



TIME FOR ACTION

2020/21

New Zealand
Organic Sector
Market Report



Commissioned by Organics Aotearoa New Zealand

ABOUT OANZ

The vision of Organics Aotearoa New Zealand is to make the world more sustainable through organics. Our mission is to achieve excellence and endurance in organic agriculture and commerce and grow the organic sector in New Zealand. Our members act individually and work collectively to nurture and protect the environment and to enhance the wellbeing of New Zealanders.

OANZ provides leadership for our members to collaboratively work for organic policies that are good for the health of New Zealand's people, communities, environment and economy. Our advocacy is focused on creating a world where people can easily access food and fibre devoid of harmful chemicals, grown in healthy soils that help regenerate the earth by sequestering carbon and combating climate change.

Organics Aotearoa New Zealand is a registered Charitable Trust. We work as a Council which ensures we meet our members' wishes which includes creating this Report. Without our members, sponsors and supporters we would not be able to deliver our public good to New Zealand.

OANZ MEMBERS ARE:

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IT'S TIME FOR ACTION

Since 2008, Organics Aotearoa New Zealand (OANZ) has commissioned biennial research into the domestic and international market for organics. This evolved out of the annual exporters' report which started in 1996. Each OANZ report has tracked the organic sector's sure and steady growth. This rise has been led by consumer demand and responded to by producers committed to organic principles and meeting the certification requirements needed to provide consumer reassurance.

Each report has also sought to promote awareness and understanding of the organic sector as a whole – from domestic and local production through to export trade. This engagement is supported by robust research methodology, verified data and informative commentary about the sector's performance and consumer and market trends, domestically and globally.

The OANZ 2020/21 Market Report continues this important engagement, and it does so at a pivotal point in New Zealand's economic and social history. The COVID-19 pandemic, climate change, biodiversity loss, polluted waterways and other environmental and social pressures are signalling the need for dramatic change in the way food is produced and consumed. As this report shows, the organic sector in New Zealand has the experience, knowledge and capacity to play a significant role in this transformation.

It comes from both a position of strength and of untapped potential. The organic sector generates approximately \$620 million in export and domestic market revenue, with a further \$100 million worth of products imported into New Zealand to meet consumer demand. This represents an average annual growth rate for organics of 6.4% for the past three years, without incentives or supporting policy frameworks. With just 86,000 ha under organic certification, this amounts to average earnings of about \$7250 per hectare – responding to consumer-driven demand for organic products, particularly organic dairy, wine and kiwifruit. The sector exports to many global markets, including those in emerging economies where a rising middle class is using their new economic power to buy better food for their families.

While the modern organic sector is eight decades old, it is still far from reaching its full potential. It is performing well, but off a small land base and with minimal formal support in terms of policy, research and funding. The time for action has come, and the economic environment is right.

The Government's July 2020 roadmap, "Fit for a Better World", has the aim of accelerating the economic potential of the primary sector. It identifies increasing consumer demand for secure supplies of safe, healthy foods produced sustainably and ethically.

As this report shows, the organic sector in New Zealand is already "Fit for a Better World", with a long-established track record of providing certified, sustainable produce that responds to these consumer demands without harm to the environment.

Importantly, the sector also supplies these products with trusted certification which applies across the entire length of the supply chain.

This achievement benefits New Zealanders through the supply of sustainable food, much of it produced locally or at least regionally. It also benefits New Zealand's reputation as a source of safe, sustainable and certified food, as well as supplements and other organic products.

The organic sector can chart a course for transformative transition through vision, experience with continuous improvement, measured change and a strong connection to consumers. Organics honours Te Taiao, with its principle that if the land is healthy, the people are too. Organic systems are practical, applied and simple enough so farmers, landowners and other participants in food and agriculture at every level can adopt them. This enables producers to respond to climate change, achieve resilience in agricultural landscapes and provide for large increases in carbon sequestration in agricultural soils.

The sector is confident it can make an enduring contribution to the Government's goal of achieving a better world. But to make a significant impact, the sector needs to scale up.

Growing in scale will increase the organic sector's ability to drive environmental transitions for the better, while expanding its economic contribution through exports and through domestic growth and employment opportunities. The sector is committed to partnering with Government, industry good bodies, NGOs and consumers to see this goal realised.

To inform this collaboration, OANZ, with assistance of MPI funding is co-ordinating the development of a New Zealand Organic Sector Strategy, in consultation with stakeholders from across the organic sector in New Zealand.

Increasing in size enables economies of scale, making organics increasingly affordable. While conversion to organics requires discipline, 80 years of experience in the sector confirms it is a proven approach which is easy to duplicate.

Importantly, going to scale requires policy support and appropriate resourcing. With regulatory changes on the way (Organic Products Bill, first carbon budget period, water and RMA reforms), and with increased demand in markets for organic products, the sector has the perfect opportunity to capture a total concept for food production transformation – from the ground up through to the market – which is responsive to consumers' and customers' needs.

It is time for transition, for transformation. It is time for action.

Chris Morrison
Chair OANZ

Viv Williams
CEO OANZ

OANZ is the national organisation representing the New Zealand organic sector, with a Vision to make the world more sustainable through organics. The Mission of OANZ is to achieve excellence and endurance in organic agriculture and commerce and grow the organic sector in New Zealand. Members of OANZ act individually and work collectively to nurture and protect the environment and to enhance the wellbeing of New Zealanders. The Report has been made possible by the support of Sponsors, who are committed to supporting the organic sector and driving awareness and growth of organics, both domestically and in the export market. The OANZ Board is grateful for their generous support and to the members of the sector and Board who contributed to The Report's content. Special thanks to MPI's investment to increase the scope of The Report.

Recommendations in The Report are provided to inspire and guide the development of strategy, policy and actions for implementation by those currently invested in the organic sector and those considering venturing into the organic sector. They will also inform OANZ's development of a New Zealand Organic Sector Strategy.

Haere whakamua me te mātauranga.
Te pai katoa

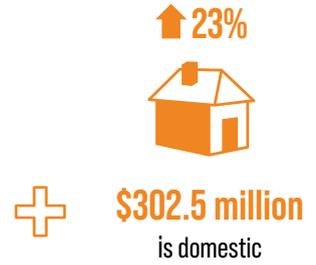
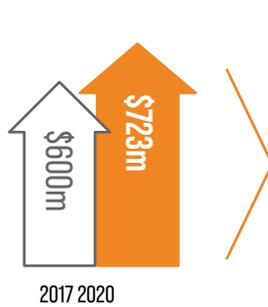
ORGANICS AOTEAROA
NEW ZEALAND

AT A GLANCE

Key Changes 2017-2020

\$723 million value for New Zealand organic sector, compared to \$600 million in 2017.

20% increase, or \$123 million,
with an average growth rate of
6.4% per annum



58% of the organic sector output is exported and **42%** is consumed locally



Organic dairy is now the largest organic sector, with exports of **\$153.8 million** Up **55% from 2017**



Fruit and vegetables are **#2 at \$143 million** Up **6% from 2017**



The wine sector is **#3 at \$65 million** Up **40% from 2017**



Organic purchases through supermarkets represent **69% of all organic sales, an increase of 13.8%**

Top 5 Organic Export Markets

Where	USA	CHINA	EUROPE (EXCL UK)	AUSTRALIA	JAPAN
Value	\$86.8 MILLION	\$81.8 MILLION	\$73.4 MILLION	\$66.4 MILLION	\$31.5 MILLION
% of NZ organic exports	20.6%	19.5%	17.5%	15.8%	7.5%

At over USD55.1 billion, the US organic market is the largest destination (both current and potential) for NZ organics

Domestic Market



81% of New Zealanders surveyed report purchasing organic products at least fortnightly



41% buy organic fruit and vegetables



38% buy meat, poultry, fish or eggs



29% purchase dairy products



25% buy packaged, dried or frozen organic goods

Where do they buy?



1% Farmers' markets/other



Consumers' Top Three Reasons for Organic Purchases

1. Organics are more natural: **74%**
2. Seen to be free of residues and sprays: **70%**
3. To protect and promote family health: **68%**

Sector Growth



There are 105 more certified organics operators since 2017 – **up 9%**, while the number of certified operations increased by 198 – **up 12%**.



There is a **54% increase** in operations converting to organics compared to 2017

	1997	2007	2009	2012	2015	2017	2020
Total number of certified operators	335	860	1,145	1,221	997	1,118	1,223
Total number of certified operations		1,206	1,416	1,765	1,500	1,672	1,870
Number of organic operations under conversion				232	104	141	217

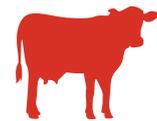
Land Area Under Organic Certification in 2020



85,849 ha under organic certification, down 3.41% (3,029 ha) since 2017



Approximately **6,000 ha** in conversion to organic



40% of livestock area under organic certification is dairy

	1997	2007	2009	2012	2015	2017	2020
Livestock	6,210	52,070	108,566	92,522	42,837	64,278	54,984
Cropping							6,052
Horticulture (and cropping until 2017)	4,945	5,045	8,175	11,188	23,454	22,223	18,892
Viticulture					2,022	1,720	2,283
Mixed/other*	805	6,768	7,702	3,043	5,821	650	3,638
Total	11,960	63,883	124,443	106,753	76,149	88,871	85,849

*Note: Land area under OFNZ certification has all been considered under mixed/other category since many of the farms have mixed products/land use.

EXECUTIVE SUMMARY

The Report is a major undertaking by Organics Aotearoa New Zealand (OANZ), the national voice of the organic sector of New Zealand. It is the result of open engagement from the broader organic community who have provided their commercially sensitive information, insights and data.

In analysing these results, it is important to acknowledge the prevailing COVID-19 environment. Although New Zealand has been relatively free of COVID-19, the lockdowns to eliminate it saw massive changes in where and how food was consumed and in supply chains. There were winners in the grocery channels and losers among those selling into food service, especially internationally. COVID-19 impacts include consumers looking for more ways of eating healthily despite for many, living with constrained incomes and 40% of exporters experiencing significant difficulties through lost markets and freight restrictions.

Despite these challenges, the sector has achieved hard-won growth, both domestically and in the global market. This growth has been led by discerning consumers and the sector's ability to meet their needs. Most importantly, the sector's growth has always been centred on environmental and societal wellness to create sustainable incomes and careers for New Zealand. It aligns strongly with the Government's *'Fit for a Better World'* policy and the Te Taiao principles of working in balance with nature. But to achieve this better world, the sector needs to grow further. As this Report shows, there is a strong platform on which it can build.

The New Zealand value of organics is now conservatively estimated at \$723 million, an increase of \$123 million or a compound annual growth rate (CAGR) of 6.4% since 2017. Market value is split between exports at 58% (\$421 million) and domestic market at 42% (\$302 million).

Internationally the organics market is growing strongly, with a 2018-19 9% CAGR to €106 billion. This has been driven by an increasingly large group of discerning consumers looking for products that are not only good for them and their families' health, that are free from chemical pesticide and fertilisers, hormones and artificial additives, but also, better for the planet. This demand for more natural, better for the planet, products is found across all markets be it New Zealand, Australia, the US, Germany or Asia.

New Zealand's organic sector has responded, achieving growth through the market opportunities that have arisen.

Growing at 4.6% and currently over USD55.1 billion¹, the USA is the largest market for organic products in the world where 6% of all food sales are organic. It is New Zealand's largest organic export market at USD86.8 million. New Zealand's exports to this market are dominated by horticulture and dairy.

Exports to China have reached NZD\$81 million, driven by a USD1.2 billion organic dairy market that is expected to grow by 55% by 2023. China is now New Zealand's second largest organic market.

The organic sector understands consumers internationally and at home. Here 81% of consumers report purchasing organic product fortnightly, 41% buying fruit and vegetables and 38% meat, poultry, fish or eggs. This trend has been amplified by COVID-19.

New Zealand organic sales have become increasingly mainstream with 69% occurring in supermarkets. Both major players, Foodstuffs and Countdown have embraced consumer interest with initiatives such as establishing their own organic brands, expanding health and wellness aisles and working closely with producers to offer a stronger organic offering in their fruit and vegetable sections.

1 The world of organic agriculture. Statistics and emerging trends 2020.

As a result, the organic products' share of sales has grown by 0.1% to 2.3% of all supermarket sales. Organic products are growing at 13.8%, faster than the 9.9% increase in non-organic sales.

Growing demand has been met by growing production. The number of certified organic operators has risen by 105, or 9% since 2017, while the number of certified operations has increased by 198, or 12%. There are over 300 operations in horticulture, followed by viticulture and dairy at around 200 and 100 respectively. There are approximately 86,000 ha in organic production, with 54,984 hectares in livestock land use, of which 40% is dairy. A further 6,000 ha is under conversion for dairy, wine and horticultural production, another indication of increasing demand.

There are two stand out sectors in organics: wine and dairy. Since 2017 the organic wine sector has seen approximately 40% export growth and 33% domestic growth to reach a market size of \$102 million, significantly outpacing NZ's total wine market growth.

The organic dairy sector exports alone have grown 55% since 2017 to \$154 million. Proving the benefits of organic dairy at the farm level, Pāmu has converted eight of its farms to organic, with two fully certified to USDA/NOP standards. As the case study shows, the two certified farms, when compared to Pāmu's conventional farm benchmarks, achieved on average 56% more EBIT, produced 33% less greenhouse gases and had 39% lower nitrogen footprints. These are material, significant results that can be repeated.

The \$143 million organic fruit and vegetable sector has achieved 6% growth since 2017, despite fewer hectares under certification. Zespri and Bostock New Zealand have contributed significantly to this growth. Zespri, as the world's leading marketer of kiwifruit, generated export revenue of \$70m in 2020. To match demand with production, Zespri has dedicated 50ha of licence releases to Organic SunGold greenfields development annually since 2018. Organic apple producer, Bostock New Zealand has partnered with Countdown in the New Zealand market and their export growth includes establishing an office in Vietnam.

The organic sector reflects where we would like to be as a nation. The report captures how Māori are engaged and a proactive partner to organics, and it shows how the sector can nurture volunteer-run wellbeing initiatives such as community gardens. It also a sector where major enterprises like Zespri and Fonterra, can thrive alongside successful iwi, family run farms and ventures that only sell to the local market. Importantly it shows how an increasing number of our population are making buying decisions that are better for them, their families and the planet.

The organic sector creates real economic value on a per hectare basis (over \$7,250) which in turn ensures sustainable livelihoods. The sector is confident more can be done to meet the increasing demand here and internationally, significantly expanding the land under organic certification.

The sector's environmental contribution to biodiversity, water quality and key climate mitigation indices are measurable and scalable.

The sector can deliver benefits at scale to New Zealand, economically, environmentally and socially in terms of producing increasingly affordable organic produce. It is looking to further partner with consumers, government and industry good bodies to scale the sector and the benefits it provides and to grow for good.

NEW ZEALAND'S ORGANIC DOMESTIC MARKET

Nielsen IQ Methodology

For the 2020 Market Report, Nielsen IQ was commissioned to undertake comprehensive research and analysis of the organic domestic market and the consumer perceptions and behaviour within it. This work covered:

- Consumer understanding of organic products.
- Drivers and motivations for purchasing organic products amongst buyers of the category.
- Barriers for purchasing organic products amongst non-buyers of the category.
- Purchase behaviour of organic products amongst category buyers.
- Awareness of organic brands.
- Potential communication channels to encourage consumption and purchase of organic products.

This work also sought to understand Impact of the COVID-19 pandemic on organics purchasing behaviour

These results are from 700 people who completed the Nielsen Omnibus Online Survey between 17th December 2020 to 21st December 2020. The Nielsen Omnibus surveys 700 New Zealanders aged 15 years and over nationally that have access to the Internet. Results are weighted to be representative of the population by age, gender and region of residence.

Specific to the objectives of this survey, the organics category has been defined to include products as listed in question 2 of the survey questionnaire. Single response questions will sometimes not add to 100% due to rounding. Multiple choice questions have a total above 100% as respondents are able to answer more than one response.

OANZ has also had the benefit of insights from MPI Economic Intelligence Unit (EIU) Consumer survey 2020 (MPI 2020), which included international market and consumer research on organics. Links to this document and the Nielsen IQ report are [here](#).

WHO BUYS ORGANIC?

From the early development of organics, women with children have been the prime consumers for organics. Concerned about their family's health, especially their children, mothers research and read labels to develop an understanding of product ingredients.

This group of consumers will pay more for a product that matches their belief of what food should be. The group is skewed towards a higher level of education but slightly less so with income. This group shares health related information with their friends on social media.

All marketers are aware of the power of millennials (18-29-year-olds). While this demographic may not have the spending power of 30-44-year-olds, they are the future.

Equipped with a clear understanding of global and local issues facing them and wanting to remain healthy, this generation will bear the brunt of climate change and its consequential changes.

With social media highlighting life's issues, millennials will take more deliberate actions to meet their goals. They are early adapters to a new trend or product, but should this not meet expectations, they can equally move on quickly. While price doesn't necessarily determine their purchase decisions, authenticity does and while focused on themselves, they also have an awareness of the environment.

CONSUMERS AND THE ORGANIC MARKET: UNDERSTANDING CONSUMERS' PERCEPTIONS OF ORGANICS

Consumers continually make evolving choices around the food they purchase and feed to themselves and their families. 84% of New Zealanders have a positive perception of organics which generally associates organic products to food items and fresh produce that are free of chemicals or preservatives and are naturally grown. However nearly 1 in 10 (9%) do not have a firm opinion of what organic products mean in general, and 7% have a negative opinion.

The majority of New Zealanders (81%) purchase organic products with at least some frequency. This is up slightly from 80% in the 2018 Market Report. This frequency of purchase has significant relevance for understanding the priorities of organic consumers. The more frequent, the more consumers related to the core drivers of organic purchase which are around health, environment, and taste.

Key consumer-based drivers that motivate purchase of organic products –

- **Health** – this is a growing trend across all age groups – looking to get the best out of the food they eat – from nutrition and energy, to taste – they know that organic is the easiest way for them to improve their health – with 32% of organic buyers saying they buy organic products to protect and promote their personal health or the health of their families. Mums are always on the look-out for more nutritious foods to feed their families. There is a noticeable trend as millennials are becoming parents, choosing organic food options as their children begin eating solids. This is stronger in the 25-39 yr old group where 40% say this is their main driver for purchase. There is a strong linkage between organics and parenting.

- **Closer to nature** – the less complicated the process to get food from pasture to plate the better. Those who buy organic produce, often or always do so because they see organic products to be natural (74%), free from residues or sprays (70%) and that it benefits their personal health or that of their family (68%). Not only are they concerned about what is in and on their food, but also the impact that its production has had on the environment.
- **Taste** – 16% buy because organic products have better taste.
- **Growing consciousness and consideration for the impact on the planet** Consumers are showing their concern for climate change and loss of biodiversity by changing their diets. A third of New Zealanders are now categorised as flexitarians or meat reducers * and there is a rise in plant-based diets. These trends are also reflected in the growth of organics.
- **Millennials** (those born between 1981 and 1996) are over-represented in this area and as a group are an important emerging consumer base driving organic sales.

Main barriers for consumers not buying organic products

Similar to the 2018 Market Report, in 2020 buyers were influenced more by product availability and price when it comes to purchasing organics – rather than other positive factors that are attributed to the consumption of organic products as a whole. The key observations were:

Price – 68% of non-buyers of organics, state that organic products are expensive in general, in comparison to conventional/non-organic products. There is a general perceived lack of benefit between organic and conventional products to drive this premium. This sentiment is felt equally across all key demographic subgroups by age, gender, personal income and household income – inferring that sensitivity to pricing of organic products is a major purchase barrier for consumers in general. Amongst buyers 48% would, often, if not always, only buy organic products when it is on promotion in-store.

