

Biological Farmers of Australia Media Release Wednesday 17<sup>th</sup> December 2008

## Organic industry shows mixed reaction in economic downturns

**Tighter economic conditions are impacting some organic sectors and producers, and by-passing others, says Biological Farmers of Australia (BFA).**

Speculation on whether organic items are in the 'dispensable luxury' category when consumer spending curbs, have not been upheld in the organic meat and dairy sectors.

Alister Ferguson, National Sales Manager for The Australian Organic Meat Company (Sanger Australia), says sales show Australian consumers have not cut down on organic beef – and that a lower dollar has strengthened export opportunity.

"We are still seeing good, steady growth in orders."

He says retail sales domestically have grown by around 40% in the past four months; in part due to the increased capacity of organic meat processors to supply organic items.

He says Australian organic beef consumers are proving committed - "They might switch to more affordable secondary meat cuts like mince and sausages - but they still want organic."

Ian Campbell organic dairy producer near Goondiwindi (Qld) has sold record levels of organic dairy products in past months – but is yet to decide whether this is because they're marketed as organic.

Mr. Campbell says he believes sales have stayed strong because of product quality.

"We're getting more retailers taking our products than they have before –we get most feedback in the first instance on product taste," he says.

The verdict on current market conditions is still out for organic fruit and vegetable growers.

Elaine Murray, large organic vegetable grower in Coleambally, NSW, says the organic vegetable market is most affected by the price of comparable conventional vegetables, and the drought.

She says when the conventional vegetable market is over-supplied and prices slump – "as they have recently, with more broad acre producers turning to horticulture following the drought" – an abundance of cheaper conventional options can effect organic sales.

"When the margin between organic and non-organic increases, there is evidence organic fruit and veg is a more difficult choice for consumers."

She says despite this, stock is still moving well.

"However anyone producing items that are not high quality may struggle to obtain sales for a reasonable return."

Dr. Andrew Monk, BFA Standards Committee Chair, says current market data shows



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significant opportunity for the organic industry, but should be considered with a 'by sector' clause.

"Research this year showed organic farm gate sales have risen by over 80% over the last four years – but the organic industry is still a niche market and does not have 'un-limited demand'".

"It is imperative new entrants know exactly which part of the niche they will fill, and look for real market gaps".

He says those considering taking advantage of the "strong potential" for well planned organic production in the future should be in touch with BFA and operators in their market for more information.

ENDS

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DATA: Organic Research Centre, UNE, *Australian Organic Market Report 2008*.

[Media may request a free electronic copy of this report. Contact the BFA office for more information.](#)

To obtain images or find out contact details for organic farmers in this release or in your area contact BFA media officer Jaime Newborn ph: (07) 3350 5716 ext. 222; email [marketing@bfa.com.au](mailto:marketing@bfa.com.au)

The BFA has a vision for organic industry growth and education in Australia. Ask about your copy of the Organic Industry Market Research Report to see how the organic industry is achieving its goals! More information is available at [http://www.bfa.com.au/index.asp?Sec\\_ID=260](http://www.bfa.com.au/index.asp?Sec_ID=260)



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