

Snapshot of the Allowed Input market

As the organic industry in Australia has developed, so have the allowed input (AI) and approved product (AP) industries. An AI is a product registered with the BFA or other organic body and is essentially an input that's allowed to be used in a certified organic system – for example, as a product to address a mineral deficiency in the soil.

An AP is a product registered with the BFA to be used by a consumer, such as a beauty product. APs also cover products such as sanitizers that might for example be used by certified organic processors or abattoirs.

AIs are an important tool, particularly for Australian farmers who farm on some of the most geologically old and mineral-depleted soils in the world. On top of this there are often extreme climatic conditions to deal with that can lead to the onset of pest and disease pressures. It's important to mention that although there are many good AI products on the market they should be seen as one component of the overall farming system.

Farmers, in keeping with organic principles, should be using other tools such as developing a sound rotation, a good composting system and planting wild flower strips to encourage beneficial predatory insects. If needed, AIs should be used as part of the overall farming system and incorporated into the management plan.

Compliance

Under international and domestic organic standards, only food – and food-grade products – and fibre products that are 95% or more of agricultural origin can be certified as organic. This basically means that products for use in organic systems, e.g. fertilisers for farmers or cleaning products for processors, cannot actually become 'certified' as organic. However products such as fertilisers and cleaning products can be registered for use as allowed inputs, products or technologies in a given certified organic system. Some of these registered products do however have restrictions limiting their use, so if in doubt certified organic operators should check with their certification body before using.

There is still some confusion in the organic industry as to what 'registration'

actually means, why the bud logo appears on bags of fertilizer and why certified organic farmers and processors also use the logo. The devil, as they say, is in the detail – certified organic operators have to comply with the Australian Organic Standard and once they do this then they can use the bud in conjunction with the words Australian Certified Organic.



Spot the difference?!

Allowed inputs, products and technologies on the other hand have to meet criteria that ensures their product is not going to contaminate or jeopardise a certified organic operators system when applying to the BFA to register a new product. Proof has to be shown to BFA through the submission of paperwork and an inspection of the manufacturing premises that all the ingredients and manufacturing systems that make up the product/ input/ technology are safe to use on organic farms or in organic processing facilities.

Market size and growth

Recent figures from the BFA show it currently has around 120 clients under its allowed input and approved product scheme. The NASAA website lists 66 input manufacturers, and if the other smaller certification bodies in Australia are taken into account there are close to 200 companies registered as having allowed inputs and products.

In the first BFA quarterly journal, distributed in 1994, there were only 17 allowed input/ approved products listed and with today's BFA figure now in the 120s we can see that growth of the allowed input/ product market has been growing at a healthy 16 per cent per annum. This market growth is made up of a wide range of different product types, from cosmetics to compost. The wide range of product types is testament to the growth and diversity of the organic industry and the range of products looks set to continue. As Gary Leeson from

Organic Crop Protectants (OCP) points out, there are strong domestic and export opportunities for some of the players in the AI & AP industry:

"The AI market is already going more mainstream in Australia due to the big drive and take-up of Integrated Pest Management (IPM) by some of the more educated conventional farmers. This growth in the use of more environmentally friendly products is more pronounced in the intensive horticulture, glasshouse and viticulture industries due to the reduced-with-holding period non-synthetic chemical products such as OCP provides. For example, Eco-Carb is one of our products that's now widely used in the viticulture industry as a replacement to sulphur. This is because it is not a broad-spectrum product and maintains the beneficial insects within the farming system. We now live in a globalised marketplace and consumers from the likes of Japan and Europe increasingly want minimal or zero pesticide residues on the food they consume. This consumer demand is giving good export opportunities for products that are non-synthetic and proven to be safe for both the environment and human health."

The future's bright, the future's green

Statistics from overseas reports show the international organic food and drink market has demonstrated a structural shift to sustained significant growth in recent years:

The global organic market grew by AUD\$6 billion to AUD\$46.3 billion in 2006 (Soil Association, 2007)

Organic sectors are growing at around 25 per cent per annum (IFOAM, 2004)

The US organic market holds 2.3 per cent of total grocery market share (USDA, 2005)

The UK retail market for organic products has grown by an average of 27 per cent per year over the last decade (Soil Association, 2007).

While there is limited data currently available on the development of the Australian organic food and drink market, leading industry groups such as the BFA estimate it to be growing in the region of 15 to 25 per cent per year.

These phenomenal growth rates of the



organic food and drink market should be music to the ears of allowed input manufacturers as, with more consumer demand there will need to be an increase in organic supply. This is likely to come from existing organic producers and newcomers to the market.

Coupled with the likely growth of the organic market is the shift towards 'greener' farming methods on the part of many conventional farmers. Not all consumers are making the switch to organic but many are becoming more conscious about what they eat. Even if they don't buy fully organic they are going to be increasingly demanding about things such as pesticide-free, as it's already happening in places such as Europe.

Due to increasing environmental concerns there's also going to be more pressure on conventional farmers to switch from chemical pesticides and fertilisers. This growth of

'green consumer and environmentalism' is likely to lead to the growth of more environmentally friendly farming inputs, such as those already used by organic farmers.

Production manager of Custom Composts Clint Liddelow says that although in general the company has targeted sustainable farming as its market, organic farmers only make up between two and five per cent of the overall business.

Another key area of growth for the AI and AP industry is the home garden range, with home gardeners increasingly using BFA registered products such as compost and fruit fly baits.

Barriers

Two of the main barriers or issues for companies such as OCP, Custom Composts and Ausmin Australia in getting AI products

onto the market is the cost and time factor involved in registering a product and sourcing the raw material for the manufacturing process.

Liddelow is seeing more competition in the marketplace for carbon sources. "Whereas in the past we used to collect carbon sources such as green waste for free, we are now having to pay for it and there is increasing competition from other businesses trying to obtain it."

David Hardwick of Ausmin Australia says the sourcing of raw materials can sometimes be a problem for the company, especially as the market grows. "There are also lots of products out there that need to be registered professionally to receive credibility," he says. "It is important that this happens as issues such as poor efficacy and quality control can give the AI industry a 'snake oil' type name."

Gary Leeson of OCP agrees. "Although it can sometimes be hard for small companies, it's important the AI industry sticks to the regulatory process laid out by APVMA. In many products on the market there's lots of natural chemistry and some of the inert products in those products may not necessarily be safe for either the environment or consumers. It's therefore important products go through the rigorous APVMA testing procedure. It usually takes about 36 months and \$100,000 to get a new product registered through APVMA. This takes into account at least two seasons of efficacy trials and many hours of paperwork and red tape.

So if you're a newcomer to the AI or AP industry it will certainly pay to do your market research thoroughly before taking the time and considerable cost to get your product registered.