The Face of Frequent Organic Buyers

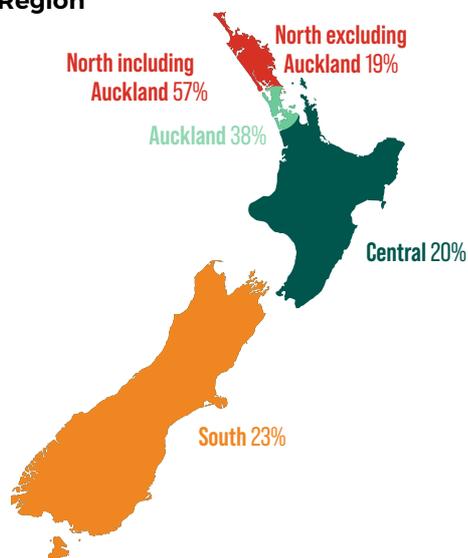
Gender



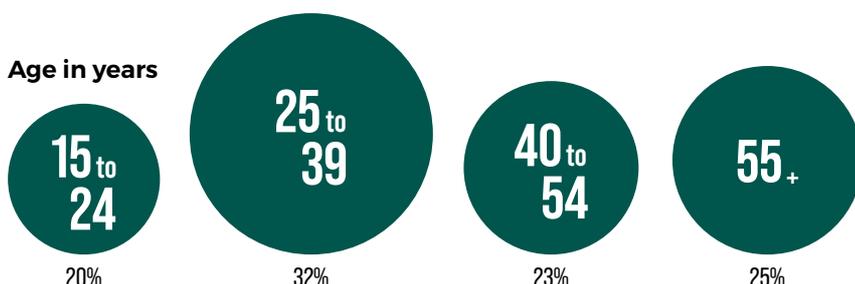
Income



Region



Age in years



Availability – 50% of those who buy organic products would, often if not always, substitute their purchase with a conventional/non-organic product if they can't find the product they are looking for.

Understanding the benefit of organic influences choice. Around 1 in 8 (13%) of those who do not purchase any of these organic products do not believe that organic products are any better than conventional/non-organic products. This sentiment is also felt equally across all key demographic subgroups.

Habitual behaviour is also a reason given by those who do not purchase any of these organic products – with 11% of non-buyers stating habit – buying products that are familiar to them as a reason for not purchasing organic versions. In addition, 10% have stated that they have no interest in purchasing organic products as it lacks appeal to them.

Less than half of those who buy organic products plan or research their purchases ahead of time, with only 15% always planning their organic purchases before heading into store and 10% always researching organic products ahead of purchase.

19% of New Zealanders know nothing about organic products. This seems to be significantly more pronounced in the 55+ age group.

When comparing this year's analysis of consumer behaviour to the 2018 Market Report, it is clear that consumers in general have some understanding of the benefits of organic food and products. However, a deeper understanding of organics remains limited to a small percentage of consumers. Continued education around the deeper and broader benefits of organics is critical for continued industry growth.

Availability and price remain a key barrier to consumers buying more organic food. With organic sales growing at 13.8% year on year, well ahead of conventional food sales growth, there is a clear indication of positive change to consumers' shopping behaviour, leading to a brighter view in the future.



COMMUNICATING ORGANIC TO CONSUMERS

The OANZ 2020 Market Report research shows consumers are interested in finding out more about organic products.

Awareness of new certified organic products among respondents is mixed – 46% reported little change in the availability of new organic products and 9% said they know nothing about what is happening in the category. Of those who do pay attention to the category, 27% stated they frequently notice new organic products coming available and 7% stated that there are very frequent changes in the availability of organic products.

What’s communicated in store is important. Just 15% of those surveyed said they always plan their organic purchases before getting to the store, while 10% state that they always research organic products ahead of purchase. In store, 43% of consumers often or always spend time browsing the products that are available in the organics aisle.

How much does each of the following describe you when you are shopping for organic products?

	Always	Often	Sometimes	Not at all
	%	%	%	%
When I buy organic products I always look for products that are certified organics	20	29	30	21
I always plan my organics purchases before I get to the store	15	23	29	33
I always research organic products before I buy them for the first time	10	23	32	35
I spend time looking at/browsing the products available in the organics aisle in-store	13	30	36	21
I always substitute my purchase with ordinary/non-organic if I can't find the organic product I am looking for in-store	19	31	33	16
I only buy organic products when it is on promotion in-store	16	32	35	17

Information on packaging plays a part. Survey responses for the 2020 Market Report show that 49% of all consumers always or often scan labels to ensure products are organic.

While nearly half of respondents look for organic certification, the responses to questions in the research indicate less clarity around organic brand names. Asked to spontaneously name a brand that sells organic products 18% of respondents stated “none” and 24% stated “don’t know”.

Consumer recall of marketing initiatives (e.g. adverts, product launches etc.), about organic products depends on whether the customer is frequent (weekly), non frequent (fortnightly) or a non buyer (none). The most engaging form of recognition with organics was noticing a new type of product, followed by discussions with friends and colleagues and a price special.

Recent recognition of organic products – word of mouth/promotional activity (%)

	Frequent Buyer	Non-Frequent Buyer	Non-Buyer
A brand of organics came up in a conversation with a friend/colleague/relative	17	6	6
I noticed a new type of organic product while shopping	25	17	17
I saw/heard a particularly interesting ad for organic products	12	2	1
I noticed an attractive promotion or 'special' for an organic product brand while shopping	17	12	1
While reading newspapers and flyers, I kept a look out for coupons or specials for organic products	11	5	1
I noticed an online ad for a brand of organic products	14	4	0
I read about a brand or type of organic product online	16	6	2
I received some mail/catalogue for a brand of organic products	11	2	1
I received an attractive special discount/promotion for organic products via email/text message	9	0	1
I saw an organic product's brand/category mentioned on social media	12	5	0

Ceres Organics and Macro are the two main brands (10% overall unprompted awareness respectively) mentioned by New Zealanders when they think of brands that offer organic products.

Unprompted awareness of other brands was sparse – with 4% thinking of Ecostore – which is not a certified organic brand – Eco, Pams and Only Organics, and much fewer mentions of other brands.

	%*
Ceres	10
Macro	10
Ecostore/Eco	4
Pams	4
Only Organic	4
Watties	3
Healtheries	2
Earthwise	2
Mother Earth	2
Bostock	2
None	18
Don't know	24

* Note: Only displaying results at 2% or higher. The full list of coded responses can be found in the data tables

COVID-19'S INFLUENCE ON DOMESTIC CONSUMERS

The OANZ 2020 Market Report was researched in vastly different conditions to its 2018 predecessor. The presence of COVID-19 in the community, in the news and in everyday conversations had a significant impact on consumers. It interrupted the purchasing and consumption of products through its impact on the incomes of some households and by leading people to rethink what they were doing.

A major trend was people considering their health and the health of their family in the environment of a pandemic. This led to a rise in the sales of organic purchases but with an uneven impact across the market where the dynamics of price, frequency of store visits and basket size shifted.

Financially constrained households (lower income) (31%) continued to shop in price orientated supermarket chains like Pak'nSave. Financially insulated households (disposable income), while still weighted to price orientated supermarkets (26.5%), had a higher share in range orientated supermarkets and independent stores (62.3%).

The households whose income was constrained by the pandemic, are spread across the socio-economic spectrum. They changed the most, as the pandemic and its impact on their circumstances led them to rethink their lifestyles.

Prior to the pandemic, purchasing and consumption trends were towards products containing less sugar, salt and fat, together with diets that contained a healthier balance of foods and with a trend towards plant-based diets. While the majority (72%) of people haven't changed their diet much, 18% of constrained households reported eating more healthily.

Their responses aligned with the pandemic trends of consumers eating more healthily, with 77% of constrained household reporting higher intakes of fruit and vegetables compared to the 71% response rate of insulated households. Both groups reported eating less processed foods (57% for insulated families versus 54% for constrained), preparing healthier food at home (64% for constrained and 63% for insulated). Both sets of households were on a par (at 12% for constrained and 12.9% for insulated) when it came to following specific diets or healthy eating plans.

Research Methodology

Neilsen IQ carried out two surveys for OANZ to understand the impact of COVID-19 on organics. One survey measured market perception and the other measured respondents on their actual purchase of organic products for the 26 weeks to 27th Dec 2020 taking into consideration the following:

- Impacts on households where income was constrained due to COVID-19 versus those that were insulated. (Nielsen's figures are based on a survey where 64.2% of households were insulated and 35.8% constrained)
- Purchasing and consumption trends and changes
- Changes in habits



The development of the Organic Products Bill, regulation and standard for domestic export and imported products is critical in the future growth of organics in Aotearoa New Zealand.

HOW CAN CONSUMERS TELL IT'S ORGANIC?

New Zealand lacks a single national organic standard – and this is one of the reasons why OANZ supports the intention of the Organic Products Bill to enhance consumer trust.

Meanwhile, consumers can choose to buy certified organic products which have been produced, stored, processed, handled and marketed in accordance with precise technical specifications (standards) and are certified as “organic” through a third-party organic certifier.

Certification is valued by Consumers; OANZ research shows that when buying organic products, one in two shoppers often or always look for products certified organic.

However, certification is not mandatory, meaning anyone can claim their product is organic without being certified. New Zealand currently has four organic certifiers. For organic products grown and made in New Zealand, consumers can look for one of these four logos as a guarantee of organic certification:

INTERNATIONAL AND DOMESTIC



BioGro provides organic certification for export and for the domestic market.



Demeter provides biodynamic certification for export and domestic market



AsureQuality provides organic certification for export and for the domestic market.

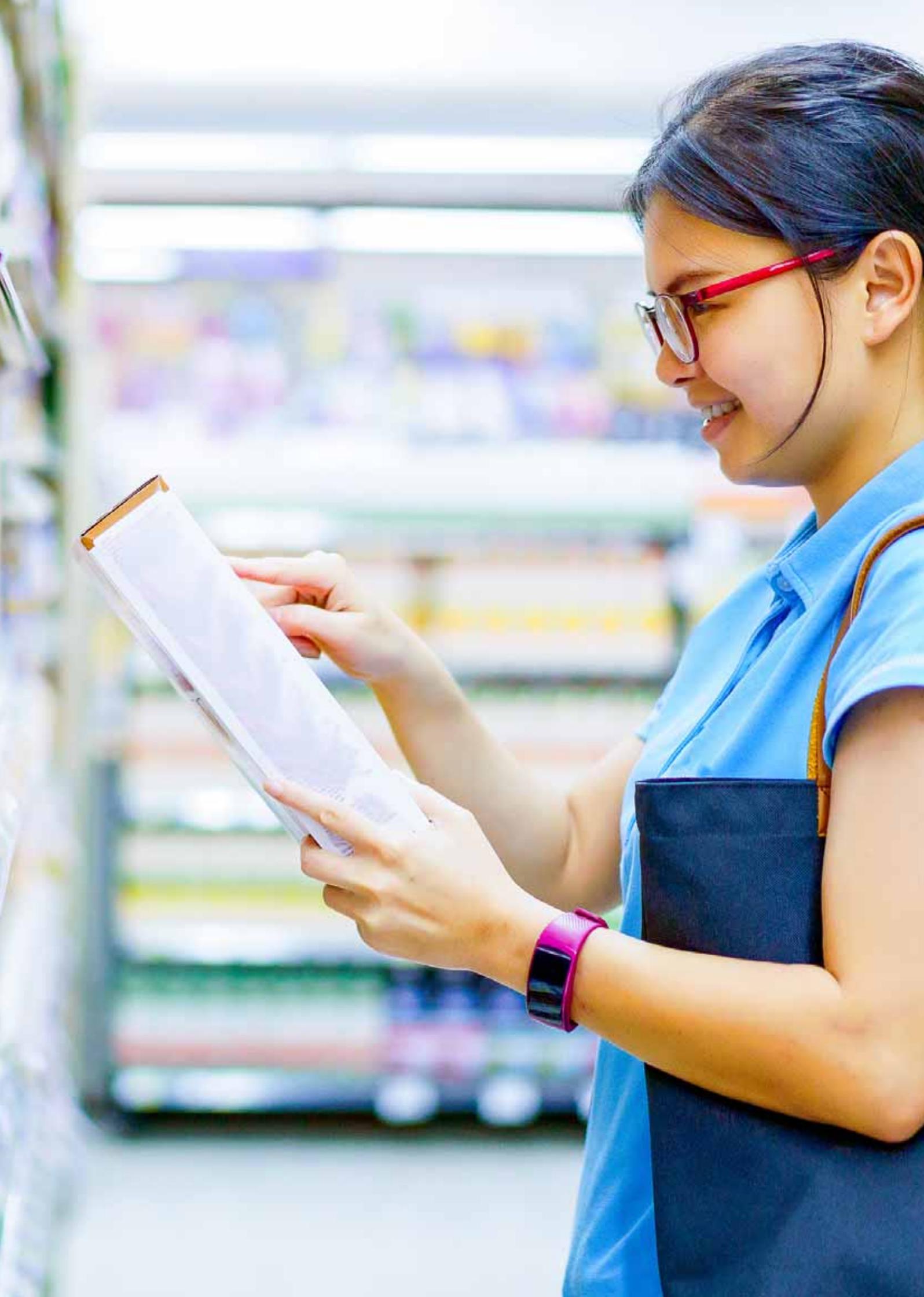


Organic Farm NZ provides lower-cost organic certification aimed at producers who sell only to the New Zealand domestic market for produce, manufacturing and/or ingredients.

Organic certification is a guarantee of authenticity. Consumers who choose a certified organic product can trust that from the farm through to the factory, solely organic inputs and processes have been used.

Certified organic producers must keep good records of everything they do. Every organic producer is audited in person every year by an independent certifying body.

For certified organic imported branded products, national seals from US, EU and UK's Soil Association are marks of guarantee. Australia, like NZ does not currently have a national standard or regulation. Operating under a common market (FSANZ), a range of private accredited marks like ACO and NASAA are recognised.



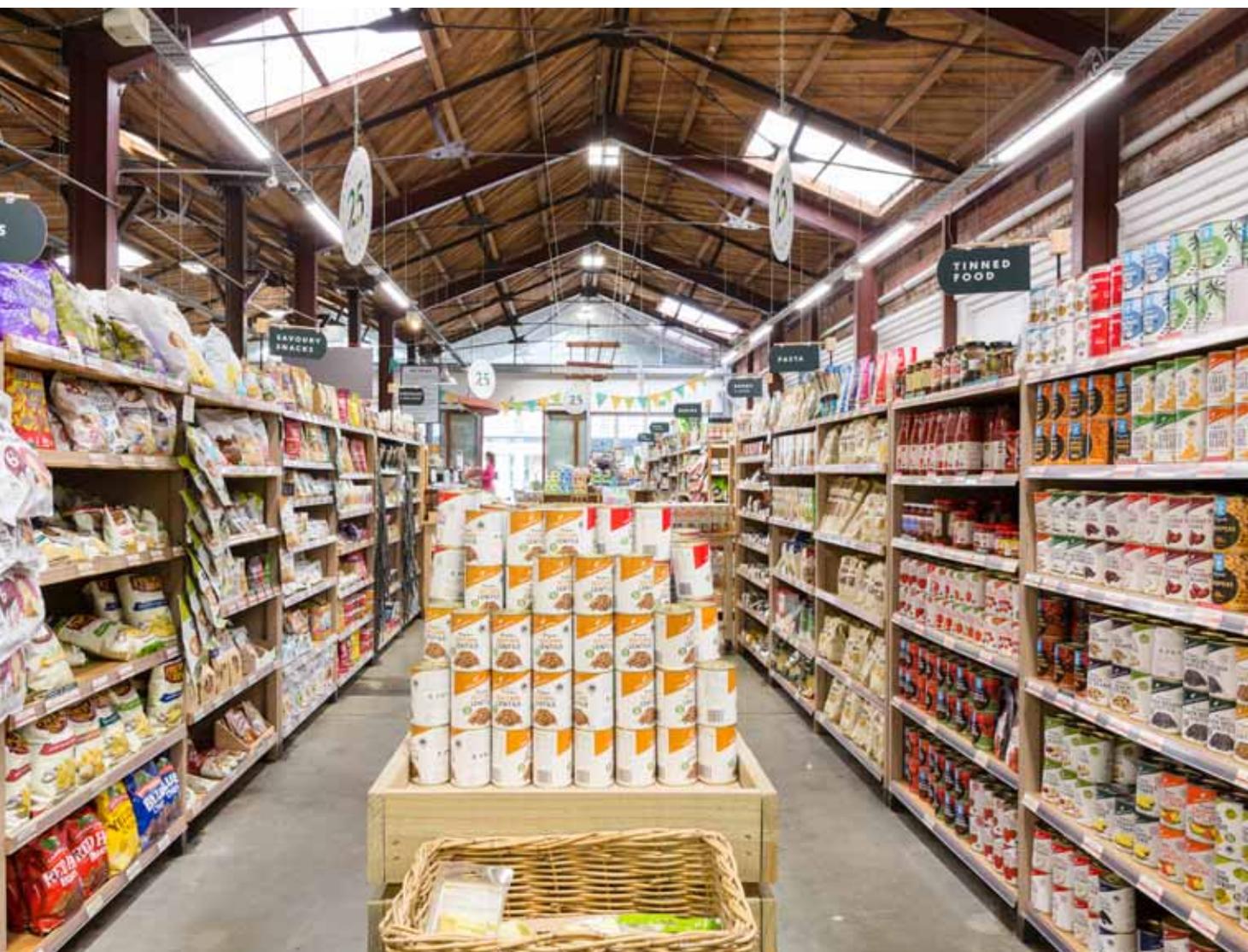


Photo: Commonsense Organics

ORGANIC RETAIL IN NEW ZEALAND

2020 was an anxious year for retailers. The pandemic forced a massive shift in consumer shopping habits, from the move to online purchasing and panic buying to supply and shipping challenges. Despite these changes, the domestic market for organic products continued to grow, and for the period 2017 to 2020 was up by 23% to \$302.5 million. New Zealand consumers have a range of channels to choose from for organic purchases, from box schemes direct from growers to local independent stores, farmers' markets and national supermarket chains.

Research conducted for the OANZ 2018 Market Report recorded that close to 80% of New Zealanders surveyed reported buying organic products at least once a fortnight. That's now increased slightly to 81%.

New Zealand consumers are embracing organics – and their purchases are steadily extending well past the dinner table. Clothing made with organic fibres, natural household cleaners and personal care items such as organic healthcare supplements and toiletries, are joining the staples of organic fruit, vegetables, baby food and dairy in the shopping trolley, on-line or delivered to the door.

Organics sales by channel



Supermarkets still dominate the sales channel for organics, commanding 69% of all certified organic sales with a value of \$209 million in 2020.¹ Supermarkets have developed their own house brands which include organic products with Macro (Countdown) and Pams (Foodstuffs), both providing an increased range of goods.

Trends in supermarket grocery sales of organic products

Year	Value in sales
2020	\$209,000,000 ¹
2018	\$216,000,000
2015	\$167,170,081
2014	\$130,106,081
2013	\$109,182,882
2012	\$67,500,000
2011	\$62,800,000

The growth of supermarket sales reflects supermarkets' own recognition of increasing demand from consumers for organic products. Many organic products are in the Health & Wellness section of the supermarkets, which has been their fastest growing department in the last few years.

