

Australian Organic

Market Report 2017



**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



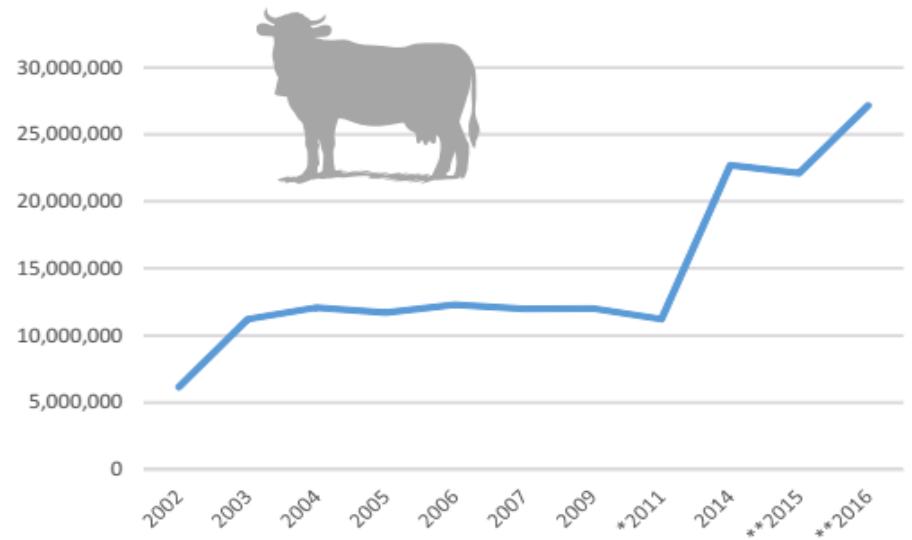
Anthony Beutel – Googa Farms

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

CERTIFIED ORGANIC LAND

Agricultural land under certified organic management in 2016 was over **27 million** hectares, of the world's 50.9 million hectares.

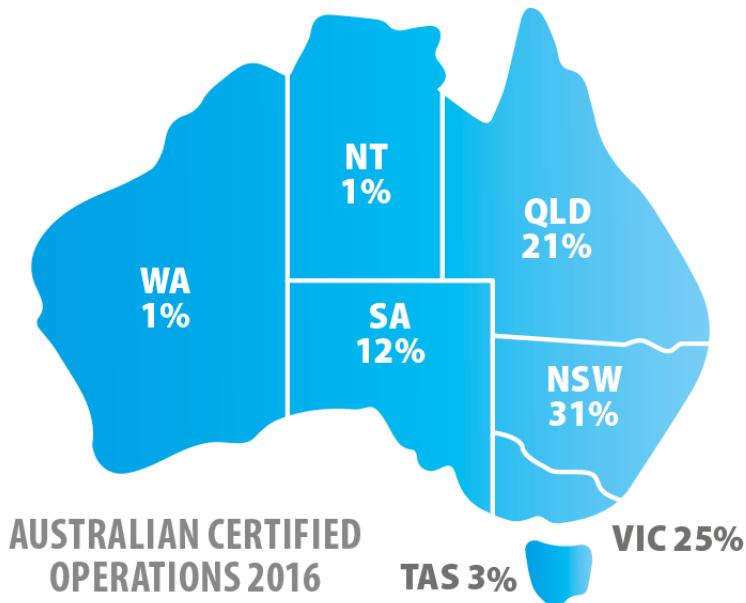
Australia owns **53%** of the world's organic farmland. This is an increase of 23% (over 5 million hectares) since 2015.



**AREA UNDER CERTIFIED
ORGANIC MANAGEMENT (HA)**



CERTIFIED OPERATIONS



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.



ORGANIC PRODUCTS

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.

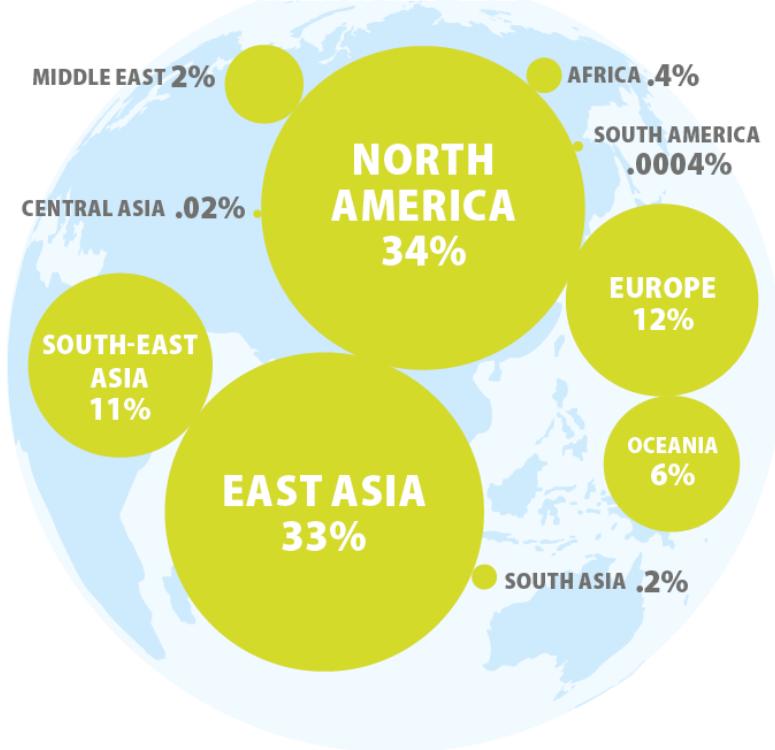
UNDERSUPPLIED



“Organic grains, fruit and vegetables, livestock feeds, and red meat are all **undersupplied** according to organic insiders.”

