

Address by

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**Parliamentary Secretary for
Agriculture, Fisheries and Forestry**

**To open the
15th International Federation of Organic Agriculture
Movements Organic World Congress 2005**

**Adelaide
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Speech Outline

- In line with international trends, the organic movement is experiencing unprecedented interest in Australia and rapidly gaining mainstream consumer and producer acceptance.
- The Australian Government recognises the potential of our domestic organic industry to become a key player in the global organic market.
- The Government has been working closely with the local organic industry to invest in research and development.
- Over \$460 million was provided for research and development in 2003-04.
- The Australian Government is building the competitiveness and sustainability of the Australian organic industry through its

Industry Partnerships Programme, which has a specific Organic Project.

- Through this project, the organic industry identified the need for industry matters to be better co-ordinated through a peak industry body and unanimously supported the Organic Federation of Australia assuming this role.
- I look forward to the industry working constructively through the Organic Federation of Australia to advance its collective interests in its dealings with governments, consumers, community groups, the media and other industry stakeholders.
- This Congress affords an excellent opportunity to showcase the depth and breadth of the Australian organic industry.

INTRODUCTION

Good evening Ladies and Gentlemen,

It's a pleasure to join you tonight to celebrate the success of the international organic movement.

I am pleased to see that your industry has already established a market presence in over 130 countries, affording the organic industry extensive global consumer reach.

Additionally and perhaps more importantly, this market presence provides a springboard for developing new market opportunities, including through product and processing innovation.

CONSUMER DEMAND

Today's consumer is increasingly demanding food products which they perceive to be healthy and are sourced from environmentally-sound production systems.

Importantly, the modern consumer is often willing to pay a premium for products that carry a verifiable assurance that they are safe, nutritious and produced using systems with limited impact on our natural resources.

This is the unique competitive advantage upon which the organic industry has so successfully marketed itself.

Whether driven by environmental or social motives - or in response to consumption trends - a remarkable number of producers the world over are adapting their production systems to meet organic standards.

In line with international trends, the organic movement is experiencing unprecedented consumer interest in Australia and is rapidly gaining mainstream acceptance.

Ten years ago, one would have to venture into out-of-the-way retailers to find organic produce. Today, consumers have only to wander into their local supermarket to likely find a dedicated organic section.

Australian producers are also turning to organic systems, whether for the perceived environmental benefits or for their capacity to deliver sustainable commercial reward.

While the ranks of conventional farmers continue to thin, estimates of the Australian organic market indicate that the number of certified producers will increase by 20 to 30 percent within 3 years, as in-conversion producers gain full organic certification.

Importantly, the Australian organic story is still in its infancy. With local demand for organic produce substantially outstripping supply, there is enormous scope for expanding the range and volume of organic product offered to Australian – and international – consumers.

There are some truly inspiring organic success stories in our own backyard. OBE Beef is a group of more than 30 beef producers in the Channel Country of outback Australia who collectively farm more than 7 million hectares of land. This enterprise manages the largest organic beef project in Australia, and possibly the world. The visual inspection for certification alone takes two weeks by aeroplane!

The Australian Government recognises the potential of our domestic organic industry to become a key player in the global organic market.

To this effect, the Australian Quarantine and Inspection Service (AQIS) is continuing to work on a government-to-government level to increase overseas recognition of Australia's system of organic certification. This has already proven fruitful in developing organic export markets in the European Union, Switzerland and Japan.

RESEARCH AND DEVELOPMENT

The Government has also been working closely with the organic industry to invest in research and development.

Encouraging the stimulation and uptake of new ideas and approaches, through a culture of innovation, is the major pathway to sustaining Australia's agricultural industries.

To do this effectively, you need a sustainable research and development funding model that tailors its research outputs to Australia's unique environmental conditions.

The Australian Government is supporting research into new land, plant and water-use systems through its cooperative research centres and its primary industry research and development corporations.

This is resulting in the adoption of new farming systems and the refining of existing production practices thereby enhancing the economic and environmental sustainability of Australia's rural industries.

Australia's research and development corporation model is a unique partnership between the Australian Government and industry, which sees the Government match industry research and development levy

contributions on a dollar-for-dollar basis, up to 0.5 per cent of the gross value of industry production.

The corporations are established upon commodity lines, with compulsory levies paid irrespective of whether the farming system is conventional or organic.

Australia's research and development model is recognised internationally as world-leading practice.

Over \$460 million was provided for research and development in 2003-04 through the various corporations such as the Grains Research and Development Corporation and Horticulture Australia Ltd.

Importantly, many of the technologies developed by these agencies have the potential to be integrated into organic systems.

For example, the Grains Research and Development Corporation has developed a new approach to broadacre cropping using soil cover, controlled traffic farming and down-slope paddock treatments to limit soil erosion, particularly in Australia's summer rainfall zone.

ROLE OF RIRDC

While the organic industry does not have its own research and development agency, new and emerging industries like the organic industry are supported by the Government through the Rural Industries Research and Development Corporation.

Since 1996, the Corporation has administered a dedicated portfolio of organic industry development projects.

For 2005-2006, it has identified as key priorities the conversion of production from 'conventional' systems to organic systems and developing robust supply chains.