Organic products are growing steadily, and faster than the 9.9% increase in non-organic sales. The organic product share of all categories has grown by 0.1% for the past two years to 2.3% of all supermarket sales across categories reviewed.

Total value growth

Total organic growth is at 13.8% for 2020, up from 10.4% in 2018. It is believed that changes in shopping behaviour and patterns from COVID were a partial driver, with a reported 14% of buyers stating they have started to buy more organic products now than before the pandemic began.

Category value share of total sales

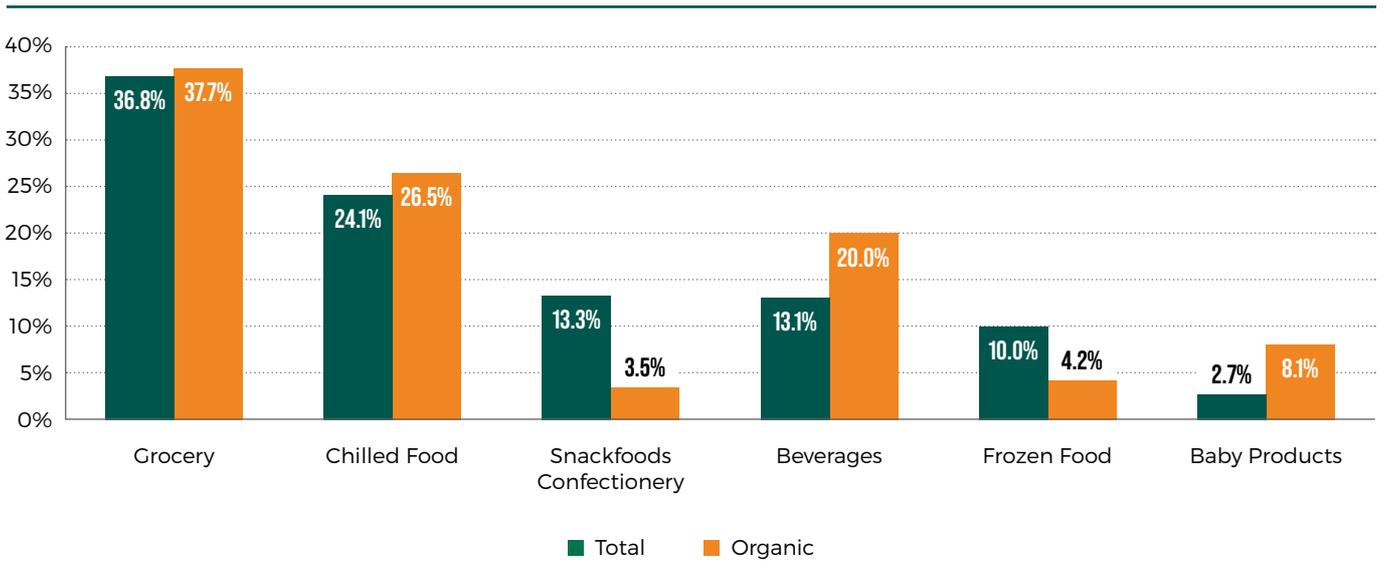
Growth is slower for Chilled, Frozen Food and Baby Products, and higher for Beverages and Snack foods/Confectionery.

Three of the four largest categories for overall product sales – Grocery, Chilled and Beverages also have the highest value share for organic products, with 37.7% of organic sales coming from Grocery.

¹ In 2018 supermarket sales were recorded at \$216 million. The lower 2020 result is a reflection of improved methodology to increase accuracy, rather than a decline in sales. Nielsen IQ calculates organic sales based on scan data from all supermarkets using a maintained attribute methodology which was peer reviewed by OANZ.

Snackfood/Confectionery has a lower share with just 3.5% of organic sales compared to 13.3% of all sales. Categories where organic products are more likely to be favoured include Baby Products (8.1% organic compared to 2.7% total sales) and Beverages (20% organic compared to 13.1% total sales).

Category value share of total sales Year to Nov 2020

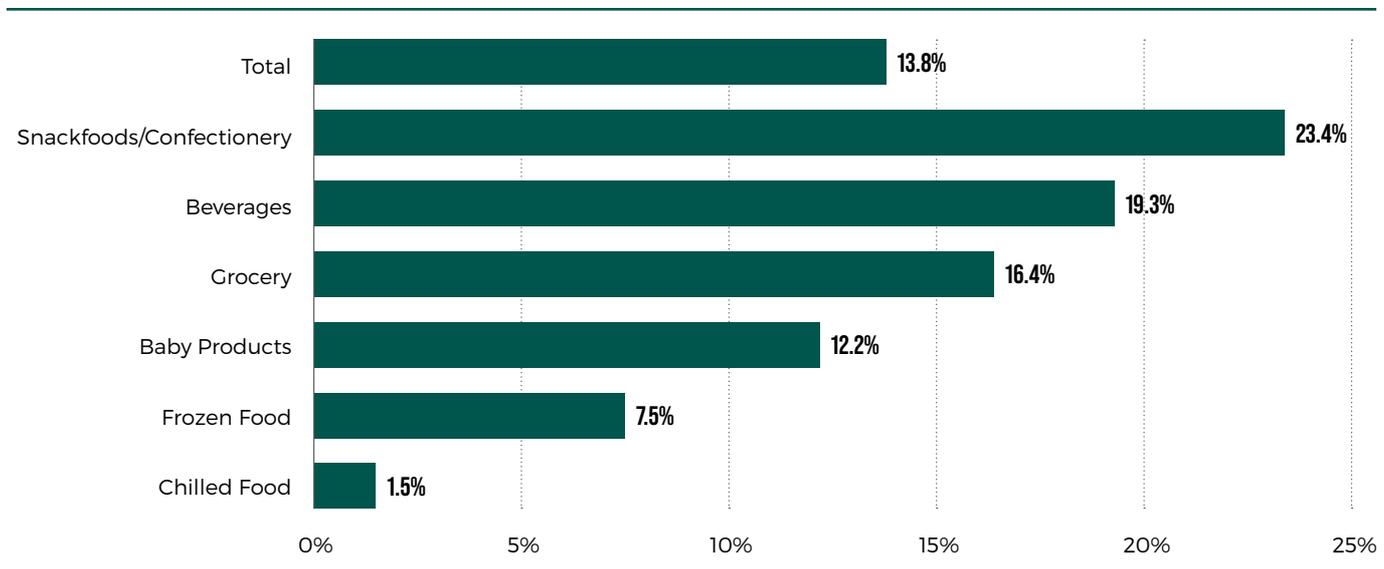


Organic products category value sales growth

Growth for all categories of organic products is at 13.8% for 2020 compared to 8.1% in 2018 and 7.2% in 2017.

Growth is slower for Chilled, Frozen and Baby Products and higher for Snackfoods/Confectionery, Beverages and Grocery.

Organic category value sales growth Year to Nov 2020



Other retail

Consumer enthusiasm for organic products during the pandemic has seen a surge in sales across multiple retail channels such as independent specialty stores (including certified organic stores, food service), bulk-bin stores, co-operatives, farmers' markets, box schemes, online operators, local dairies and specialist grocery store chains.

By working with key distributors and companies, the 2020/21 Market Report has estimated sales through this channel were approximately \$91.5 million in 2020, up from \$30m in the 2017 research. As organics becomes more mainstream and meets customers' health needs, this channel is expected to grow and diversify to include cultural-specific products. The pandemic is also linked to the rise in support for other retail channels as consumers look to support their local economy and community.

As consumers' buying habits change to products that support the environment, there is also growing interest in where the products come from, with consumers seeking out local producers where they can.

Independent specialty stores/certified organic stores/food service

While the pandemic has created challenges for independent specialty stores, for most it has been a year of growth. Consumers seeking products for health, safety and sustainability benefits are re-engaging with their local stores and suppliers who produce or sell organic products.

Many of the independent stores have established a new customer base, with customers who have never or rarely shopped in their stores prior to the pandemic. Shops have had to be creative and versatile in their approach, such as specialising in more diverse products, increasing online presence and providing home deliveries.

Independent specialty stores continue to play an important role in the sector's growth in New Zealand, providing consumers with access to both locally grown fresh organic produce as well as manufactured products.

Non-certified specialty stores, such as Moore Wilson and Farro Fresh often have a scale that can match local supermarkets for sales of fresh produce. They have a valuable role in supporting the growth of organics and food security in local and regional food economies. The OANZ 2015 Market Report estimated independent stores accounted for \$25.7 million in sales of organic products, and by 2017 this number had grown to approximately \$30 million. By 2020, these channels accounted for \$91.5 million of all sales.

Farmers' markets, box schemes and co-ops

Farmers' markets, box schemes and co-ops have been traditional avenues for domestic producers to sell fresh and local manufactured organic goods. New Zealand has well over 200 co-ops, some originating as early as the 1970s. This is a classic avenue for micro and small businesses to develop their products, gain confidence and develop a local following.

Consumers can deal directly with growers, either by attending farmers' markets, or subscribing to a box scheme through which fresh produce is delivered to their doors.

In recognition of the importance of this channel, the survey polled producers involved in it to determine the size of the market. It is estimated, based on a relatively low level of responses, that the channel accounts for some \$2 million in sales.

The independent channel has continued to grow and in 2020 is estimated to be worth \$91.5 million.



Online sales

While no formal research was carried out into the growth of online sales, anecdotal evidence from respondents in the organics sector was received. This indicated that retail channels either boosted their online presence or developed their digital platform to meet consumer demand and new shopping habits as a result of COVID-19 and lockdowns.

Being agile during the pandemic has been a key to success for many other retail channels; changing a business model to adapt to online sales within an extremely short turnaround time was challenging for most. Sadly, some stores who were not able to adapt had to close during lockdown. Through working with all parties in the sector, it is estimated that 7% of all sales are online.

Imports

By working with key distributors and companies, it is estimated that the 2020 retail value of imported certified organics is approximately a third of the domestic market, or \$100m of the \$302.5m.

Food imports comprise internationally branded products (e.g. from Australia, the United States, Asia and Europe), or raw ingredients not grown in New Zealand such as green coffee beans, pulses, nuts, grains, oils and sugar. These ingredients are either processed in New Zealand as finished goods or packed and sold as a pantry food items. A limited amount of fresh produce from countries around the Pacific is also imported.

ORGANIC LAND AND OPERATIONS

Operations certification statistics

The number of certified organic operators has continued to increase, with a 9% growth (105 operators) since 2017. The number of certified operations increased by 198 in the same period, up 12%. There are over 300 operations in horticulture, followed by viticulture and dairy at around 200 and 100 respectively. There are approximately 350 certified organic processors (across all sectors).

There has been a 54% increase in operations under conversion to organic compared to 2017.

	1997	2007	2009	2012	2015	2017	2020
Total number of certified operators	335	860	1145	1221	997	1118	1223
Total number of certified operations		1206	1416	1765	1500	1672	1870
Number of organic operations under conversion				232	104	141	217

Land area under organic certification

Since 2017, the land area under organic certification has decreased by 3,029 hectares (3.41%) to reach 85,849 hectares. However, while overall certified area decreased, viticulture increased by 33%. The largest decrease in organic certified land is for livestock land (specifically dry stock) at 14%.

The decrease in livestock certified land is aligned to overall trends in the pastoral sector. Conventional sheep and beef land has decreased by 34% (4.3 million hectares) since the 1990s, due to a range of converging factors such as conversion to dairy, urban sprawl, marginal land reversion to native cover and afforestation.² Approximately 40% of organic livestock area is in dairy land use, reflecting the growth in the organic dairy sector. Approximately 6,000 hectares of land is currently under conversion to organics, driven by the wine, horticulture and dairy sectors.

	1997	2007	2009	2012	2015	2017	2020
Livestock	6210	52070	108566	92522	42837	64278	54984
Cropping							6052
Horticulture (and cropping until 2017)	4945	5045	8175	11188	23454	22223	18892
Viticulture*					2022	1720	2283
Mixed/other**	805	6768	7702	3043	5821	650	3638
Total	11960	63883	124443	106753	76149	88871	85849

* Viticulture area covers effective productive area only.

** Land area under OFNZ certification has all been considered under mixed/other category since many of the farms have mixed products/land use.

Of the total value of the certified organic market (\$723 million), it is estimated that \$100 million is imported and ends up as finished goods and ingredients. The remaining \$623 million represents the organic market value largely generated from the approximately 86,000 hectares of certified organic land.

Information regarding the number of operators and land area under certification was provided byASUREQuality, BioGro New Zealand and Organic Farm NZ. As with previous surveys, all certified operators (farmers, growers, processors, transporters and retailers in the organic sector) and operations are tracked separately.

A single operator may have multiple certified operations, for example when they are a processor as well as a grower. The number of operations under conversion to organic are also collected, as they indicate projection for growth.

² Data provided by Meat and Industry Association.

Organic land as proportion of conventional production land area

2020	Total conventional area (ha)	Total organic area (ha)	Organic proportion of total (%)
Dairy	2,258,000	23,760	1.05%
Fruit and vegetables (horticulture minus wine)	126,000	3,095	2.45%
Wine	39,935	2,283	5.7%
Meat and wool (drystock)	8,035,000	31,225	0.39%

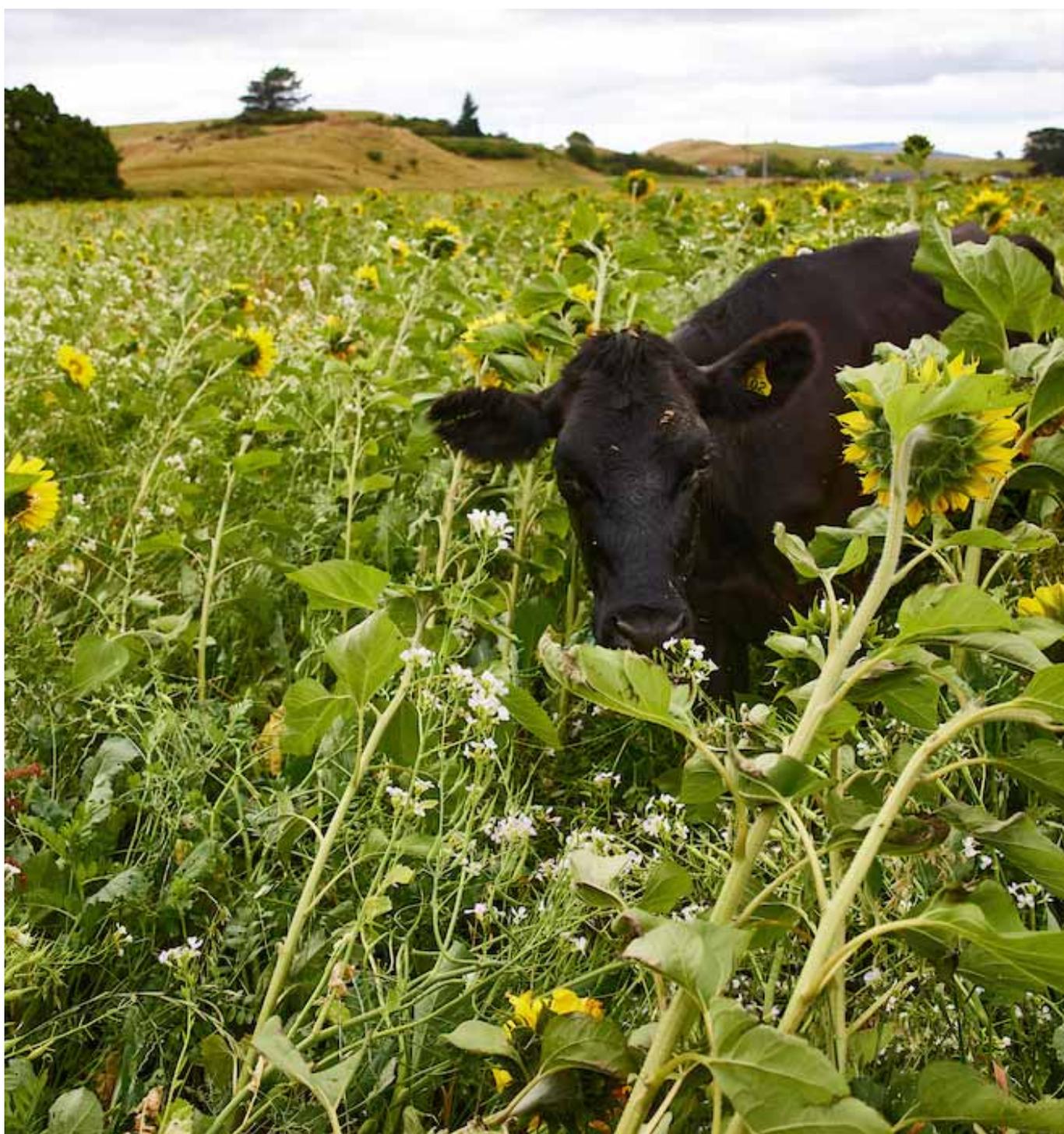


Photo: Calm the Farm

PRODUCER PERSPECTIVES

Regenerative Agriculture

Susan Miller – Organic Dairy Farmer, OANZ Board, Chair OFAG

For decades, organic farmers in New Zealand have applied non-contaminating and regenerative farming practices and technology within their organic management systems, to realise specific and enduring environmental, social and economic benefits. Organic agriculture has a clear definition and a certification system, which holds farmers accountable to lock in regenerative farming practices. Organic certification promotes high levels of assurance and trust that benefit consumers nationally and globally.

More recently regenerative agriculture, under the banner Regen Ag, has been proposed as a solution to reverse climate change, biodiversity loss, declining water quality and health of freshwater ecosystems, the wellbeing crisis in rural and farming communities and food system dysfunctions. Regen Ag may also open overseas premium and niche markets. However, there is a lack of clarity about what Regen Ag actually is, scepticism about its claimed benefits, and uncertainty as to whether the concept is even relevant to Aotearoa New Zealand³.

Primary production

As with organic land management practices, regenerative land management practices involve the regulation of the entire biosphere, using biomimicry to achieve increased soil biodiversity and restoration of soil to a healthy, nutrient dense living organism. These goals are achieved through the application of five Healthy Soil Principles – soil armoury, minimal soil disturbance, living roots, maximum plant diversity and the integration of stock throughout the farming system.

The NZ Primary Sector Council's Vision, '*Fit for a Better World*'⁴ describes Regen Ag as systems of farming and growing principles and practices which actively regenerate the natural environment while producing food and fibres.

A recently published paper on regenerative agriculture by *Our Land and Water National Science Challenge*⁵ states that one of regenerative agriculture's distinguishing features is the holistic pursuit of continuous improvement across environmental, social, economic, and cultural outcomes.

Farmers committed to Regen Ag in New Zealand have reported positive outcomes to inspire further growth within their business. These include, but are not limited to improved freshwater quality, increased biodiversity on their land and in their streams, an improvement in their emissions profile and increased resilience against the effects of droughts and floods.

Currently in New Zealand, some of the innovative farmers who are inspired to adopt Regen Ag are transitioning to full organic certification. Others are demonstrating reluctance to abandon the use of agrochemicals and biocides (e.g. Glyphosate), and some animal health remedies that are not accepted within organic management practice and not approved for organic certification.

Consumers

MPI have recently established and provided funding for a small team, independent of MPI, to undertake market research focused on Regen Ag. This team is also assigned with providing strategic advice to '*Fit for a Better World*'.

