

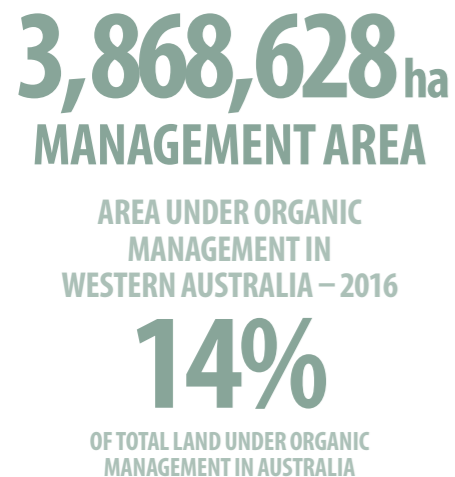
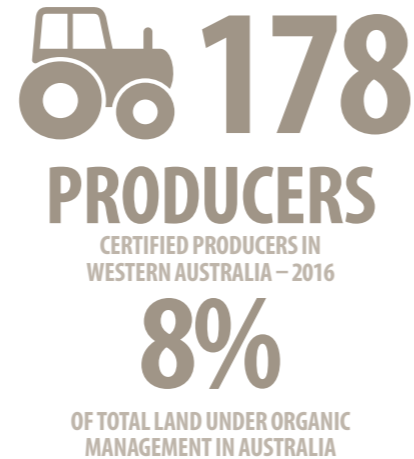
Australian Organic Market Report 2017



WESTERN AUSTRALIA



Supermarkets remain the dominant outlet for organic shopping, but there has been a shift towards alternative outlets such as fruit and vegetable shops (greengrocers).



COSMETICS



The Australian Organic Market Report 2017 shows incremental participation gains are continuing with an increase of 5% from 2012.

Organic insiders interviewed for this report noted the short supply and high cost of inputs for cosmetic and skincare products. The cost of certified organic raw materials is expensive and in short supply, consequently, a significant portion of raw materials are procured from overseas as local supply is restricted.



Cosmetics, showed exceptional growth between 2015 and 2016.

DAIRY



Although fresh produce categories have remained the dominant organic food basket items for shoppers from 2010 to 2016 (61%), dairy is the next most popular food basket item (47%).

Between 2014 and 2016, there was a strong increase in the percentage of shoppers indicating they buy organic dairy (+6%).

The 2017 Australian Organic Market Report asked shoppers about organic products purchased every one-to-thirty days. Dairy rated strongest in this frequency category (50%). The category with the strongest increase was also dairy (+5% compared with 2014).



GRAIN (CEREALS AND PULSES)



The Australian Organic Market Report noted undersupplies of organic grains. A Victorian dairy farmer interviewed noted a lack of organic grain for feed limits.

There are significant opportunities for producers where a market is undersupplied but it's vital that prospective new entrants into the organic sector do their homework first. It will be crucial to lift capacity of the whole supply chain, not just primary producers, to meet demand for undersupplied products. It has been revealed that there is untapped potential in organic grain production, and growth of organic grain millers has been stifled by the limited quantities of organic grain. Seasons usually dictate which grains are undersupplied and availability of linseed, spelt and chickpeas is often limited. More research into weed control methods for organic grain operations and the development of a market for in-conversion grain would encourage grain growers to gain organic certification.





WESTERN AUSTRALIA

HORTICULTURE (FRUIT AND VEG)



According to the Market Report, fresh produce categories have remained the dominant organic food basket items for shoppers from 2010 to 2016. Of the whole sample of shoppers (organic shoppers + non-purchasers), over 6 out of 10 shoppers say they have purchased organic fruit and vegetables at least once in the past 12 months and this remains the key entry category for first-time organic purchasers.

Organic insiders interviewed for this report noted undersupplies of organic primary produce in many sectors, including fruit and vegetables. There are significant opportunities for producers where a market is undersupplied but it's vital that prospective new entrants into the organic sector do their homework first. It will be crucial to lift capacity of the whole supply chain, not just primary producers, to meet demand for undersupplied products.

FRUIT GROWERS
10%
PERCENTAGE OF ORGANIC FRUIT GROWERS IN WESTERN AUSTRALIA

FRUIT PROCESSORS
6%
PERCENTAGE OF ORGANIC FRUIT PROCESSORS IN WESTERN AUSTRALIA

61%
PERCENTAGE OF ALL AUSTRALIAN SHOPPERS PURCHASING ORGANIC FRESH FRUIT & VEGETABLES IN THE PAST YEAR

46%
PERCENTAGE OF ORGANIC SHOPPERS IN AUSTRALIA PURCHASING ORGANIC FRESH FRUIT & VEGETABLES EVERY 1-30 DAYS

LIVESTOCK (BEEF AND LAMB)



Undersupplies of organic red meat were identified by the report.

Beef production is the animal sector that involves by far the most producers, with almost a third of all organic producers. The proportions are relatively stable between 2015 and 2016, with the exception of lamb producers – a greater proportion of organic producers were raising lamb in 2016, compared with 2015.