In light of the financial and logistical hurdles that face conventional producers when converting to organic systems, the Corporation has recently produced a guide to assist farmers through the conversion process.

The Rural Industries Research and Development Corporation has a stand at this event and I invite you to take a look at some of the publications they have on offer.

AUSTRALIAN GOVERNMENT INDUSTRY SUPPORT

The Australian Government recognises that there is often a big leap from research and development, to actually

taking an idea to market. The Australian Government's \$14 million *New Industries Development Program* works to accelerate the commercialisation of new innovative agribusiness products, services and technologies.

With the backing of our *New Industries Development Program*, companies such as Organic Foods of Australia in Queensland's Hervey Bay have been able to realise their goal to become a major exporter of frozen organic vegetables to the lucrative Japanese market. The funding assistance provided through the Program to support capital expansion, product development and market research has been fundamental to Organic Foods of Australia's success in the marketplace.

IPP PROJECT AND OFA REFORM

Another way the Australian Government is building the competitiveness and sustainability of the Australian organic industry is through its *Industry Partnerships Programme*.

The \$15 million, 3-year *Industry Partnerships Programme* is part of the Government's *Agriculture – Advancing Australia (Triple A)* package, which continues to support farmers in adapting and responding to a highly dynamic, complex and competitive global market.

Since 1997, *Triple A* — through its many programmes such as *FarmBis*, *Farm Help* and the *Farm Management Deposit Scheme* — has provided more than \$1 billion in assistance to tens-of-thousands of primary producers. It has helped them develop business and risk management skills and financial self-reliance, and has promoted innovation and market responsiveness more broadly within the farm sector.

The *Industry Partnerships Programme* focuses on working directly with industry at the national level. It fosters and supports collective industry strategic thinking, direction-setting and nationally coordinated activities which will benefit the industry at its grass roots.

Through the *Industry Partnership Programme Organic Project*, the Australian Government and the organic industry are working to develop a secure footing for the industry. Priority areas include:

- regulating the labelling of produce sold as ‘organic’ in Australia;
- better co-ordinating industry R&D priorities; and
- establishing a sustainable funding base for specific industry research and development as well as marketing and promotion.

Importantly, the *Industry Partnership Programme Organic Project* identified the need for industry matters to be better co-ordinated through a peak industry body. Under the project, assistance was provided to facilitate an industry roundtable at which consensus was reached on the new direction and structure of the Organic Federation of Australia.

I look forward to the industry working constructively through the Organic Federation of Australia to advance its collective interests in its dealings with governments, consumers, community groups, the media and other industry stakeholders.

CONCLUSION

This week affords an excellent opportunity to showcase the depth and breadth of the Australian organic industry to the international community and to raise the profile of the industry in Australia.

It should also provide an invaluable opportunity for Australian producers to learn from the experience of international practitioners.

I commend IFOAM for putting together such an interesting and informative program which will no doubt generate spirited debate.

It is my pleasure to now officially open the 15th International Federation of Organic Agriculture Movements World Congress.

Key Statistics: Australian organic industry

- In 2004, DAFF commissioned Dr Darren Halpin to develop a profile of the Australian organic industry. The study identified that:
 - the estimated farm-gate value of certified organic produce was around \$140 million in 2003, representing less than 1% of the value of Australia's agricultural production;
 - in 2003, there were approximately 2300 certified organic and biodynamic operators, including farmers, processors, manufacturers, retailers and exporters in Australia. It is estimated there are over 1700 certified growers operating in a range of rural industries including grains, horticulture, viticulture, meat, dairy, wool and honey; and
 - the number of certified farms are expected to increase by 20-30% within one to three years as in-conversion producers come on stream.
- The organics industry is considered to be one of the fastest growing agricultural sectors worldwide. The worldwide demand for organic food and beverages was estimated to be worth US\$26 billion in 2004. Worldwide demand is estimated to be growing at 20% annually with growth in global supply lagging demand at 10-15 % (*IFOAM 2005*).
- Demand is particularly strong in the United Kingdom, Japan, Europe and North America. In the United Kingdom alone, an estimated 70 % of organic products are imported. Australian producers have had export success in a number of these markets and this trend is expected to continue.
- Some of the constraints to the development of the Australian organic sector include: a lack of cohesiveness and representation in the sector; the lack of a single, recognisable organic label for Australian organic produce; underdeveloped supply chains; comparatively small amount of research and development and poor access to statistical information.
- In 2003-04, the rural RDCs invested over \$460 million in R&D, with the Australian Government's matching contribution being over \$200 million for the first time.
- RIRDC funds the Organic Produce R&D sub-program from its indirect Commonwealth funding, as there is currently no specific industry levy.
 - RIRDC established the sub-program in 1996.
 - In 2003-04, RIRDC invest \$229,223 in Organic R&D (most recent audited figures available).
 - In its 2005-06 Annual Operational Plan, RIRDC sets out that it will invest \$347,770.
- The Australian Government has a strong focus on developing and promoting sustainable agriculture and has established a number of programs to improve natural resource management practices which land managers, regardless of their production philosophies, are eligible to apply.