3 *Fit for a Better World* – Agriculture, Food & Fibres Sector Vision and Strategic Direction Towards 2030. [fitforabetterworld.org.nz/assets/Uploads/PSC-Report_11June2020-WEB.pdf](https://www.fitforabetterworld.org.nz/assets/Uploads/PSC-Report_11June2020-WEB.pdf)

4 *Fit for a Better World* – accelerating our economic potential (2020). www.mpi.govt.nz/about-mpi/our-work/fit-for-a-better-world-accelerating-our-economic-potential/

5 Grelet, G, Land, S *et al.* 2021. Regenerative agriculture in Aotearoa New Zealand – research pathways to build science-based evidence and national narratives. **Regenerative agriculture in New Zealand** (ourlandandwater.nz)

Grow the New Zealand organic sector, and position New Zealand as the producer of premium organic products in the national and global marketplace.

As consumers recognise the role of agriculture in promoting environmental and human health, they are also becoming interested in regenerative types of production. Regen Ag is attracting increasing interest, both internationally and in Aotearoa New Zealand – from producers, retailers, researchers, consumers, the financial sector, impact investors, social and green entrepreneurs, as well as from politicians and the media.

However, to date, globally there are several definitions of Regen Ag and an audit and certification framework does not exist. Therefore, consumers purchasing food from Regen Ag origins lack assurance of the efficacy of these products, and premiums are not available for Regen Ag producers.

Constraints

RESEARCH – Similarly to the needs of organic agriculture, regenerative farming would benefit significantly from relevant research with a robust and valid multi-disciplinary scientific and data-led approach.

Research will not only increase the knowledge and capability of farmers and relevant technology available to them. It also has realistic potential to inform and enlighten leaders, policy makers and investors, and increase their confidence to support and invest in the sector in future.

With proof of the achievement of environmental, economic, social and climate outcomes, the sector will be more able to secure finance to accelerate adoption of organic and regenerative agriculture, realise large-scale development and reduce financial risk of committed businesses.

RESOURCES – The critical resources required to extend and enhance the capability and capacity of both organic agriculture and regenerative agriculture in New Zealand are limited. Therefore, rather than competing for and dividing up the allocation of limited resources, it is imperative for those committed to these practices to work collaboratively. This will ensure that the resources available are applied to achieve a significant impact across the agricultural sector.

The Future

Significant areas are common between the enduring values and practices of organic agriculture and the values and practices of Regen Ag, to achieve specific environmental, social and economic benefits.

An example of the acknowledgement of the commonalities appears in the United States, where Robert Rodale of the Rodale Institute, introduced the term “regenerative organic.”⁶ As an extension of this, in 2018 a regenerative organic certification system was introduced as Regenerative Organic Certified™ (ROC). This new standard is administered in the United States by the Regenerative Organic Alliance.

Currently in New Zealand the differences between organic agriculture and Regen Ag are also significant.

For example, organic agriculture is totally committed to the elimination of toxic agrochemicals and biocides that pollute soil, waterways and ecosystems and harm animal and human health, whereas currently some Regen Ag farmers appear not to be totally committed to this.

Consideration of both the differences and the areas held in common, yields recognition of opportunities to develop and extend the practices of organic and regenerative agriculture. This presents New Zealand with an opportunity to:

- Grow the New Zealand organic sector, and position New Zealand as the producer of premium organic products in the national and global marketplace.
- Extend and enhance the environmental, social and economic benefits of organic and regenerative agriculture, for New Zealand and New Zealanders.

Insights from Producers Selling Locally

There's good reason to be optimistic about organic farming, as the results of the survey of Organic Farm NZ (OFNZ) members shows. As producers, they are proud of their high-quality product, and this is confidence they have earned from consumers.

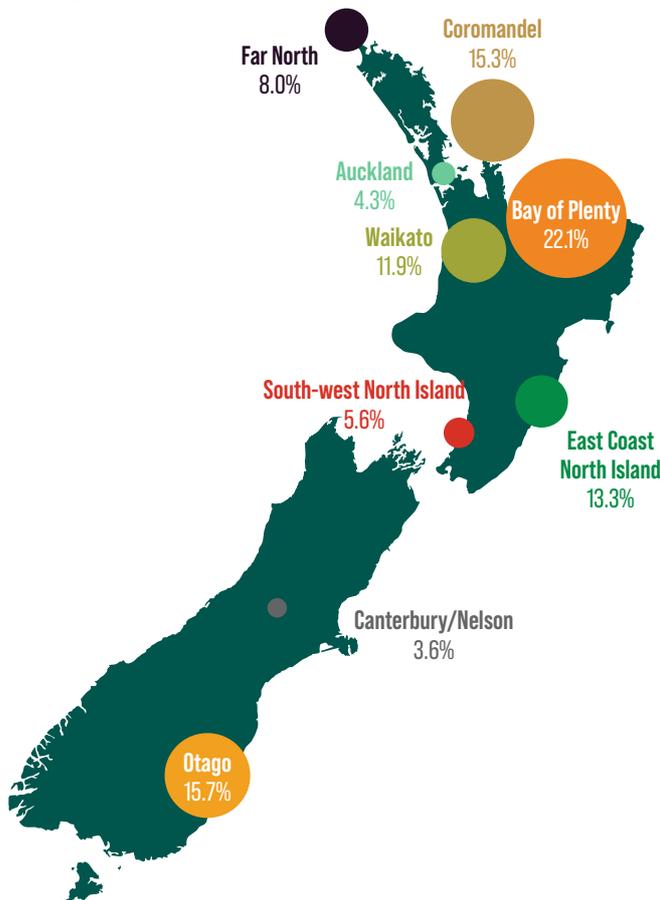
The survey of OFNZ members shows a sector generating some \$2 million⁷ in revenue, 75% of which comes from fruit and vegetable crops. About 60% of producers have been involved in the sector for 5 years or more. They are expanding their footprint, with 113 hectares currently under conversion, bringing the total to 934 hectares.

Geographic insights

While OFNZ members can be found across New Zealand, the Bay of Plenty, Otago, Coromandel, the Waikato and Wairarapa are the leading five regions in terms of hectares under organic management.

Some members have spread their geographic risk; however less than 10% of respondents reported operating across three regions or more.

OFNZ area by region (%)



This insights survey targeted members of Organic Farm NZ (OFNZ) - 123 enterprises. OFNZ promotes organics to producers and consumers in New Zealand as a local supply chain. A not-for-profit organisation, OFNZ provides an organic certification system using a low-cost peer review and auditing process for producers supplying the New Zealand market.

The survey included a quantitative component regarding value and market reach, while a qualitative component explored business and consumer aspects. There were 74 respondents, a breakdown of which is provided below.

Fruit	41
Vegetables	35
Wine and beer	2
Other beverage	1
Meat and wool	2
Processed food, ingredients and consumer packaged goods	7
Arable/crops and/or products	1
Other (wide range of produce: nuts, seedlings, eggs, etc)	30

Note the survey of OFNZ members does not include organic dairy farms which have achieved growth in volume and value.

⁷ Survey respondents were reluctant to share their financials and therefore this amount is considered an under-estimate.

The OANZ 2020/21 Market Report also includes three firsts; an OFNZ survey, an overview of Māori participation, and the first national independent community gardens survey, all have provided valuable insights into their contributions to Aotearoa New Zealand.

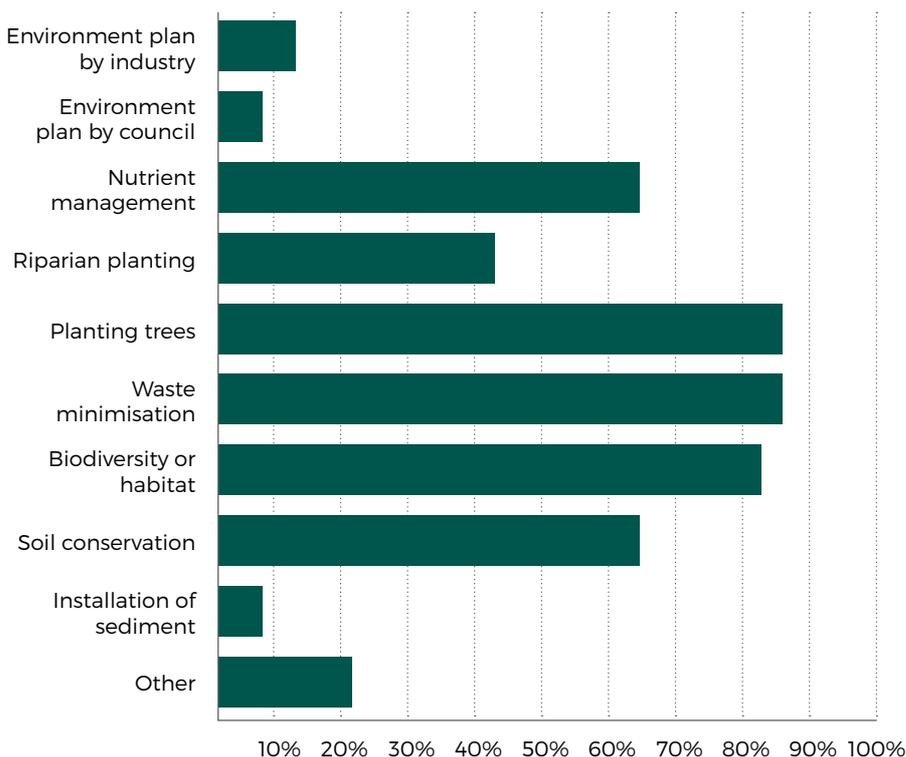
Management practices on the farm – always improving

Smaller organic farmers, despite the size of their enterprises, apply a broad number of practices, with almost all respondents having in place four or more management practices. Biodiversity and habitat protection, waste minimisation and tree planting are the most common management practices on farm, followed by soil conservation and nutrient management.

Also, the survey shows that the sector is focused on adoption of solutions like renewable energy, swales on farms to filter nutrients, pasture diversification or no tillage practice.

Scale is no barrier to diversity, with the management practices of these small operators similar to those of larger businesses, proving that wealth of knowledge and commitment has nothing to do with the size of the business.

Management practices on farm to improve environmental outcomes

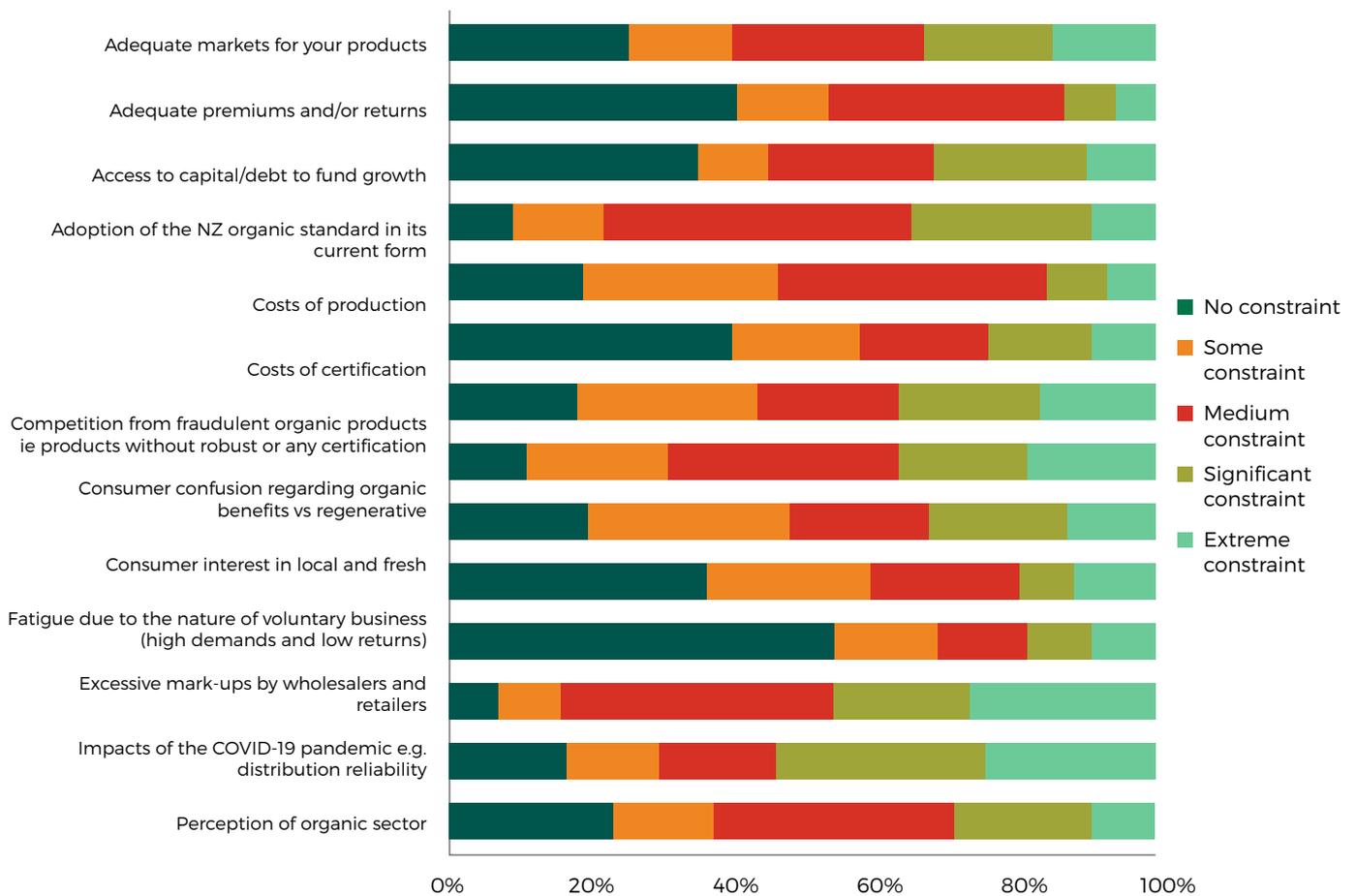


Insights regarding constraints

Growers report a strong relationship with their consumers, often with direct sales. This has enabled a strong bond and high level of trust that served them well during COVID-19.

Mark-ups by retailers are one of the most highly rated constraints, with 55% of producers highlighting this point. This aligns with consumer surveys which show a resistance to high prices. Consistent with the exporters' survey results, fatigue in the sector is a significant constraint for 46% of producers.

Current constraints to the growth of your organic enterprises



Growth opportunities

Respondents offered a range of suggestions about the sector's growth. These focused on the role of government in showing more interest and support for organics. There is interest in the recognition of the value of the product through true-cost accounting – a way of balancing the price disadvantage that organics has against conventional products. Other specific recommendations from the survey include provision of resources for research and education, building a system that reduces the risk for farmers to transition to organics such as subsidies for certification (or free of charge), transition incentives/subsidies, and well-developed organic standards that allow a participatory guaranteed system.

It is expected that the number of organic certified licensees and operations will increase as Māori trusts grow in confidence, and invest in market opportunities that align with their own and international customers' values.

Māori Organic Overview 2020

Professor Nick Roskrige (Chairman, Tahuri Whenua, National Māori Horticultural Collective), Brendan Hoare (Buy Pure New Zealand)

Ngahuru, kura kai, kura tangata – Harvest time, wealth of food, wealth of people.

The enduring relationship of Māori interests to the organic sector in Aotearoa/New Zealand is a testament to the values each holds, especially regarding the natural resource. As Māori we recognise and practise kaitiakitanga, a cultural form of resource stewardship which is often complemented by organic values and practices.

When it comes to food production there are a range of systems in place by Māori producers which are 'organic' by definition, and there is definitely an affinity between Māori and organic practices. The move towards applying a cultural definition to food production such as tikanga-led production or indigenous systems, including Hua Parakore are building momentum, often through independent activity.

Māori land utilisation encompasses a truly diverse range of collective interests. The impact of colonisation has resulted in Māori land and Māori-owned land accounting for less than 6% of the landmass in Aotearoa (approx. 1.5million ha); despite this the impact of Māori agriculture and



horticulture is impressive. The recent case study on Māori land from the NZ Environmental Report of 2018 showed an increasing trend of Māori land moving into horticulture and dairy cattle and in particular land put into forestry; however little was reported on the organic systems being applied.

In recognition of this disparity, a question in the survey to all certified producers was asked to clarify which certified organic licensees identified themselves as a Māori entity. This was the first time this question has been asked. In response, 2.3% of companies 'predominantly exporting' and 3.6% of 'domestic only growers' identified themselves as Māori.

There is an expectation that this number of certified organic licensees and operations will increase as Māori trusts grow in confidence, and invest in market opportunities that align with their own and international customers' values.

In the eastern Bay of Plenty alone, there are significant transitions of Māori Trust land to kiwifruit Sungold varieties with Zespri. The newly built Waiū Dairy production plant is a first in New Zealand to be powered by renewable geothermal energy and certified to produce a range of dairy products.

Common themes of the decision to go certified organic include appropriate utilisation of land that has been handed down from generation to generation, greater assurance of provenance around quality food, access to tikanga and Kaupapa led organic verification systems, providing opportunities for local people and their communities all the while producing and delivering high quality products locally and to the world.

There are also leading Māori incorporations who are presently working towards production systems which align to the organic sector, for example, the move to culturally driven regenerative agriculture and production by Wakatū Incorporation in Te Tau Ihu (Tasman district). Wakatū Inc. and its associated food activities are driven by their Te Pae Tawhiti 500-year intergenerational plan. This plan is aspirational and establishes the guiding vision for their future. The key principles are driven by five long-term goals with a focus on whānau (our people), pūtea (building value), ngākau hihiko (the ethic of agility and innovation), papa whenua (preserving our whenua and taonga), and taiao (whenua ora and tangata ora).

Many small whānau - or owner-operated businesses which are Māori by definition, practise organic production for a broad diversity of products. These include not only the classic horticultural produce including kiwifruit and other orchard systems, but also the niche market products aligned to natural resources ranging from seaweeds to native shrubs and trees accessed for food, nutraceutical or rongoā (traditional and medicinal) uses.

Small and medium-sized enterprises are a mainstay for Māori land and food-focused entrepreneurship, and most represent the indigenous priorities of their owners or directors.

Within the honey (miere) sector, in which Māori are key players, there is also a strong emphasis on organic and ethical production. There are a considerable number of business activities by Māori which focus on both mānuka and other honey products, all with an emphasis on natural and organic principles being applied to their activities.

A range of Māori interest groups, both national and regional, serve to draw together common interests and opportunities for Māori generally.



Māori are world leaders in developing and organising indigenous verification systems that can embellish the organic story, and are apt at developing organisational structures and visions to meet future needs.



Support at the Flaxroots

Dr Jessica Hutchings

The National Māori Organics Authority of Aotearoa (Te Waka Kai Ora) makes a strong contribution to Māori organics through its presence and through continuing support for Māori organic growers at the flaxroots. 2019/2020 has seen a refresh of TWKO with the election of a new Executive, the launching of a new website and a review of the Hua Parakore documentation.

There are constant enquiries from Māori growers, trusts and farmers being made on a weekly basis regarding the Hua Parakore system. A key activity in 2020 was engagement with the Crown on the Organic Products Bill and the call for a Treaty-based approach by MPI to organics in Aotearoa New Zealand. TWKO continues to build partnerships across the organics sector with OANZ and the Soil and Health Association as well as with kaupapa Māori organisations such as Te Aho Tū Roa and the Toimata Foundation.

Tahuri Whenua Inc. also formed in the early 2000s, as a National Māori Vegetable Growers Collective with a strong emphasis on indigenous and organic production systems. Tuku Māori Winemakers Collective promote sustainability and intergenerational cultural values in their collective. Regional or local groups such as the Ngāti Porou Miere (honey) Collective promote sustainability including organic principles in their activities and support of members.

