be issued
CONVERSION TO ORGANIC STATUS

• In-Conversion timeframes can vary based on the history of the land
• Organic producers primarily undergo these three stages:
  1. Pre-Certification (12 months)
  2. In-Conversion (12-36 months)
  3. Certified Organic (full compliance)
• This status applies when land has had a prohibited input applied to it within the 12 months prior to applying for certification.
• No produce can be sold as Organic or In-Conversion during this timeframe.
• Timeframe starts at the date of the first audit and is ‘upgraded’ 12 months later after the next onsite audit.
• If at any time during certification a prohibited input is used on the land, it will revert to Pre-Certification status.
• In-Conversion is multi-purpose:
  – Allows a transition period for the land to ensure contamination risk is minimised
  – Gives the farmer time to adjust to and apply organic farming practices

• Minimum 12 month In-Conversion timeframe for all land
• In-Conversion may be granted after the first onsite audit if no prohibited inputs have been used in the last 12 months (skip the pre-certification stage).

• Produce can be sold as “In-Conversion to Certified Organic” and bear the ACO In-Conversion logo.

• The length of the conversion period will depend on the time since the last application of any prohibited input.
• Produce can be sold as “Certified Organic” using the ACO logo.
• Once granted Certified Organic status, produce can be sold as Certified Organic.
EXPORTING

USA

Japan

South Korea

Europe

China

IFOAM

Australian Certified Organic
ACO offers certification to many different organic standards to enable growers to export where they have demand.

Most countries have their own National Organic Standards and produce sold in must be certified to that Standard.

One way around this is Equivalency Arrangements.
The Australian National Standard provides equivalency for plant products grown in Australia for Export to Europe and Japan.

There are also arrangements with Taiwan and Switzerland.
EXPORTING ELSEWHERE

- USA
- Japan
- South Korea
- Europe (wine, livestock, products with imported ingredients)
- China
- Other markets
THANK YOU