ORGANIC EXPORTS

AUSTRALIAN CERTIFIED EXPORTS 2016



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



ORGANIC EXPORTS (cont.)



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.

GROWTH FOR BUSINESS

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



Tony & Troy – Kalleske Wines

GROWTH FOR BUSINESS (cont.)

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

Murray
River
Organics™

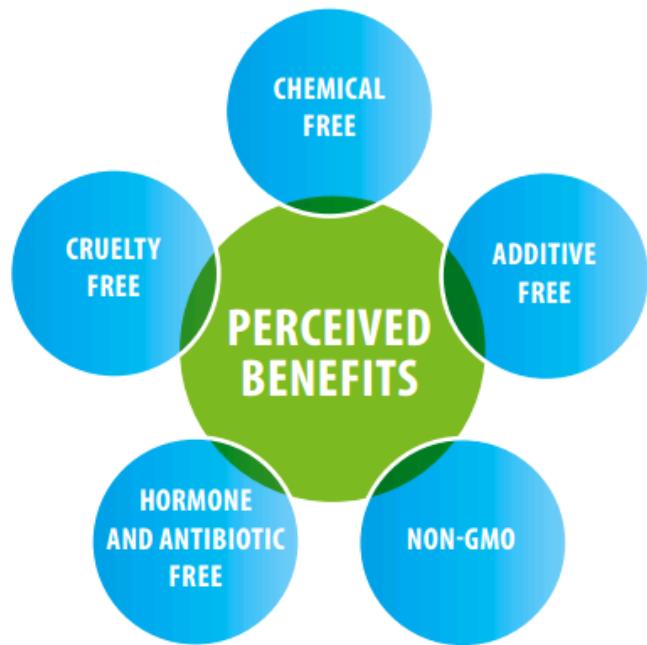


Bubs Australia Limited

Listed January 2017



CONSUMER CONFIDENCE



**TOP PERCEIVED 'FREE FROM'
BENEFITS OF ORGANIC FOOD**

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.



CONSUMER AWARENESS

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.



'LABELS ARE THE #1 SOURCE FOR INFORMATION FOR ALL CHANNEL SHOPPERS' (ACOSTA)



SHOPPING FOR ORGANICS

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



Australian Certified Organic

Elizabeth Bradley
General Manager of Certification
elizabeth.bradley@aco.net.au
www.aco.net.au

CONTENTS

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

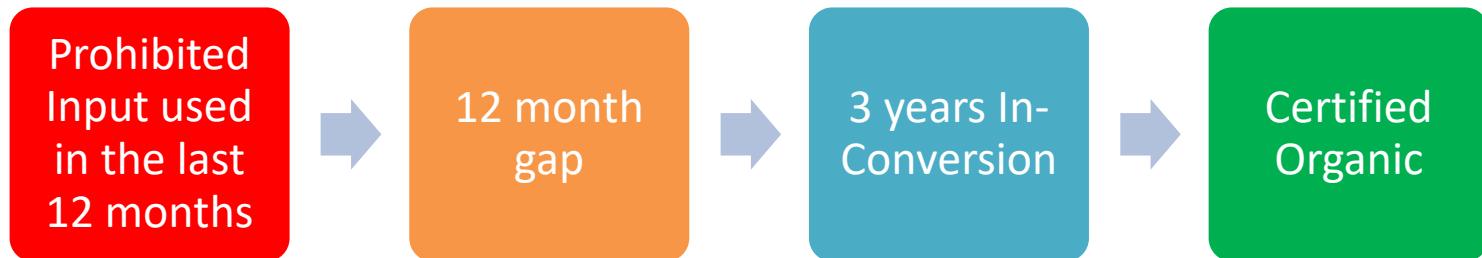


CONVERSION TO ORGANIC STATUS

- 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)



PRE-CERTIFICATION



- 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



- 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

- 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.



CERTIFIED ORGANIC

- 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



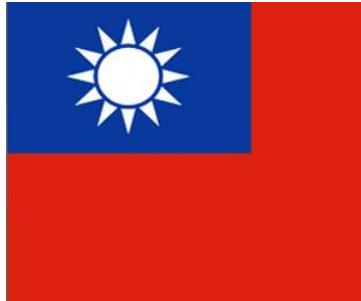
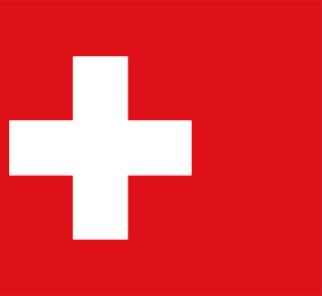
EXPORTING ORGANIC

- 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.



EXPORTING – NATIONAL STANDARD

- 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

Australian Certified Organic Pty Ltd

(07) 3350 5716

info@aco.net.au

www.aco.net.au