Our research has identified that while the certified organic base for Māori is small, there is clear alignment in values between tikanga Māori and organics.

It is also clear that Māori are world leaders in developing and organising indigenous verification systems that can embellish the organic story, and are apt at developing organisational structures and visions to meet future needs. Māori also remain open in sharing these methods and processes with other people who support these cultural processes, nationally and internationally.

The relationship between traditional inputs and organic production for Māori is well recognised, but not yet well supported through research activity aligned to traditional production systems.

Investment in the development of sustainable 'Māori organics' through research, infrastructure and support systems would be a valuable addition to building Māori capacity and outputs relative to land management and production systems generally.

Community Gardens Aotearoa

Dr Matt Morris, University of Canterbury Sustainability Office, Tim Packer, Innermost Gardens, Lin Klenner, New Brighton Community Garden

Community gardens embody many of the visions of the early organic community and hold its philosophies strongly at their heart. At both local and regional government level, they are not well appreciated or understood for the role they play in the community, so they are overlooked in future planning and for funding. This needs to change.

This first survey prompted the formation of Community Gardens Aotearoa. As an initial project, a national hui has been called and will likely explore and recommend improvements to the current ad hoc funding model to create a more stable regional model, as has been the case in Auckland for many years.

Locations

Auckland is home to 42% of respondents' gardens, followed by Wellington at 17% and Christchurch at 13%. The remaining 28% are located across



Methodology

The OANZ 2020 Market Report's first national community gardens survey, conducted in 2020 contacted 204 community gardens. 89 valid responses were received, a 43% response rate and they provide a rich insight into a diverse and dedicated community network. Full results from the survey are on the OANZ website.

Top photo: Rachel Vogan at Wai-ora Trust Community Gardens, Christchurch

Bottom photo: Courtesy of New Brighton Community Gardens

Volunteer power runs 95% of community gardens – a \$5.4million donation of time and labour.

Community gardens feed large and diverse components of their communities, with a strong focus on those most in need. Much of the produce grown goes to the volunteers involved in growing it, but food grown also goes to food banks, community fridges, community meals (for example those provided by faith communities), and direct to the homeless population, marae and women's refuges.

New Zealand. 60% of the gardens were established within the last 11 years. 70% of community gardens are operating on land owned by councils or central government. The remaining 30% are spread across various groups including church and faith organisations, universities, iwi and trusts.

75% of gardens are not paying any rents or rates, while 19% are, and 5% of respondents were unsure. Of those paying rent or rates, 50% are paying a peppercorn fee of \$1 per year, 38% are paying over \$100 per year in rents or rates, and nearly 20% pay more than \$5,000 per year.

Work

Volunteers are more likely to be over 31 years old, with many over 70s also using community gardens. The majority (95%) of community gardens do not have paid full-time workers, and 64% have no paid part-time workers. 23% have one paid part-time worker. The remaining 11% have more than one part-time worker. Most volunteers work between 3 and 5 hours per week on average in the gardens.

Using the lower estimate of volunteer hours worked (3 hours) by the lower estimate of numbers of volunteers, multiplied by the minimum wage (\$18.90 p/h), this amounts to an annual contribution of time and labour from each volunteer of \$2,805. This increases to \$5,466 using the upper number of hours worked (5) and the living wage (\$22.10p/h).

Finances

41% of gardens generate an income from the sale of seedlings or produce, but 48% of community gardens are either struggling financially, or have barely adequate funding. Only 11% feel that they are financially "comfortable".

Funding comes from regional sources followed by nationwide organisations and sponsorships at 12% each. Those "nationwide organisations" are mainly lotteries/pub charities. Over 40% of responders said their garden has over 50% of its budget unfunded. Furthermore, only 17% of gardens state that less than 10% of their budget is unfunded.

Gardening practice

Over 91% of the gardens surveyed use organic practices. Gardeners make their own compost, prepare natural sprays or are spray-free, and many save their own seed. Interestingly, 4.3% said that they follow biodynamic practices, while 1% were certified organic by a third-party certifier.

Community

Community gardens play an important function in their area and are used by school groups, health providers (mental and physical), Corrections and youth justice and refugee communities. Asked to identify the main goal for their project, over 60 gardens selected social cohesion, while 40 gardens selected improvements in mental health as a priority.

ORGANISATIONS SUPPORTING ORGANICS IN NEW ZEALAND

The organics sector is a diverse community. Following is a list of the individual OANZ national bodies supporting organics in New Zealand. As more of New Zealand's and the world's food and other products consumed are organic or move towards organic, these organisations are able to help organisations and individuals transitioning to or further build organics.

AsureQuality – www.asurequality.com

AsureQuality offers the broadest range of food assurance services in Aotearoa. It is unique in New Zealand with an end-to-end focus on the food supply chain. This occurs through a combination of auditing, inspection, farm assurance, training, certification, assurance mark traceability, diagnostics, and laboratory testing, providing an extensive range of domestic and international accreditations and approvals.

As a New Zealand Government-owned entity, AsureQuality offers independence of the highest integrity, and an AsureQuality Organic Certification can enable market access to both regulated and non-regulated export markets. It is dedicated to supporting Aotearoa's organic sector, working closely alongside producers, processors and retailers, helping them provide confidence to customers that their products have been produced and handled according to organic principles.

BioGro NZ – www.biogro.co.nz

BioGro is Aotearoa's largest organic certifier, operating since 1983 and owned by the Soil & Health Association of New Zealand – one of the oldest organic organisations in the world. They certify over 850 farmers, producers and manufacturers, helping them to meet international organic regulations in key export markets. BioGro's mission is to enable a sustainable and ethical future for producers and consumers, with a qualified team of experts that are eager to help. As a non-government organisation and a registered charity, BioGro is committed to developing systems and investing in new technology that simplifies the certification process.

Community Gardens Aotearoa – Tim Packer, tim@piginthemud.com

Community Gardens Aotearoa is an informal cluster of community garden practitioners who have come together to find out more about the role community gardens play in New Zealand. The cluster formed in 2020 as a result of the first nation-wide community gardens survey. Community gardens are underfunded, yet they offer core services in their communities, especially regarding improved social cohesion, mental health outcomes, food provisioning and even skills training. It is hoped the new network will enable individual gardens to draw strength from one another, and lead to some collective actions, for example a sector-wide funding strategy.

New Zealand Certified Organic Kiwifruit Growers Association – www.coka.co.nz

Established in 1994, COKA gives certified organic growers the benefit of being able to represent their concerns with a united voice and be part of an identifiable organisation. This can encourage a more focused marketing effort, and promote research and extension work specific to certified organic kiwifruit growers.



Photo: Jamie Troughton of Dscribe Media, Zespri International

Organic Dairy Pasture Group - www.organicpastoral.co.nz

ODPG is an Incorporated Society and national representative body for certified organic livestock and cropping farms across New Zealand. Its mission is to continuously explore all opportunities that help and support farmers across all of New Zealand. It openly welcomes and encourages anyone interested in organic, regenerative and biological pastoral farming, and represents the sector's voice to industry, government and support businesses. ODPG also provides support, advice and science-based information for farmers.

Organic Exporters - www.organictradenz.com

Established in 1992, Organic Exporters serves over 140 New Zealand organic exporters. Membership is diverse and includes growers, shippers, processors, certifiers, farmers' associations, distributors, importers, exporters, consultants, retailers and others. A member-funded trade association, its Executive Board includes elected representatives from the sector, and permanently co-opted members from Ministry for Primary Industries (MPI) and New Zealand Trade & Enterprise. Its purpose is to help NZ organic businesses export their certified organic food and beverages around the world, and it works with the MPI to agree the prioritisation of work undertaken for the organic export sector. It is also the representative voice for organic exporters to government officials and organic foreign buyer representatives.

Organic Farm NZ (OFNZ) - www.organicfarm.org.nz

OFNZ is a not-for-profit organisation which provides organic education and runs an organic certification scheme. As well as promoting the use and benefits of organics, it also works to meet the needs of consumers who buy certified organic produce/products and increase the availability of certified organic produce to the public. OFNZ provides an organic certification system using a low-cost peer review and auditing process for producers, supporting local organic food production, grown by locals for locals in the New Zealand market.

Organic Traders Association of New Zealand – Clinton Chambers, clinton@tastenature.co.nz

The Organic Traders Association supports organic traders, works to advance trade in certified organic produce and products, and provides a forum for traders and retailers. It represents a wide cross-section of organic traders, and promotes discussion within the industry so that organics continues to grow in this country with integrity and vision. Achievements include creating a group certification with BioGro and developing appropriate standardisation within the sector on labelling issues, marketing and packaging.

Organic Winegrowers New Zealand – www.organicwinenz.com

OWNZ is a grower-led organisation, passionate about organic and biodynamic growing. With national workshops, a major biannual conference and a dedicated marketing programme, OWNZ is actively engaged in education, research, advocacy and public communications. OWNZ collaborates with and receives support from the national organisation for the grape and wine sector, New Zealand Winegrowers. Organic and biodynamically grown wines and vineyards feature extensively in the industry's efforts to promote New Zealand wines to the world.

Te Waka Kai Ora – www.tewakakaiora.wordpress.com

TWKO is the National Māori Organics Authority of Aotearoa, established in 2001 as an incorporated society. TWKO are the kaitiaki of the Hua Parakore Indigenous Validation and Verification system for Kai Atua or Pure Food. They are a kaupapa Māori community-based organisation made up of Hua Parakore growers and those with an interest in Māori organics.

Their vision is to ensure that the mauri (essence) of native foods of our rich flora and fauna remain intact, and that the integrity of our taonga is maintained for future generations.

Biodynamics New Zealand – www.biodynamic.org.nz

Formed in 1939, Biodynamics New Zealand is New Zealand's oldest organic organisation. It was formed to promote biodynamic methods and to enhance, support and grow the community of Biodynamic producers, guardians, and advocates in Aotearoa New Zealand. Biodynamics New Zealand has approximately 800 members who include farmers, viticulturalists, processors, orchardists, and commercial and home gardeners. Their publications include *Harvests* magazine, information booklets on a range of biodynamic practices, regular newsletters and a yearly biodynamic calendar. They are active in submissions to government on subjects as diverse as genetic engineering, dung beetles, supply of raw milk, The Food Bill and the Organic Products Bill.

The Soil & Health Association of New Zealand – www.organicnz.org.nz

The Soil & Health Association is the largest membership organisation supporting organic food and growing in New Zealand. Established in 1941, it is one of the oldest organic organisations in the world. It publishes Organic NZ magazine, is a founder and owner of New Zealand's leading organic certification company – BioGro, and supports the promotion of organics and the development of research initiatives. It also advocates for the interest of organic producers and consumers, and works on behalf of its members to lobby local and central government, influencing future policy.

NEW ZEALAND'S PLACE IN THE GLOBAL ORGANIC MARKET

Survey Methodology

In preparation for the OANZ 2020/21 Market Report, 290 certified organic processor and exporter organisations⁸, were approached to undertake the survey, with 135 responding fully or partially. The list of organisations was based on the membership of Organic Exporters of New Zealand, the New Zealand Food Safety Authority register of organic exporters, and internet searches. All licencees were eitherASUREQuality or BioGro.

The survey sought to establish the value and market reach of the international sector, and was aligned to the methodology of previous surveys to enable benchmarking. The survey explored quantitative and qualitative approaches, including business and consumer aspects.

Export values were determined based on:

- data provided by respondents, and
- estimates for key non-respondents based on available information regarding export volumes and values.

Respondents included all larger exporters, providing a good level of certainty regarding the export market value; and smaller exporters selling predominately competitive branded products.

Export data availability and alignment with other sources

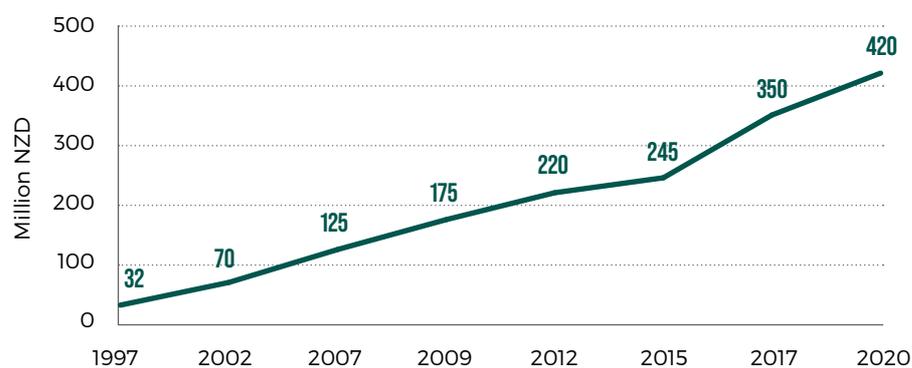
A key factor in determining organic export revenues is the response rate to the OANZ survey and the willingness and ability of exporters to share data. Market competitiveness and commercial confidentiality can prevent access to appropriate data, particularly for some sectors, such as honey and cosmetics.

The decision was taken to publish the limited data for these two product areas, noting that both product categories are expected to have tens of millions of dollars in revenue. Where the destination market does not have an organic

NEW ZEALAND ORGANIC EXPORTS

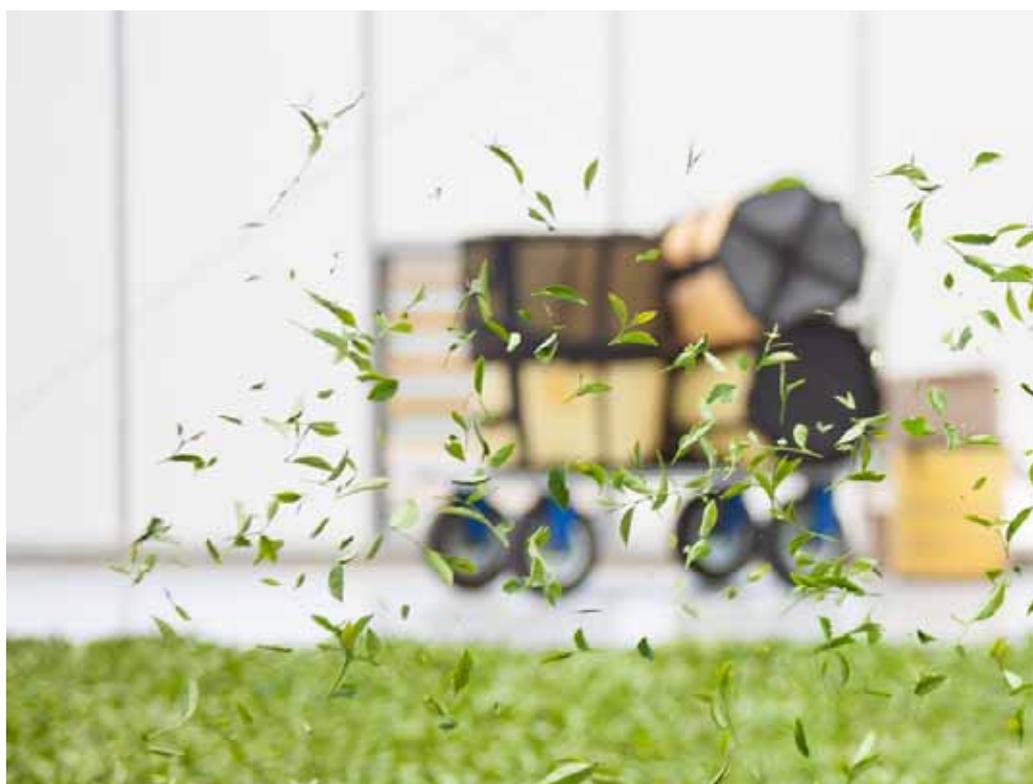
Over the last three years, New Zealand's organic exports grew by 18% to reach a value of \$420⁹ million in 2020, up from \$356 million in 2017. This is a good performance for the sector, with growth across almost all markets and product categories. The compound annual growth rate between 2017 and 2020 was 5.8%.

NZ organic export market size, 1997 – 2020



ORGANIC EXPORTS BY DESTINATION

Key results for 2020/21, when compared to 2017, show a significant increase in exports to China of 129% (\$46 million net increase), a small increase in exports for Europe/UK of under 1% (less than \$1 million) and a decrease in exports to North America of 4% (\$3.6 million). These figures are dominated by changes in organic dairy exports.



8 These organisations represent certified organic exporters only, including those that are part of the OOAP.

9 An error of +/- 5% is generally recommended for the export values – given data completeness and use of estimates. The figure of \$420 million is considered a conservative estimate.

Export destination markets by value, changes from 2017

Export destination (\$)	2017 ¹⁰	2020/21	% of organic exports value in 2020
USA	92,682,460 (incl. Canada)	86,776,675 (excl. Canada)	20.6%
China	35,647,100	81,807,040	19.5%
Europe	96,247,170 (incl. UK)	73,433,270 (excl. UK)	17.5%
Australia	57,035,360	66,388,643	15.8%
Japan	24,952,970	31,459,360	7.5%
United Kingdom	n/a	23,653,030	5.6%
South East Asia	n/a	22,594,261	5.4%
South Korea	n/a	19,220,720	4.6%
Taiwan	n/a	4,735,880	1.1%
Hong Kong	n/a	3,819,304	0.9%
Canada	n/a	2,874,100	0.7%
Middle East	n/a	2,228,066	0.5%
South Asia	n/a	775,000	0.2%
Pacific Islands	n/a	207,000	0.0%
Other markets	n/a	352,820	0.1%
Total	356,471,000	420,325,169	100.0%

10 The data for 2017 does not include all of the countries tracked in the 2020 report; comparison can only be made for a few selected countries.

Photo: Zealong Tea Estate



equivalency agreement with New Zealand, products exported may not be declared as organic.

Other data sources are used to cross-check and validate the responses. The most relevant is the MPI Official Organic Assurance Programme (OOAP) values for the markets that the OOAP covers.

For 2019/20, OOAP reported \$65 million of exports to the USA, whereas the OANZ result was \$86 million. For the EU/UK OOAP values were \$63m while OANZ were \$97m. Possible reasons for the variations between the two surveys include:

- differences in the reporting period;
- the possibility that the OANZ results include exports transhipped through other countries, for example USA organic exports sent to Canada and then processed into organic products and shipped back to the USA;
- some organic categories such as wine may not be marketed as certified organic – and so do not appear in the OOAP figures;
- accuracy and differences in value estimation – the OOAP data is collected for each export consignment while the OANZ survey is often based on estimates of the value of exports to markets, which can be less accurate.

Another estimate of organic export value has been made by the Organic Exporters Association of New Zealand (Organic TradeNZ) who estimated the value of exports as \$450m.

OANZ and Organic TradeNZ have worked closely together to review the total values for each category, and the process has helped both organisations gain a better understanding of the New Zealand organic sector exports.

In addition to the above, there are reports for some markets on the value of imports of organic products from different countries including New Zealand which is useful to cross check the value.

In the future, increased standardisation of reporting is expected as countries start to monitor and report separately their organic imports and exports – as the USA, EU and China are starting to do.

For the purposes of this Report, the researched figures are used, representing 85% reported values by the sector and 15% estimated.

