

MEDIA RELEASE**EMBARGOED 6am 19th April 2017**

Aussie demand for organics outstrips local supply

Latest industry report reveals a growing hunger for organics with providers struggling to meet consumer appetite

Wednesday 19 April 2017 - The anticipated Australian Organic Annual Report, released today, reveals Australia officially holds the largest amount of organic managed farmland in the world at 53%, however, this is still not enough to meet growing demand locally.

With more than two out of three Australian households having purchased at least one organic product in the past year, the report, a highly respected publication commissioned by leading organic body Australian Organic Ltd, supports evidence of a growing consumer consciousness at check out, and increased education of the benefits of organic food.

Australia's organic industry is now valued at over \$1.4billion (excluding exports and organic raw and processed products), demonstrating consumption of certified organic food, cosmetics and household products continues to grow, following the global trend. By 2018, the total value is anticipated to exceed AU\$2 billion, given the current growth trajectory.

Dr. Andrew Monk, Chairman of Australian Organic Ltd. says, "This year's report indicates an all-time high in consumption of organic products. We are pleased to see the many reasons attributed to this, including an awareness of the economic, environmental and health benefits of buying organic, and increased accessibility and affordability across the board.

"As a result, and according to organic insiders, organic grains, fruit and vegetables, livestock feed and red meat are all undersupplied at times, despite Australia having more land under certified organic management than any other country in the world. What we're seeing here is a booming export market with greater participation in this industry from everyday consumers here in Australia," Dr. Monk adds.

Key findings across industry sectors driving growth:

- **Organic farmland in Australia has doubled since 2006 and increased by 23%** or, over 5 million hectares between 2015 and 2016, officially holding 53% of the world's organic farmland
- **Organic producers, processors and handlers have grown from 2,567 in 2014 to 3,751 in 2016 (up by 5%)** with producers representing the largest group in Australia (2,075)
- **Organic dairy is the most frequently purchased organic food**, with half of shoppers surveyed purchasing organic dairy products at least once a month
- **Organic eggs have shown the strongest growth in shopper purchase with 31%** of shoppers purchasing in the past year (up 10% from 2014)
- **Dairy, red meat and poultry also showed signs of growth - Up 6%** from 2014



- **Bakery items showed more than four-fold export growth** between 2015 and 2016, with (a 480% increase in bakery items being exported since 2014, mostly to South Korea)
- **The tonnes of organic products exported from Australia grew by 17%** in 2016
- **Shoppers in Australia are the sixteenth highest spenders per capita on organic packaged food at about AU\$26 per capita (US\$20.40)** with the US, Switzerland, Denmark and Sweden taking out the top four spots ¹
- **A third of organic operations are in New South Wales, a quarter in Victoria and a fifth in Queensland**
- **The Northern Territory has the largest organic land area per certified producer**

Supermarkets remain the dominant retail outlet with their organic business growing. Notably Woolworths, a key supporter of the organics industry with its Macro brand, reported an organic product sales increase of \$60million in 2015 alone.

Paul Turner, Woolworths Merchandise Manager – Produce said, “At Woolworths, we're listening to our customers and adapting our offer to ensure we are stocking a wide range of great quality items our customers want to see. In line with customer demand for organic produce we have expanded the range. Over the past year our Macro Organic volume has grown approximately 13% and organic sales growth by approximately 18%.

“Both Woolworths and our organic suppliers share similar values including a commitment to making organic products more affordable to the everyday customer, despite higher organic farming production costs.”

“At Woolworths, we recognise the growing demand and popularity of organic products and have introduced the 'Organic Supplier of the Year' award to our annual Supplier of the Year Program,” Turner adds.

The report also revealed 79% of shoppers are purchasing at greengrocers with 75% purchasing at markets. Other organic retailers such as fishmongers, farm gates and home delivery services have a much lower shopper participation rate.

