

AUSTRALIAN ORGANIC LIMITED

2017 AGM

CHAIRMAN'S
REPORT



WHAT WE HAVE ACHIEVED THIS YEAR 2016/17 FOR OUR MEMBERS OF INDUSTRY

- Successful lobbying of **ACCC** taking action on non compliance in the marketplace;
- Engagement with Canberra and certifiers to ensure **OISCC** is recognised as the peak council for matters pertaining to standards, accreditation and market access;
- OISCC funding model via ACO that now funds the **NSSC** to manage the Nat Standard;
- Continued **efficiencies** in certification services delivering lower operating costs and a major lowering of charges for the smallest scale farmers under the Bud logo program;
- **Restructure** of the group and addition of significant new talent to the organisation;
- New **PR** group and related marketing talent joining our team;
- Funding and engaging with the **consultation** process for new representation options;
- **Networking** functions to ensure members views are heard;
- Delivered ongoing **financial** strength of the organisation for members.

It has been a massive year of work and change for our teams. We recognise the work in particular of Rhonda Vohland (acting AOL GM) and by her side Kellie Lewis. These two women have a depth of loyalty to our movement and to you as members that cannot be measured by any standard means. They know they are only as effective as the dedication of their support team. Please thank them all when you talk to them next!

I want to thank the tireless and dedicated work of our directors – in both companies – in what was a very challenging year of change, restructure, and the approval of new faces to our teams. These directors step up, for very little recompense, at great cost to their own personal time and businesses, and the related risks associated with being a director in the modern regulatory environment.

2017 AUSTRALIAN ORGANIC LIMITED AGM

CHAIRMAN'S REPORT

Recognition is also due to members who have given tirelessly of their time and money to be involved in the consultation process to review options for peak representation. Particularly we commend our members who stepped up on the working group and the steering committee - a thankless and gruelling process!

We acknowledge all nominees for the Awards events as well as the finalists. It takes time and effort, and some level of vulnerability to pitch yourself and go up against others in this growing industry. Competition is now fierce - something we should all be proud of.

We welcome two new executives to our group: GM and head of Australian Organic Ltd (AOL) Emily Arnold and her counterpart in ACO Ben Copeman who between them head up two separate companies with an entwined and important future of serving the organic industry and protecting and promoting the Bud logo you have on your organic products.

While not an apparent direct impact for many members, the role of standards, regulations, certification and audit functions are critical and this year we have finally achieved a fully funded model of industry managing one National Standard, with all 6 Fed Gov Ag Department accredited certifiers unified in (and funding) this.

The Organic Industry Standards and Certification Council, the peak Council that presides over the National Standard while hosting all certification agencies as members, approved this year the funding model ACO put forward to ensure standards setting and its administration are effectively funded and professionally managed. This achievement cannot be under-estimated in the profound benefits this can bring to industry with a nationally cohesive regulatory framework and predictability to standards setting, in industry hands.



AOL AND ACO GOVERNANCE

Many may not be aware of the strengthened governance that has been built into your organisation over past years. The elected AOL board of directors has been advised by a corporate advisory group, in addition to the Company Secretary, General Counsel and an accounting advisory company in reviewing and setting strategic direction, reviewing group performance, and holding management accountable.

Board evolution will continue as it has over past years with important changes members approved to our Constitution including a limitation of tenure of Chair and Financial Auditor roles, and member representation provisions. Recent addition of director Rick McDougal to the board, additional advisory directors, along with the newly established members' Advisory Council (replacing prior consultative structures) will assist our group in remaining focused on industry member interests and needs.

ACO, set up as a separate certification services company over 15 years ago has evolved sufficiently to stand on its own feet. ACO now has its own board of independent directors, a CEO and a professional management team. It is successful as an independent business and will remain in the hands of those it serves.

This is a critical time for our group to be professionally focused and for our members to support our teams in delivering these changes.

Democracy and market-driven principles will remain at the centre of our strategic thinking.



2017 AUSTRALIAN ORGANIC LIMITED AGM

CHAIRMAN'S REPORT

It is beholden upon us all to remain engaged as members of industry to ensure the means remains in the hands of those we are here to serve – you as an industry participant and certified organic business person.

The single biggest challenge to the Organic Industry in Australia is the advent of unsubstantiated claims that erode our market and have a corrosive effect on the value and integrity of organics.

There is a critical need in the Australian Market place for a single organisation equipped with the resources, the funding and the knowledge to promote and protect the interests of the organic industry as a whole.

Our diversity is what makes us who we are, but also poses challenges as a representative group – to serve for the majority – while considering our “minorities” – which come in many forms – from less well understood sectors like poultry, cosmetics and wine as examples we have ensured voices and outcomes for in what can at times be an uncaring government and even broader industry environment.

At the heart of it all – and what we all share – is the VALUE of organics – and the risk if we lose that value. We can quibble over prices – but if we lose the value proposition of organic, we are lost as a movement.

We believe Australian Organic Ltd has arrived at this place, with the resources, the governance and the professional people to take up this challenge for industry to protect and promote our value.

This is your industry and your group. Let's make this happen in 2018.



WHAT WE AIM TO WORK ON IN 2018/9

Based on feedback to date and with the endorsement of members we will move forward to:

- Continue to resource the lobbying for **domestic legislation** as well as for a better resourced **ACCC** to take action on non conforming products in the marketplace;
 - Resource an industry consultation process to ensure that the **Regulatory Impact Statement** currently conducted by the Federal Government reflects industry views;
 - Conduct nationwide **Roadshow** events in 2018 to continue to ensure we connect with and hear from our broad membership – to flag views and changes proposed ahead;
 - In concert with this, draw heavily on the feedback garnered from our **Advisory Council** in reviewing policies, establishing new ones, and lobbying government;
 - Actively seek to expand the organisation's leverage on **Grants** that align directly with its Objects and purpose as part of broadening the income streams of AOL;
 - Further review and propose changes to the **Constitution** to expand the elected board to 7 directors; include additional provisions for "skills based" director criteria; and other further governance strengthening measures, protecting members' interests;
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2017 AUSTRALIAN ORGANIC LIMITED AGM

CHAIRMAN'S REPORT

- To invest in ensuring we have the best **market access** available for our industry members - via trade shows and reverse trade visits, liaison with government.
- In concert with our new executive and team to overhaul the **membership benefits** package to ensure expanded benefits to members and review fully our **strategic plan** to align with greater representational demands placed on our organisation;
- Review and reform AOL's policies and strategic actions to ensure a **harmonised and effective lobbying voice** to governments is enabled;
- And to invest in **promotion of the Bud** like never before seen in our industry - through video, social media and mainstream press - to promote and protect that all so important certification logo on your products for consumers to look for.

We look forward to hearing additional ideas from members and on behalf of the Board of directors we thank you for your input, engagement and support as valued members of the Australian Organic family.