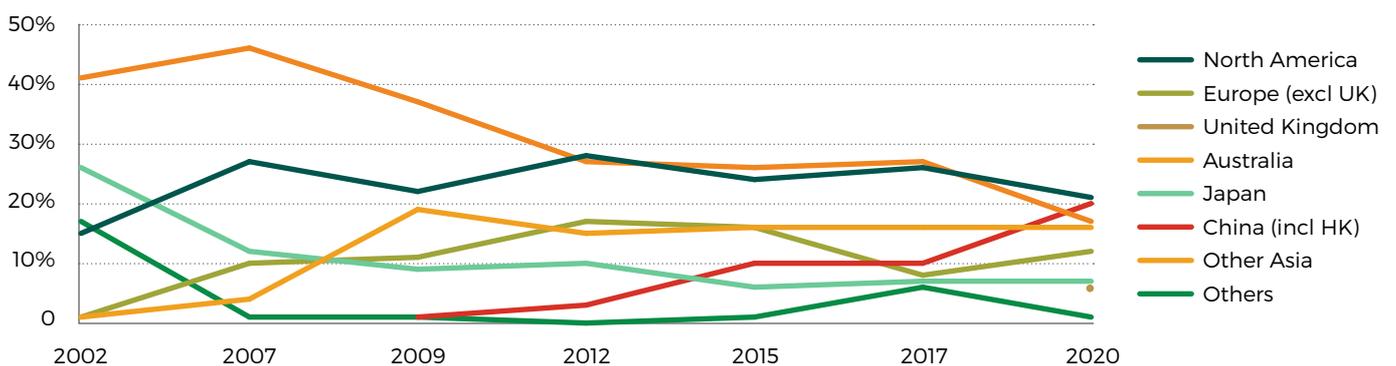


Photo: Niue Honey

However, the overarching trend is balancing of the export share in the different markets – with most destinations converging to below 20%.

The survey shows that a large proportion of organic producers and exporters trade in multiple markets simultaneously.

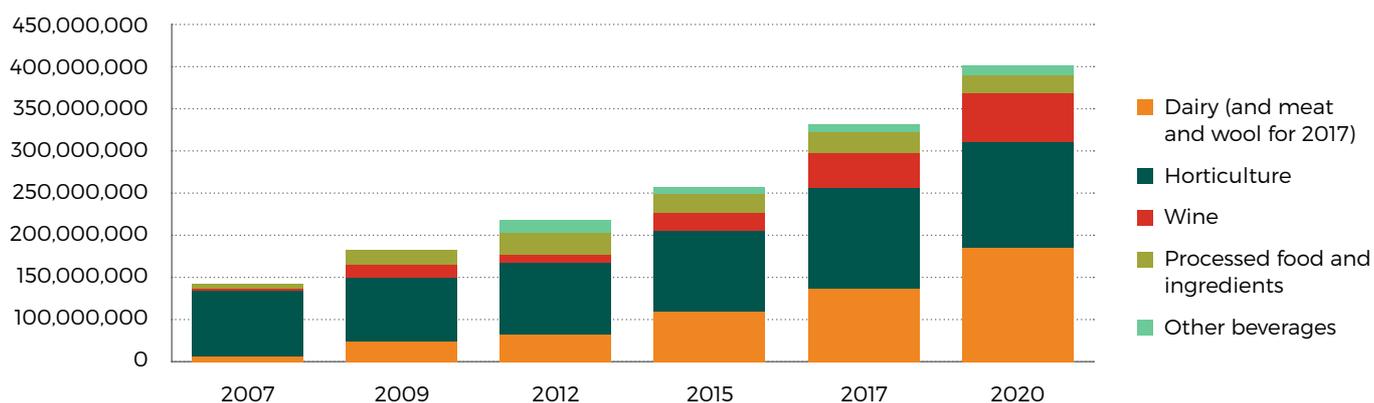
Share of organic exports by destination 2002 – 2020



ORGANIC EXPORTS BY PRODUCT CATEGORY

New Zealand's organic exports are dominated by dairy (37%), horticulture (34%) and wine (16%).

Top 5 organic exports by product category, 2007-2020



Value of organic exports by product category, 2007-2020

Across product categories, the results show increases in the relative importance of individual product categories like dairy and wine, while most other categories are showing slight growth or decreasing e.g. meat and wool.

	2007	2009	2012	2015	2017	2020
Dairy (and meat and wool for 2017)	6,990,000	27,850,000	36,950,000	68,290,000	99,470,000	153,752,471
Fresh fruit and vegetables	88,360,000	85,850,000	96,860,000	108,120,000	135,910,000	143,943,658
Wine	3,890,000	16,960,000	10,970,000	24,740,000	46,492,000	65,201,140
Processed food and ingredients	6,120,000	20,280,000	29,350,000	25,180,000	27,975,000	24,700,000
Other beverages			17,840,000	10,050,000	12,079,000	12,472,500
Meat and wool	8,920,000	9,185,000	10,120,000		-	10,710,000
Arable						1,766,400
Honey	3,960,000	8,320,000	7,940,000	230,000	1,438,000	820,000
Cosmetic/beauty					28,200,000	1,755,000
Other	2,170,000	2,040,000	4,970,000	3,900,000	4,907,000	5,204,000
Total	120,410,000	170,485,000	215,000,000	240,510,000	356,471,000	420,325,169

ORGANIC EXPORTS COMPARED TO NZ EXPORTS IN KEY SECTORS

Value of organic exports from total exports, 2020 (NZ dollars)

	2017	2020	CAGR% (2017-2020)
Organic dairy (and meat and wool for 2015/17)	\$99.4 million	\$153.7 million	15.6%*
Total dairy	\$14.6 billion	\$20.1 billion	11%
Organic fresh fruit and vegetables	\$135.9 million	\$143.9 million	2%
Total horticulture	\$5.1 billion	\$6.5 billion	8%
Organic wine	\$46.5 million	\$65.2 million	12%
Total wine	\$1.6 billion	\$1.9 billion	5%

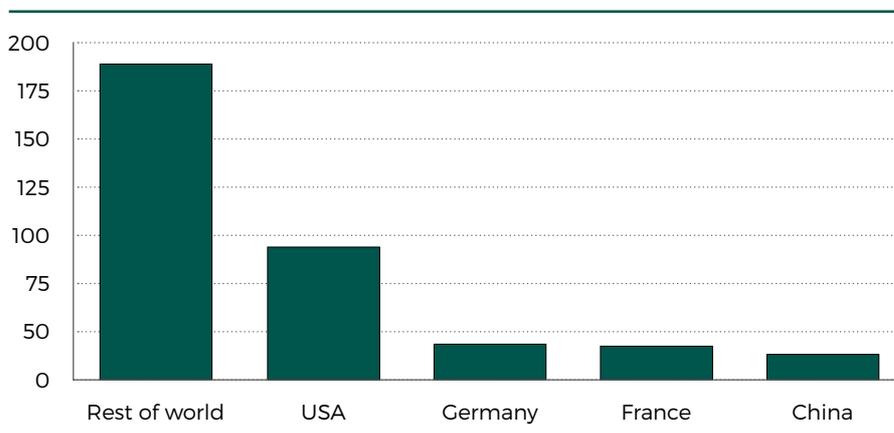
* Organic dairy exports are a very small proportion of total dairy exports.

The dairy and wine organic sectors have annual growth rates significantly above that of those sectors generally. Horticulture growth is lower. Over the last three years the most significant growth has come from dairy at 55% and wine at 40%, both of which have aligned their output to growing consumer demand.

THE INTERNATIONAL MARKET – THE BIGGER PICTURE

Global sales of organic products have continued to grow rapidly at 9.3% between 2018 and 2019, with global sales reported at Euro 106.4 billion (187.26 billion NZD) for 2019 in the *World of Organic Agriculture. Statistics and Emerging Trends 2021* (FiBL&IFOAM 2021) – the international reference for the reporting of global organic market and production trends. In 2019, New Zealand was 33rd by volume of organic imports into the EU with 17,304 tonnes, a 9.6% decrease from 19,148 tonnes in 2018, and only 0.5% of total organic agri-food imports.

Global organic retail sales 2000-2019 (Source: FiBL surveys 2000-2021, NZ dollars)



Europe and the USA represent approximately 90% of the global sales, but their share is shrinking. There is some variation regionally in per capita consumption, with North America having the highest at NZ\$232.8 (132.3 Euros) per capita consumption. Europe follows with NZ\$98.2 (55.8 Euros), Oceania with NZ\$59 (33.5 Euros) and Asia with NZ\$4.2 (2.4 Euros).

The highest annual per capita consumption by country is in Denmark – NZ\$605.4 (344 Euros) and Switzerland – NZ\$594.9 (338 Euros).

There is comparatively limited international data on the share of organic food in total food sales – however Denmark at 12.1%, Switzerland 10.4%, Austria 9.3% and the USA at 5.8% are at the high end of those reported (FiBL&IFOAM 2021). According to Nielsen’s data, organics’ share of the New Zealand food market is 2.3%.

MARKET SNAPSHOT – USA – NEW ZEALAND’S LARGEST MARKET

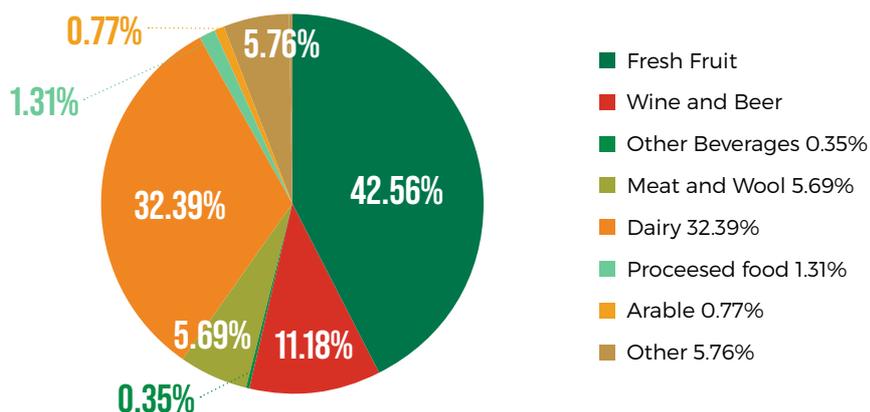
At over USD55.1 billion¹¹, US is the largest market for organic products in the world and NZ’s largest export market at NZD86.8 million.

By value, approximately 6% of all food sold in US is organic (compared to 2.3% in NZ), and the country dominates global consumption of organic meat and vegetables.

Against the backdrop of COVID-19, organics sales of both food and non-food products grew. In 2020, annual organic food sales reached USD50.1 billion, up 4.6%. Organic non-food sales such as health and beauty and home cleaning products totalled just over USD5 billion, up a strong 9.2%. Both sectors easily outpaced the general market growth rate of around 2% for total food sales and 3% for total non-food sales (OTA, 2020). In 2020, the U.S. Census Bureau HS tracked organic imports increasing approximately 1% to USD2.2 billion. Top organic imports include coffee, bananas, soybeans, oil and some fresh produce, while key import origins include Latin America, Europe and Canada (OTA, 2020).

The main product categories for NZ exports to US are fresh fruit, dairy and wine. However, the share from overall NZ exports has decreased from 26%¹² in 2017 to 20.6% in 2020. While the US is clearly a significant market for New Zealand, there is scope for growth. On a per capita basis, the average US consumption of organic products is worth USD158¹³ and NZ exports represent just USD 17 cents per person¹⁴.

NZ organic exports to US by product category



¹¹ The world of organic agriculture. Statistics and emerging trends 2020.

¹² This figure includes the exports to Canada which were not tracked separately at the time. However, those exports are small.

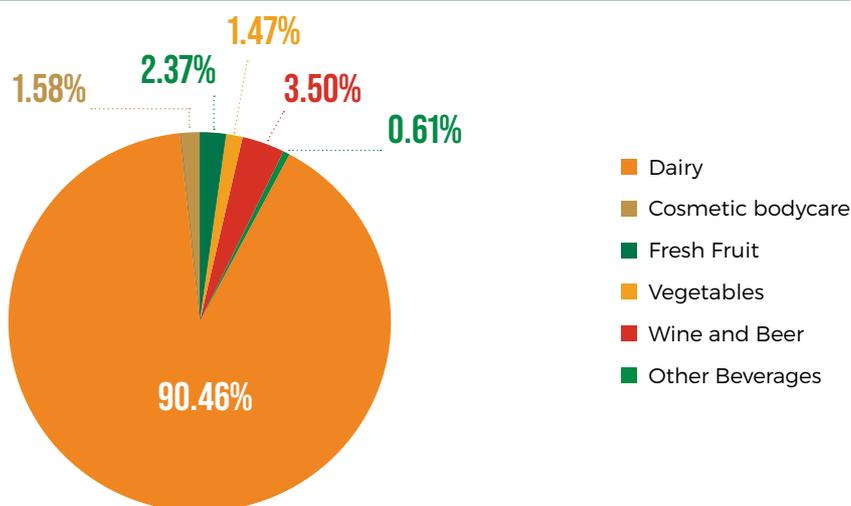
¹³ 2019 population estimate was US was 328,239,523, www.census.gov and 2020 World of Organic Agriculture.

¹⁴ Exchange rate at 26/01/2021.

MARKET SNAPSHOT CHINA – AN \$81 MILLION MARKET

While China is widely acknowledged as New Zealand's largest export market overall, it is only in 2020 that it has become a significant organic export destination with NZ organic exports exceeding \$81 million, a growth of 129% since 2017. Exports are dominated by the dairy sector accounting for 90% of the export value.

NZ organic exports to China



This growth has been fuelled by consumer demand and new government environmental policies and standards around organics – a new version of Chinese national organic standard has been in force since the start of 2019. Organic food is expected to record significant growth in China, reaching a CAGR of 10.2% for the forecast period 2019-2024, a total of USD5.5 billion by 2024 (GOTG, 2020).

China – a dairy growth story

Dairy is the largest organic sector in China, unlike most countries where it is fruit and vegetables. China is also one of the fastest growing markets for organic dairy products in the world. Its market for organic dairy reached USD 1,158 million in 2020 and is expected to grow 55% reaching USD 1.8 billion by 2023 (IMARC, 2021).

Although organic liquid milk accounts for the largest share of organic dairy products, organic infant formula is also popular in China, valued at USD200 million, making it the largest market globally (Pg. 6, GOD, 2019).

The large increase in dairy demand has been attributed to:

- growing concerns over food safety and quality,
- rapid urbanisation,
- a growing middle-class with a higher disposable income and
- large-scale food adulteration (Pg. 6, GOD, 2019).

According to MPI's 2020 consumer research, New Zealand is well regarded by Chinese consumers, with 85% rating NZ as a leading supplier of high-quality produce, 85% rating the produce as safe, and 83% rating the produce as health, nutritious and tasty.

NZ dairy producers and exporters have met this increased demand. There has been a large amount of organic converted land coming on-line, exporters have met new organic requirements and they have used their in-market infrastructure for conventional milk to sell an increasing number of value-added products including organic baby milk formula.

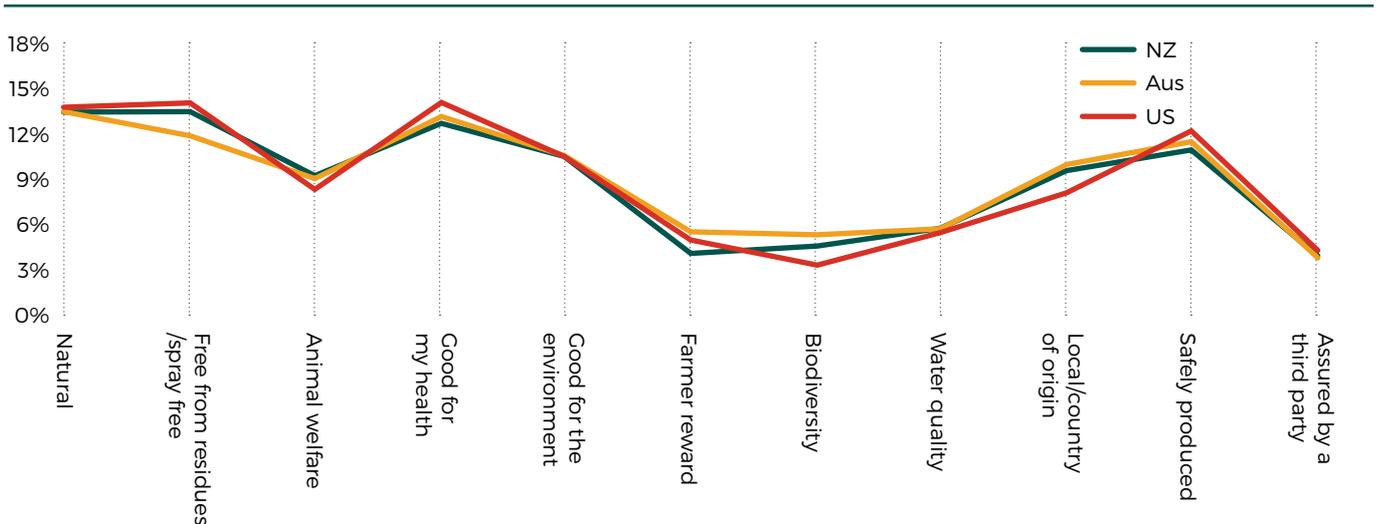
UNDERSTANDING INTERNATIONAL ORGANIC CONSUMERS

To support the upcoming NZ government-backed certification programme, in September 2020¹⁵ the Ministry for Primary Industry's Economic Intelligence Unit undertook research into international organic markets including the perception of organic products.

This identified that organic consumers share a number of beliefs about organic products, particularly that organics is good for their health, natural, spray-free and safely produced.

15 MPI Economic Intelligence Unit (EIU) Consumer survey 2020.

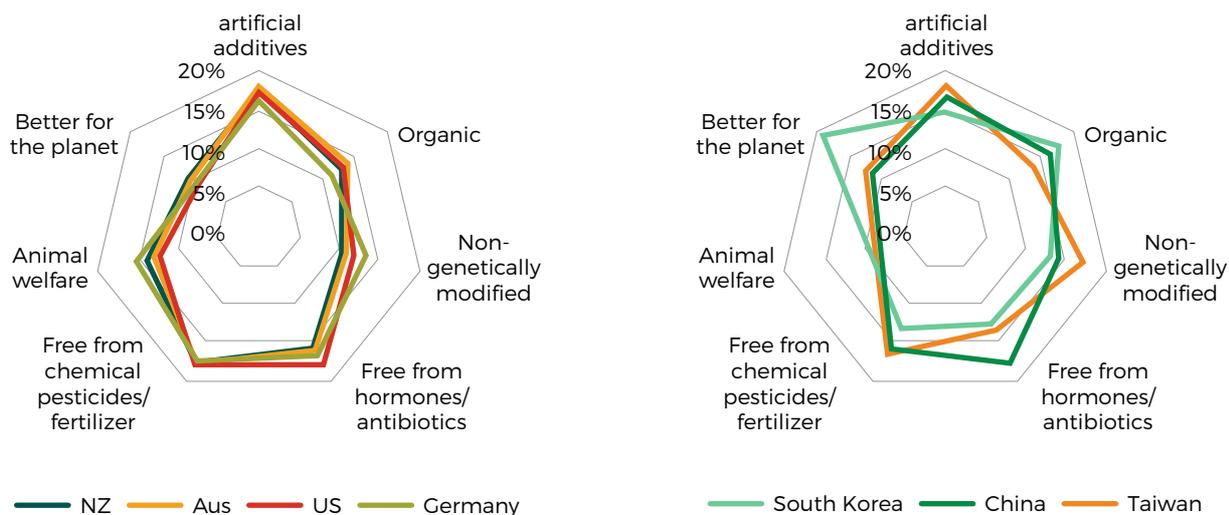
Attributes consumers expect to find in an organic product [% responses]



Source MPI Economic Intelligence Unit (2020)

When considering claims generally, an organic claim by itself did not rank highly in consumers' minds. However, three key attributes of organics, (free from artificial additives, free from pesticides and free from hormones and antibiotics) ranked highly for respondents in developed markets.