8%
INCREASE IN LAMB/SHEEP MEAT ACROSS AUSTRALIA IN 2016

43%
PERCENTAGE OF ALL AUSTRALIAN SHOPPERS PURCHASING ORGANIC RED MEAT IN THE PAST YEAR

6%
ORGANIC BEEF PRODUCERS IN WESTERN AUSTRALIA

28%
PERCENTAGE OF ORGANIC SHOPPERS IN AUSTRALIA PURCHASING ORGANIC RED MEAT EVERY 1-30 DAYS

WINE



Organic insiders advised with more vineyards becoming organically certified each year, it is allowing established wine companies to tap into an expanding domestic market and explore the export market in greater depth.

ABOUT 10% OF ALL CERTIFIED ORGANIC PROCESSERS ARE WINE PROCESSORS.

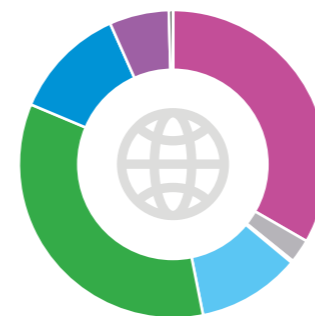
EXPORTS



The export story for organic products grown and/or processed in Australia is one of strong growth.

2016 saw a 17% increase in the overall tonnage of organic products from Australia attached to export certificates compared with 2015, as shown in Figure 22. In 2016, export certificates were issued for products going to 69 different countries. The number of exports increased to all continents and new markets opened up in Central Asia and South America.

EXPORT PERCENTAGE



Region	Percentage
Central Asia	<1%
East Asia	33%
Middle East	2%
South Asia	<1%
South-east Asia	11%
North America	34%
Europe	12%
Oceania	6%
Africa	<1%
South America	<1%

Figure 23: Percentage of certified exports (by tonnage) destined for global regions

20%
PERCENTAGE OF ALL AUSTRALIAN SHOPPERS PURCHASING ORGANIC WINE/ BEER/ SPIRITS IN THE PAST YEAR

27%
PERCENTAGE OF ORGANIC SHOPPERS IN AUSTRALIAN PURCHASING ORGANIC WINE/ BEER/ SPIRITS EVERY 1-30 DAYS

ABOUT A THIRD OF ORGANIC WINE EXPORTS GO TO CHINA, HONG KONG AND SWEDEN RESPECTIVELY.

EXPORTS FOR SELECTED SECTORS

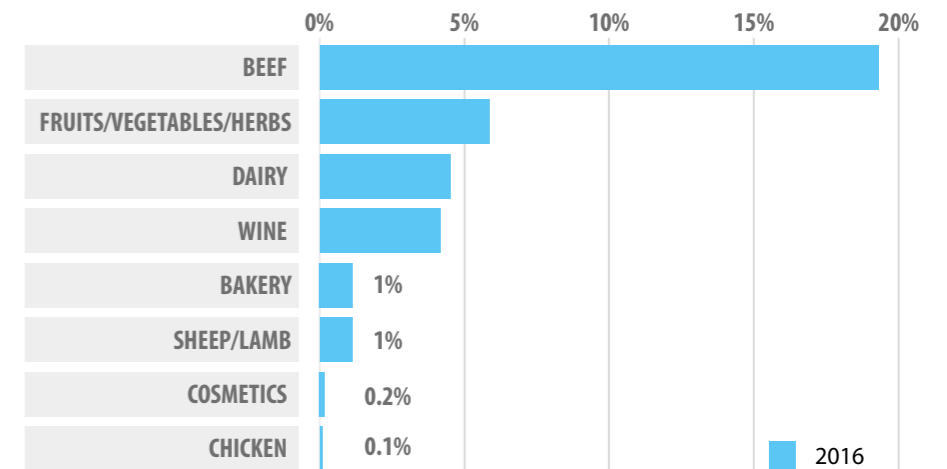


Figure 26: Selected sectors as a proportion of total exports 2016 (tonnes)

BAKERY ITEMS SHOWED MORE THAN FOUR-FOLD EXPORT GROWTH BETWEEN 2015 & 2016

Sector	% Change in Export Tonnage
Bakery	480%
Sheep/Lamb	79%
Cosmetics	27%
Dairy	16%
Wine	12%
Fruits/Vegetables/Herbs	-11%
Beef	-14%

Figure 27: % change in export tonnage for selected sectors 2015-16

DESTINATIONS FOR SELECTED SECTORS

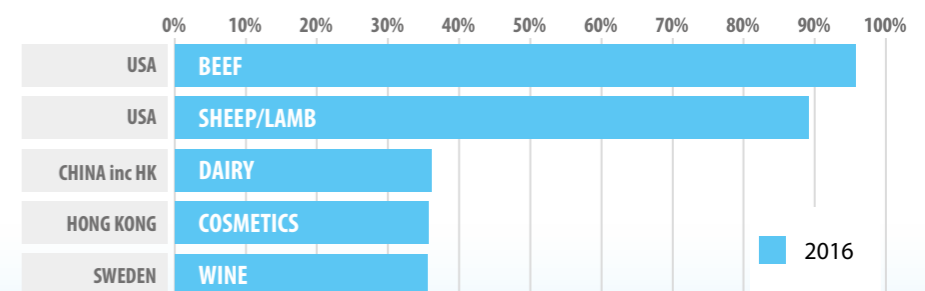


Figure 28: Top destinations for selected organic sectors (tonnes)