

## Summary of Methodology

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The difficulties of collecting, analysing and reporting market intelligence on organics has been well-canvassed in both Australia<sup>1</sup> and internationally.<sup>2</sup> These difficulties persist and given the limitations of the dataset, some caution should be exercised in relying on these figures, which should be regarded as indicative. It was hoped that organic data from the Australian Bureau of Statistics (ABS) five-yearly farm census would be available for this report to align with previous reports. However, ABS could not make these data available at the time of writing. This summary outlines an alternative methodology. Improving the reliability of the calculation of organic value remains a work in progress.

Estimates of organic market value were based on analysis of the results of a survey of clients conducted by Australian Certified Organic (ACO) in late 2017. Clients were asked to identify the nature of their operations and nominate total sales value for the 2016-17 financial year. 710 ACO-certified producers and 553 certified processors responded.

The total number of all certified organic producers in Australia (all certifiers) was 1,998 in 2017. In other words, 36% of producers responded to the survey (710/1,998). In the absence of more precise data, an assumption was made that the survey respondents represented 36% of the total value of organic production in Australia.

The value of production exported for most commodities/sectors was estimated by adapting literature on typical percentages of total production revenue exported.<sup>3</sup> The

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<sup>1</sup> Els Wynen, *Improving the Measurement of the Value of Organic Production in Australia*, Organic Trust of Australia – Research and Education, 2016).

<sup>2</sup> Robert Home, Catherine Gerrard, Corinna Hempel, Michal Lošťák, Anja Vieweger, Jakub Husák, Matthias Stolze, Ulrich Hamm, Susanne Padel, Helga Willer, Daniela Vairo and Raffaele Zanolì, 'The quality of organic market data: providing data that is both fit for use and convenient' (2017) 7(2) *Organic Agriculture*, 141.

<sup>3</sup> RIRDC, *From Farm to Retail – How Food Prices are Determined in Australia* (2016) <https://rirdc.infoservices.com.au/downloads/16-013> ; Lynne Ziehlke, Australian Macadamias Market Development (2015) <https://horticulture.com.au/wp-content/uploads/2015/09/Macadamia-presented-by-Lynne-Ziehlke1.pdf> ; Gillespie Economics and AgEconPlus, *Economic Contribution of the Australian Wine Sector* (Australian Grape and Wine Authority, 2015), 14; South Australian Government, *South*

literature refers to conventional (non-organic) production and feedback was sought from AOL on organic industry experience. As a result, the total export value was adjusted upwards, by raising the percentages of production exported.

The value of production channelled into domestic retail was estimated as the difference between total production and exports.

Total domestic retail was estimated by adapting literature on typical producers' shares of retail revenue and adjusting these shares based on feedback from AOL on organic industry experience. As a result of the feedback, the total retail value was adjusted downwards, by raising the producers' shares of retail.<sup>4</sup>

Total processing value was estimated as a mark-up from total production by adapting relevant figures from the literature where available. Exports from processing were estimated by adapting literature on the typical percentages of total processing revenue exported, and adjusting as per production exports above.

Wine was treated as an exception, because all retail and export derives from the processed product (i.e. wine), not the raw produce (wine grapes). In this case, processing value was estimated using survey data from ACO *processor* respondents, and production and exports estimated by adapting shares from wine industry literature. Similarly, processing values for mixed production categories that could not easily be separated into the selected production sectors/commodities were estimated using survey data from ACO processor respondents (these appear in Figure 3.11).

Total exports were the sum of production exports and processing exports.

Overall total value was the sum of domestic retail and total exports.

The literature used for calculating export and retail value relates to some sectors but not all, in which case estimates were applied.

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*Australian Wine ScoreCard Overview 2014-15* (Primary Industries and Regions South Australia, 2015), 4 [http://www.pir.sa.gov.au/\\_data/assets/pdf\\_file/0004/268861/Wine\\_Scorecard\\_2014-15.pdf](http://www.pir.sa.gov.au/_data/assets/pdf_file/0004/268861/Wine_Scorecard_2014-15.pdf) ; Australian Government, *Processed Food* (Australian Trade Commission, 2013) <https://www.austrade.gov.au/ArticleDocuments/2814/Processed-Food-ICR.pdf.aspx>

<sup>4</sup> This does not take into account organic products imported into and retailed in Australia. Imports were not estimated in this report.