Most important claims considered by consumers when purchasing food and drink



Source MPI Economic Intelligence Unit (2020)

Also similar across all markets is price as the key barrier to purchasing organics. Conversely, respondents indicated that lower cost is the key determinant to change their opinion about buying organic products.

Aspects that will change consumers' opinion of buying organic food and drink (% of respondents)

	NZ	AUS	US	GER	SK	CN	TW
Concern about the health of a family member	9%	6%	6%	2%	13%	16%	16%
Wanting to look after my family health as best I can	12%	8%	5%	5%	10%	8%	17%
Wanting to look after my baby's health as best I can	3%	2%	0%	5%	5%	4%	4%
Convenience	14%	13%	18%	4%	15%	22%	30%
Brand awareness	12%	10%	12%	0%	9%	14%	11%
Lower cost	74%	63%	64%	50%	39%	45%	42%
Good branding	7%	7%	5%	2%	12%	8%	18%
Full trust in the organic certification mark	23%	23%	18%	18%	16%	20%	24%
Better understanding of what the benefits of "organic" are	33%	28%	27%	9%	14%	18%	21%
Other (please specify)	3%	2%	3%	2%	3%	2%	0%
Would not change my opinion	17%	27%	25%	38%	19%	29%	19%

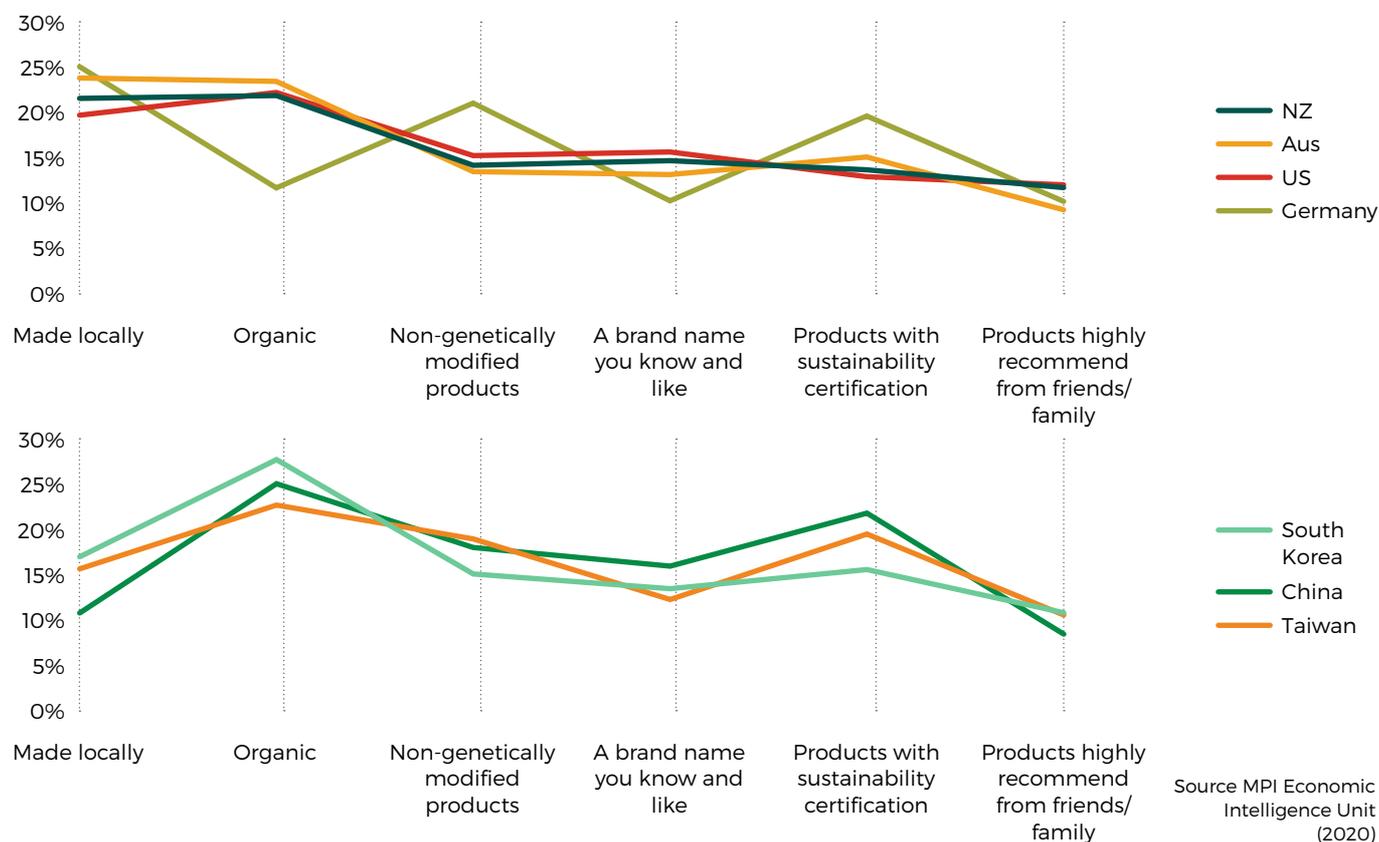
Source MPI Economic Intelligence Unit (2020)

There is also a lack of trust in organic claims - which emphasises the need for regulated systems. Specific markets in Asia identified convenience, which usually relates to the ease of use of a product. Where there is a product formatting issue, it is perceived as a barrier to purchase.

However almost all consumers regardless of market, are prepared to pay a premium for organic products relative to other products. This is dependent on trusted organic and sustainability attributes that include government regulation, and clear certification.

Regular consumers also have similar attributes; they are likely to be middle income for their country and professionals. Gen X/Millennials feature highly in NZ, Australia and South Korea.

Consumer willingness to pay extra for specific attributes



Demographic profile of a regular organic purchaser in surveyed markets

	NZ	AUS	US	GER	SK	CN	TW
Age group	18-29	18-29	45-60	30-44	18-29	30-44	30-44
Gender	No significant difference	No significant difference	Female	Female	No significant difference	Male	Male
Job	Professional	Professional	Professional	Professional	Professional	Professional	Professional
Income	Middle income	Middle income	Middle income	Middle income	Middle income	Middle income	Middle income

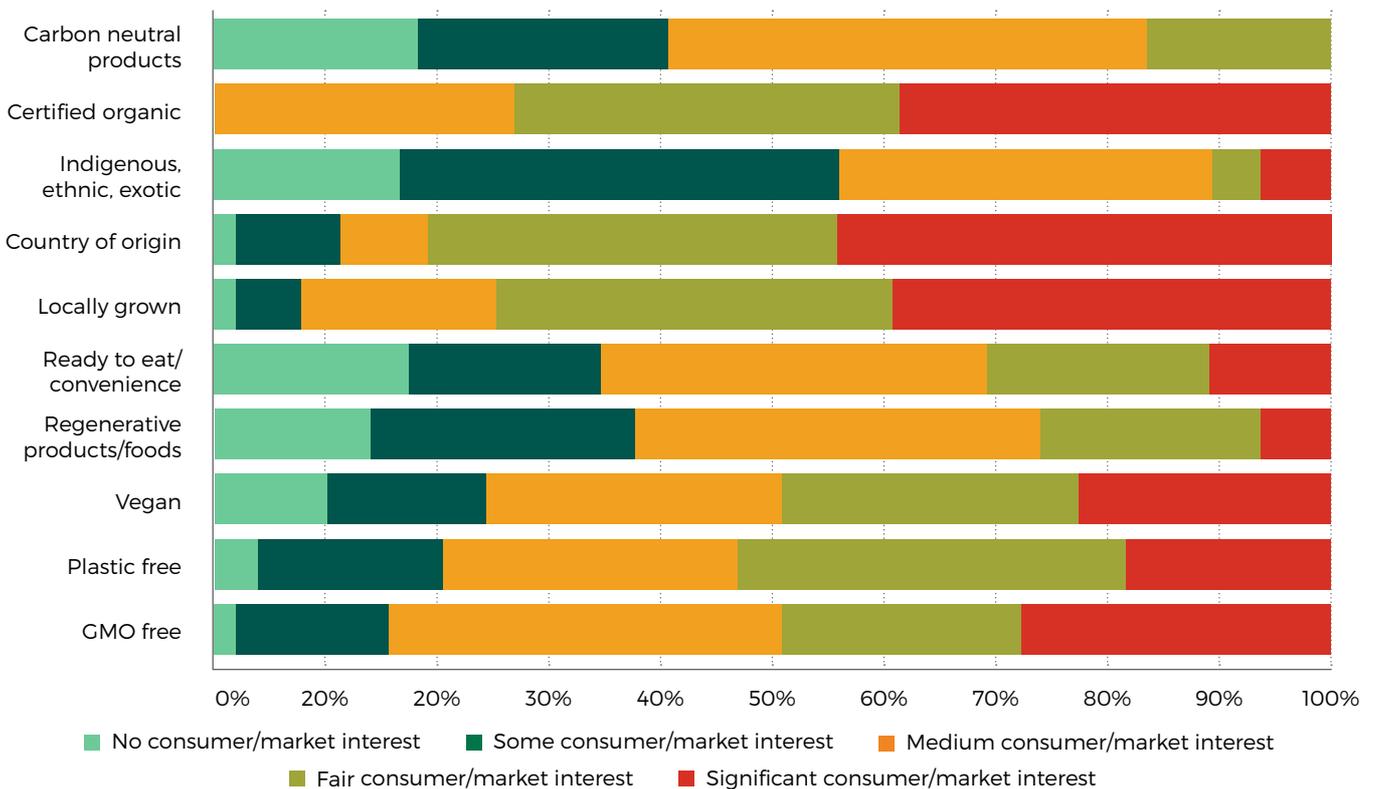
Source MPI Economic Intelligence Unit (2020)

EXPORTER PERSPECTIVES – ACTIVE, AWARE, BUT FEELING CONSTRAINED

New Zealand's organic exporters collectively generated \$420 million in revenue in 2020, an increase of 18% on their performance recorded in the OANZ 2018 Market Report. Not surprisingly in an economy whose top 10 exports have predominantly come from the land, organic exporters have their hands in the soil, with dairy, horticultural products (especially fruit) and wine ranking as the top three organic exports.

Organics consumers, like the majority of consumers, want to know where their food comes from. In the case of organics, over 70% of exporters rated evidence of country of origin, organic certification, non-GMO status or locally grown produce as strong market trends in NZ's organic export markets.

Consumer and market trends observed by organic exporters



The MPI 2020 consumer research also shows that NZ organic exporters believe the key qualities sought by their end consumers are:

- organic products which are free of chemical residues, GMOs and hormones,
- produced in ways which protect the environment and,
- in the food category, deliver better nutrition.

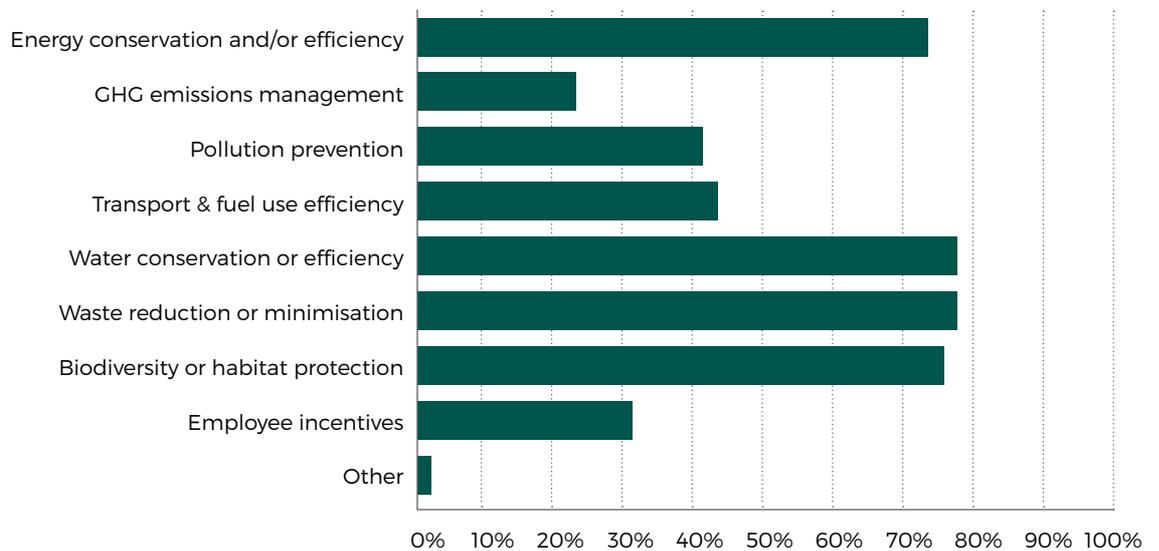
Exporters use organic certification to increase consumer trust and confidence, along with the competitiveness of their products.

Proactively Improving their environmental footprint

Over 70% of respondents said they had measures to reduce water use and waste, conserve energy and protect habitats and biodiversity. This is reflected in additional certification marks like: Fair Trade, Zero Carbon, and Non-GMO.

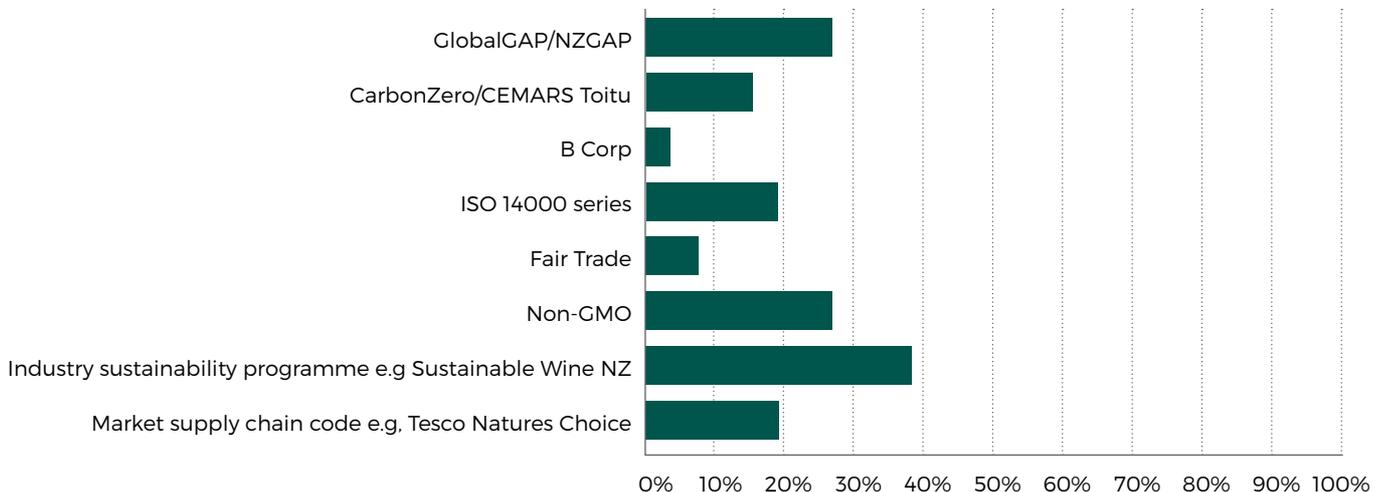
The sector or size of the company does not seem to influence the uptake of such practices. Over half of those focused on greenhouse gas measurements are from the wine sector.

Measures or practices applied by organic exporters



The diversity of management practices for continuous improvement is matched by the diversity of assurance and certification programmes that exporters belong to – above and beyond organic certification.

Other assurance programmes used by organic exporters

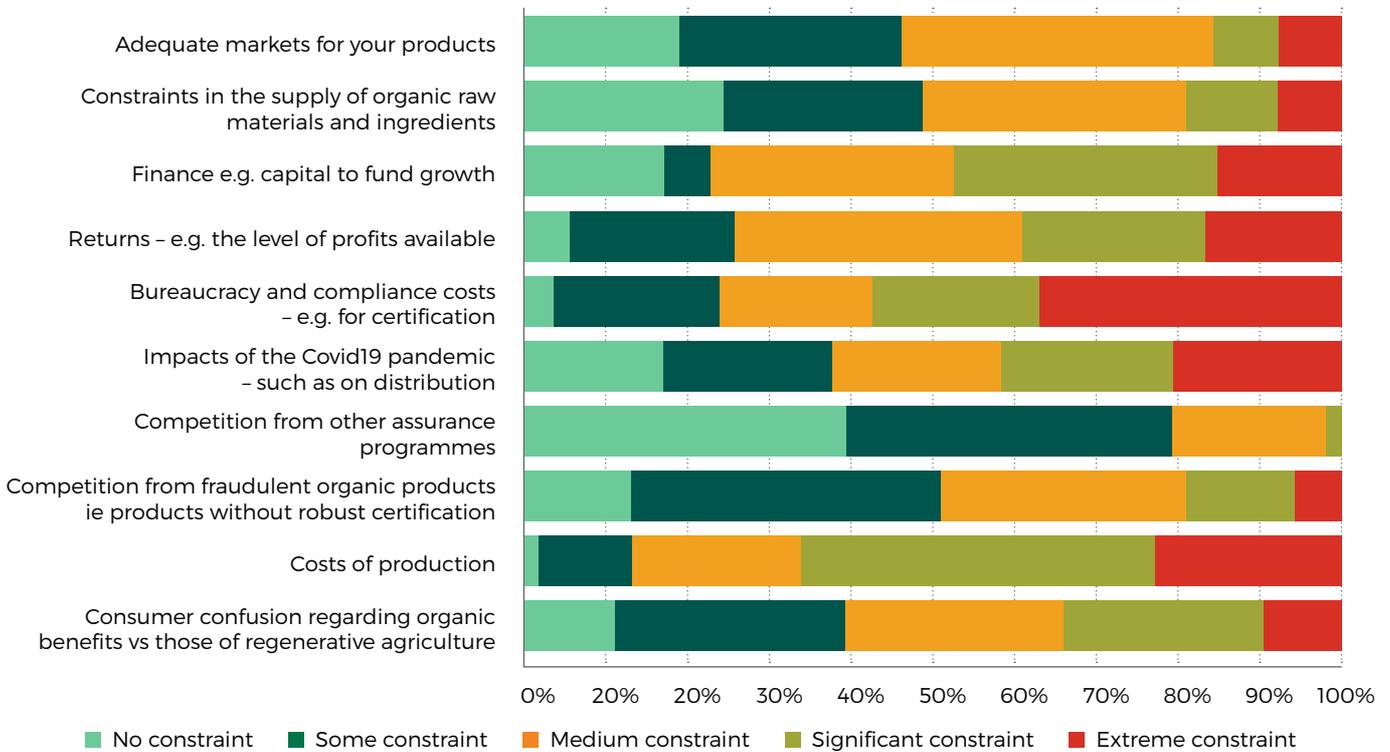


Constraints to growth

When asked to select all growth constraints they faced from a supplied list, two-thirds of respondents highlighted bureaucracy and compliance costs, impacts of COVID-19, access to capital and low returns as the most common constraints they face, ranging in impact from moderate to extreme. Bureaucracy and fatigue of administration was identified as a key constraint by the farmers and growers as well. Costs of production is an extreme constraint for about a fifth of respondents.

However, NZ exporters remain positive about the future and see no constraint to growth from their competition.