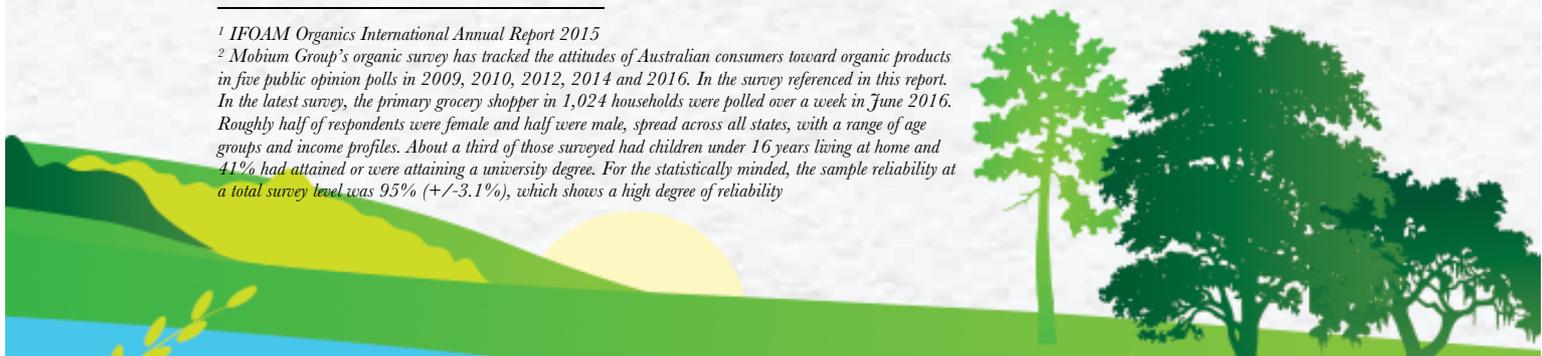
Nicholas Simms, Commercial Director of ACO certified Bubs Australia Limited, said, "The baby food category continues to benefit from the combination of high quality organic products readily available throughout leading retailers at a minimal price premium to non-organic products.

“We will see demand continue to increase both domestically and internationally as parents globally become increasingly aware of the benefits of pure organic foods for their children. As can be demonstrated by the significant growth in the organic baby food and specialty milk segments," Nicholas adds.

Weighing into the Australian Organic annual report is a national consumer survey conducted by Mobium Group with 1,024 households polled over one week in June 2016².

¹ IFOAM Organics International Annual Report 2015

² Mobium Group's organic survey has tracked the attitudes of Australian consumers toward organic products in five public opinion polls in 2009, 2010, 2012, 2014 and 2016. In the survey referenced in this report. In the latest survey, the primary grocery shopper in 1,024 households were polled over a week in June 2016. Roughly half of respondents were female and half were male, spread across all states, with a range of age groups and income profiles. About a third of those surveyed had children under 16 years living at home and 41% had attained or were attaining a university degree. For the statistically minded, the sample reliability at a total survey level was 95% (+/-3.1%), which shows a high degree of reliability



Key national consumer survey findings, include:

- **Personal health for the buyer and their family is the strongest driver** for organic product purchase in 2016
- **The animal welfare benefits of organics have grown in importance**, with the benefit of products being 'cruelty free' up from 39% in 2014 to 45% in 2016
- **Shoppers prioritising fair prices and wages for farmers grew from 40% in 2014 to 51% in 2016**
- **85% of all shoppers say an organic certification mark on a product would have influence on their purchase decision**
- **The Australian Certified Organic (ACO) bud logo is the most recognised certification mark**

The Australian Organic Annual Report tracks and reports on trends in the Australian organic marketplace based on research by the Australian Centre for Agriculture and Law at the University of New England and Mobium Group.

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Available for interview:

- Dr Andrew Monk, Australian Organic Ltd. Chairman

Australian Organic Case Studies (on request)

- Nicholas Simms, Bubs Australia (NSW)
- Wayne Shields, Peninsula Fresh Organics (VIC)
- Murray River Organics (VIC)
- Gary Spotswood, Mt Alba (QLD)
- The Yalumba Wine Company (SA)

Pictorial opportunities related to key statistics can be set up upon request.

For further information about the Australian Organic Annual Report 2017, to set up a pictorial opportunity/case study, request a PDF copy of the report, or to arrange an interview please contact:

Fleur Williamson/Erin Roy

Mkt. Communications

p: 03 9533 2699

e: fleur@mktcommunications.com.au / erin@mktcommunications.com.au

About Australian Organic Ltd. (AO) and Australian Certified Organic (ACO)

Australian Certified Organic is the largest organic certifying group in Australia and has played a major role in the organic industry since 1986, ensuring that organic standards in Australia are among the highest in the world. The Australian Certified Organic bud logo appears on over 14,000 organic products on our shelves and is the most recognised by consumers.

Australian Organic owns and supports Australian Certified Organic. It is Australia's member owned, not for profit, industry services group.

The Australian Organic Market Report is a highly respected annual publication commissioned by Australian Organic Ltd. that tracks trends in the Australian organic marketplace. This year's Report incorporates independent research by University of New England, NASAA Organic, Horticulture Innovation Australia and Mobium Group.
www.austorganic.com