Current constraints to growth for organic exporters



COVID-19 impacts and trends

It is still unclear how large an impact the COVID-19 pandemic has had on exports. However, it is anticipated that like conventional primary product exports, the impact was not extreme. About 40% of exporters have reported significant constraints as result of COVID-19. There are however some potential longer-term trends that are reinforced as result of the COVID-19 pandemic, including:

- De-globalisation of food supply chains and an increased focus on family, local, regional and national food security – based on the experience of disruption to international supply chains.
- Increased government support – for local food production – including organic food to address food security risks.
- Increased transparency and traceability in supply chains – with the introduction of blockchain and other technologies to facilitate this.
- Changes in consumer behaviour – the pandemic has shifted the buying and consumption patterns of many consumers to online purchasing, an increased focus on health and wellness and foods that support this.

An implication of some of these trends could explain the decrease in New Zealand exports of organic lamb to the EU. Organic lamb/goat meat volumes decreased by 48% between 2018 and 2019 – possibly reflecting a shift to local organic supply and a shift in consumer behaviour from organic meat to a plant-based diet (FiBL&IFOAM 2021). Meat volumes also reflected the overall reduction in demand caused by declines in foodservice demand as a result of tourism constraints and restrictions on foodservice business as a result of lockdowns.



SECTOR CASE STUDIES



ORGANIC WINE IN NEW ZEALAND – WAVES OF EXPANSION

By Rebecca Reider, Organic Winegrowers NZ

New Zealand's organic wine industry has grown in waves of expansion over the past two decades. Another wave is underway, with the sector currently growing significantly.

In 2020, New Zealand organic wine and beer reached an estimated \$65.2 million in export value and \$37.3 million in domestic sales, an increase of 40% in export sales and 33% in domestic sales compared to 2018. Approximately 98% of this value is from wine. There are 2,283 hectares of vines under organic certification – a significant increase from 1,720 hectares in 2017. This indicates a total of 5.7% of New Zealand's vineyard land¹⁶ was under certified organic management in 2020.

For the 2020 vintage, 73 wineries held organic certification, constituting over 10% of all wineries in New Zealand. New Zealand's growing organic production mirrors trends in the global wine industry. In 2018, 6.1% of the worldwide grape production area was certified organic.¹⁷

Most organic production takes place in the South Island. In 2019, the Central Otago Winegrowers Association (COWA) reported that 23% of all vineyard land was operating under organic or biodynamic certification, with 17% fully certified and 6% registered in organic conversion. Central Otago's regional focus on artisanal wine production makes it a natural fit for organic production.

The wine market is highly segmented and sophisticated; wine is bought due to its individuality and character. Provenance is everything and the concentration of organic production in the South Island, and particularly the Otago region's focus on artisanal wines, provides a point of difference for consumers.

New Zealand's organic wine producers also show a strong interest in biodynamics. While only six vineyard companies hold Demeter biodynamic certification, this number reflects growers' restrained appetite for holding multiple certifications. A prominent subculture of organic winegrowers uses biodynamic vineyard practices to varying extents.

Sector structure

Most organic wine and grape producers are members of the 200-strong Organic Winegrowers New Zealand (OWNZ). The incorporated society provides educational events and information resources, advocacy, marketing and publicity initiatives. Its three-day biannual Organic and Biodynamic Winegrowing Conference has become one of the wine industry's most prominent national events.

Organic Winegrowers New Zealand works co-operatively with the New Zealand Winegrowers (NZW) organisation in a unique arrangement in the New Zealand organic sector. For over a decade, OWNZ and NZW have partnered to promote organic winegrowing through education, advocacy and marketing initiatives. New Zealand Winegrowers provides annual funding to Organic Winegrowers New Zealand, as well as some administrative and technical support. OWNZ operates as an independent incorporated society, governed by a board of organic winegrowers and funded in part by its members.

Photo: Churton Wines

We are passionate here about taking great care of our land and driven to create the absolute highest-quality wines. Time and again, organic and biodynamic production has been shown to create premium wines that truly express the spirit of our land, while regenerating and preserving the landscape for future generations.

Nick Paulin, Chairman,
Central Otago Wine Growers
Association

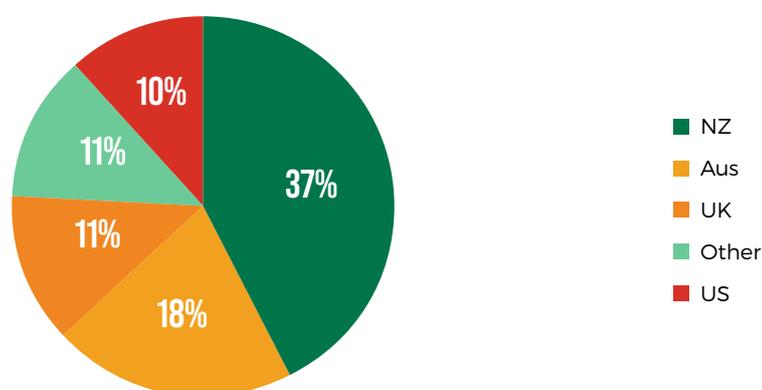
¹⁶ The total grape area is 39,935 hectare (2020 NZ Winegrowers Annual Report)

¹⁷ H Willer and J Lernoud, eds., The World of Organic Agriculture: Statistics and Emerging Trends 2020 (FiBL and IFOAM, 2020).

Market structure

Most New Zealand organic wine producers surveyed for this report say that they are witnessing “significant” demand for organic products. This aligns with 2019 research from Wine Intelligence that found organic wine had the highest consumer appeal out of any sustainable or alternative wine category. Research and Markets in 2020 predicted 10.7% annual growth in the organic wine category from 2020 to 2027.

Value of Organic Wine Sales by Market



*Other includes small but significant markets including Japan, China, Canada, Southeast Asia and Hong Kong.

Despite the differentiation organic certification brings, the organic wine market differs from markets for some other organic products in that there is no fixed price premium. However, New Zealand’s organic wine industry has a strong proportion of high-quality wine brands, which tend to command higher prices.

Regional data from Marlborough compiled by organic viticulture consultant Bart Arnst in 2018 suggested that organic Sauvignon Blanc growers were receiving around \$300 per tonne above the district average price, compensating for slightly higher production costs on organic vineyards.

Challenges to growth

Structural factors in the wine industry and in New Zealand agriculture continue to play a major role in the sector’s development. Although organic vineyard conversions are ongoing, large new quantity-focused plantings of non-organic grapes continue to dwarf the growth in the organic sector.

From 2015 to 2020, total vineyard plantings for New Zealand wine grew from 35,463 hectares to 39,935 hectares. Nearly all that growth took place in the two largest production regions: Marlborough and Hawke’s Bay.

OWNZ committee members have identified support from New Zealand Winegrowers and the position of contract grape growers as two influences on the future growth of the organic sector. For contract growers, who make up a sizable portion of the wine industry, organic certification may appear a risky proposition, because contract grower incomes are based on yield, and some growers hold the perception that yields can decrease under organic production.

Producers surveyed for this report identified “bureaucracy and compliance costs – e.g., certification” as the most significant constraint on growth. The majority of organic wine companies are small businesses which export their own products, so compliance costs and administration for exports can have a real impact on these producers.

Grower satisfaction

In an ever-evolving sector, most organic producers appear to be happy with what they are doing. Once winegrowers achieve organic certification, most of them remain certified organic.

Successful organic winegrowers tend to be enterprising people who proactively seek out information, and the wine industry has a culture of collegial information-sharing. In the OANZ survey, organic wine producers rated personal research (websites, journals and media) as their most common source of information and advice about organic sector trends and practices. Other key information sources favoured by more than half of producers included organic certifiers; sector associations and professional bodies; customers, clients and consumers; and sector leaders and peers.

The organic wine sector is still a minority in wine production. But many of the companies who are organic are the icon wine producers of New Zealand. They are often the examples that are used in generic New Zealand wine promotions and advertising both nationally and internationally.

Photo: Gibbston Valley



ORGANIC DAIRY SUPPLY – OPPORTUNITIES & CONSTRAINTS TO MEETING MARKET DEMANDS

Susan Miller, OANZ board member and organic dairy farmer

Organic dairy is now the largest organic sector in New Zealand, with exports of \$153.8 million – up 55% from 2017.

According to statistics from Fonterra, New Zealand has an estimated 95 farms certified to full USDA-NOP standards, with 36 farms certified to the EU standards. Currently approximately 25 farms are in conversion to organics. Only 14 of these organic dairy farms are in the South Island.

The State-Owned-Enterprise, Landcorp NZ has eight of their Pāmu dairy farms involved in organic dairy, with two farms fully certified to USDA-NOP standards. Six farms are in the conversion to organic phase, four of these farms in the Taupō region and two farms in the Horowhenua region. Like other organic dairy farms in New Zealand, these farms are applying regenerative organic principles on farm and they are also committed to improving environmental, social, and economic measures.

The average size of the herd on organic dairy farms in New Zealand has increased over the past five years, to approximately 300 cows, compared to 440 in the average non-organic herd. The stocking rate on organic farms reflects the increased effective hectares in organic production.

In the North Island, organic dairy farmers have the choice of supplying their organic milk to The Hub or the Fonterra Organic Programme. In the South Island, farmers are limited to supplying Open Country Dairy. A handful of these farmers also sell their fresh organic milk directly to domestic consumers through retail outlets and vending machines.

Already producing the largest volume of organic milk products, Fonterra states that it plans to grow its volume and product range, to meet customer demands in the global market for New Zealand organic dairy products. The programme is increasing the number of organic dairy suppliers by providing a profitable business model for farmers, including support and incentive payments throughout the organic conversion process and a market linked Organic Milk Price upon full certification.

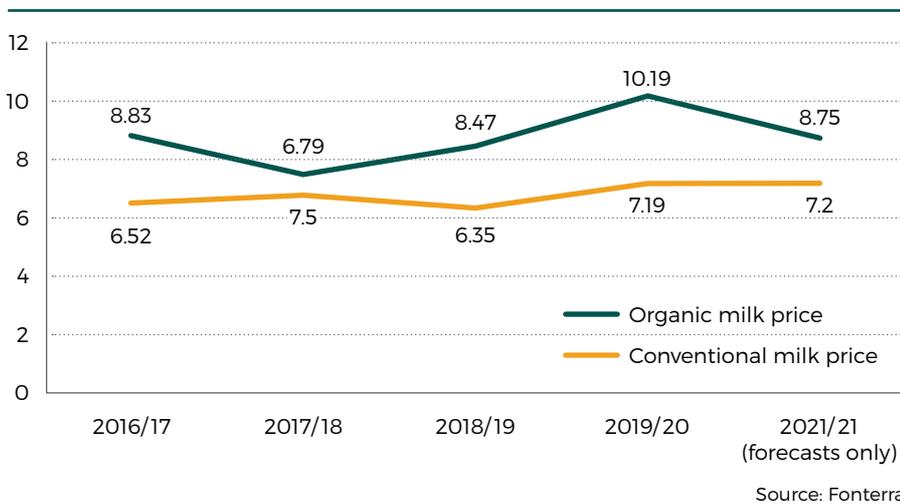
Photo: Jersey Girl Organics



Opportunities

Organic dairy farmers are motivated by the opportunity to produce milk in harmony with organic principles. Increasingly they are rewarded with a premium on the milk they produce, compared to their non-organic neighbours (see diagram below). In 2020 the organic milk price paid to Fonterra organic suppliers was \$10.19 per kilogram of milk solids – the highest milk price to date. It compares with Fonterra’s final cash payout to non-organic farmers for 2019/20 season of \$7.19 per kgMS.

Conventional vs organic, \$NZ/KgMS



In global markets, premium returns are achieved for organic dairy products and organic products using specific components of organic milk from New Zealand. Currently, the certified organic milk supply produced in New Zealand is not meeting the demand in global markets.

Constraints

Organic dairy farm technical and management practices exclude the use of synthetic herbicides for weed control, synthetic pesticides for pest control, synthetic fertilisers and stimulants to boost pasture production, non – pasture and crop based supplementary feed, anti-biotics and other drugs for curing animal health challenges. Each organic dairy farmer must research, source and seek approval from their certifying body to use each input to be used on farm. Some inputs available are certified organic and other inputs available are not, but are approved for use within an organic system, either with or without use restrictions.

Along with the costs and administration required for the organic audit and certification process, the expertise and time required to ensure all inputs are compliant and controlled on farm is considered intimidating and “too hard” by many non-organic dairy farmers.

Persistent constraints regarding certified organic inputs also include:

- The lack of fully certified supplementary feed available, including pasture baleage, silage and hay. Conversion of sheep and beef land to organic and the ability to supply USDA-NOP certified organic supplementary feed to organic dairy farmers has been slow.

- The lack of USDA – NOP certified organic land available off-farm for organic dairy farmers, for grazing of young stock.
- The lack of veterinarians with interest, specialist expertise and experience relevant to pro-active animal health practices and remedies applicable and acceptable within an organic dairy system.

Organic dairy farmers are also constrained by lack of industry support from government, industry and industry good bodies. Organic dairy farmers pay a levy to the national industry-good organisation for the national dairy industry. Some generic technologies that have been developed for dairy farming are implemented by organic dairy farmers. However, industry, public and private funding sources are not allocating finance and resources needed for research and development, innovation programmes and technology development specific to organic dairy farming techniques.

The opportunities for organic dairy are significant. Reduction of the constraints and increased investment in research and development, innovation and farmer training and support, all specific to organic dairy farming, will enable the dairy sector to realise these opportunities – to benefit the environment, the people and the economy in New Zealand.





Photo: Pāmu

PĀMU – A CASE STUDY IN ORGANIC CONVERSION LEADERSHIP

By Cleo Te Kiri, Business Manager, Landcorp Farming limited

Pāmu is the brand name for Landcorp Farming Limited, a State-Owned Enterprise with a nationwide portfolio of farms that produce milk, beef, lamb, wool, venison, wood and more. Pāmu strives to be a leader in New Zealand agriculture, carefully creating natural products of high quality.

In May 2016 Management presented a paper to the Board modelling the organic conversion of two farms: one at Moutoa, Horowhenua and the other at Pastoral, Taupō. These two farms are now fully certified to USDA-NOP.

The motivation behind this was around exploring a model of farming which had a lower environmental footprint whilst delivering similar financial returns. In each season since, Pāmu has carried out an internal review of the performance of the two farms and learnt and changed as the businesses have evolved. Given the confidence in the results of these two conversions, Pāmu then staggered more farms into the programme (one in 2018 and three in 2019).

Early in 2020 Pāmu contracted an independent consultant to undertake a review of the fully converted organic farms, given that they had reached their three-year certification and a steady state farm system. The primary finding reported *“A sustainable increase in profitability is deliverable, with a lower environmental footprint, through organic milk supply.”*

The report states that Pāmu has *“developed the ability to supply organic milk as part of its product mix while building capability within its people. It has produced this milk without compromising animal health and welfare, retaining integrity in the farms, while shrinking its environmental footprint.”*

The Horowhenua farm was noted to have a 29% lower nitrogen footprint and produce 30% less GHG per hectare compared to the conventional farms on the complex. Similarly, the Taupō farm had a 49% lower nitrogen footprint and produced 35% less GHG per hectare compared to conventional farms on the complex.

Financial analysis comparing the organic farms' performance with internal conventional milk supply and external benchmarks found the Horowhenua farm had a 61% higher Earnings Before Interest and Tax and 8.9% Internal Rate of Return v 6.3% – 7.7% for internal and external benchmarks respectively. The Taupō farm was analysed to have a 50% higher EBIT and 6.6% IRR v 3.5% – 3.9% for internal and external benchmarks.

The key risks and constraints Pāmu have identified with mitigations are briefly summarised below.

When compared to their conventional farms, Pāmu's certified organic farms had a 50-60% higher EBIT

Risk/Constraint	Mitigation
Loss of accreditation due to farm operational failure	Pāmu have built a strong support network around their organic farm managers.
People – maintenance of skilled people and not delegating people responsibilities ahead of their capabilities	They report to business managers who are experienced in organic compliance and Pāmu also have technicians on each complex to support with compliance.
Lack of conventional animal treatments	Vets provide key support to Pāmu's organic farms, having been heavily involved in creating the animal health plans. They have not had a large percentage of cows have to leave the organic farms for reasons of welfare and conventional treatments. It currently sits around 1% – 4% per farm per year.
Profitability – if the organic price margin in comparison to farm gate milk price drops significantly below \$1.00 (break-even point) the businesses may no longer be profitable and will still be required to operate within the regulations of organics.	At \$1 the farms still deliver a good return, and the premium has averaged more than \$1 over conventional milk price for the last 5 years.
Soil fertility	Fertiliser programmes and managing fertility has had a big focus, particularly on the Taupō farms which are pumice and not long out of forestry. Annual soil tests are used to monitor fertility and Pāmu is exploring the likes of regenerative grazing to complement fertiliser programmes.
Location of runoffs	Both of the runoffs are located on the Taupō complex which is prone to drought. Pāmu are looking at options to also have one near the Horowhenua farms.

In summary, organic farming aligns with the Pāmu strategy displaying future farming excellence. Pāmu have demonstrated success on their organic farms to date across financial, environmental, animal and people metrics. This has given them confidence to keep growing the portfolio of organic farms.

Zespri have not just watched the market grow but have read those signals and acted upon them to ensure they can continue to meet growing demand into the future.

KIWIFRUIT – ZESPRI, ANSWERING THE GROWTH SIGNALS

Alice Moore, Global Marketing Manager Zespri, Chair of Organic Exporters NZ

Zespri are the world's leading marketer of kiwifruit, selling kiwifruit in more than 50 countries around the world.

Zespri work with over 160 highly skilled organic growers, across 570ha of planted area. They produce nearly 4M trays of premium-tasting and premium-quality organic kiwifruit for the world, generating export revenue of over \$70m.

The organic food category continues to show strong growth globally, underpinned by broad consumer desire for safe, healthy, nutritious and good tasting foods. Buying organic is a choice more and more consumers are making, especially when it comes to produce.

Meeting this demand provides a significant opportunity, and Zespri have dedicated 50ha of licence release to Organic SunGold green fields development annually since 2018, with a further 50ha planned for release in 2021 (subject to annual review). This is expected to grow total plantings to over 800ha and boost total organic kiwifruit supply to over 7M trays once vines reach full production.

The core markets for Zespri organic kiwifruit remain North America, Europe and Japan, which account for over 80% of global sales by volume. Zespri expect to see continued growth particularly in Europe and North America, where the benefits of organic foods are well understood by consumers.

Growth is also expected throughout Asia-Pacific, although this growth comes from a lower base as the organic proposition in these markets is generally less well understood. COVID-19 has not dented demand in these markets, with spikes in demand clearly visible during the initial lockdown period in most markets as consumers sought safe and nutritious sources of food.

The recently refreshed Zespri Organic brand provides a strong platform to support this growth. With evidence that consumers today are making more considered purchasing decisions and looking for brands that have a purpose and set of values they can personally identify with, the new brand better reflects Zespri's purpose; to help people, communities and the environment around the world thrive through the goodness of kiwifruit.

ORGANIC PIPFRUIT INDUSTRY NEW ZEALAND

In 1966 two-thirds of New Zealand apple exports originated in Nelson. By 2008 over half of export crops were produced from Hawke's Bay and one-third from Nelson, with the Waikato and Central Otago also large producers (Palmer, 2008¹⁸).

In 2020, 86% of New Zealand's apples and pears were grown in Hawkes Bay and Nelson with Central Otago and South Canterbury as other high production areas (TUPU, 2021¹⁹). These regions are popular with pipfruit production (both organic and non-organic) due to the drier climate that allows for diseases such as apple scab and summer fruit rot to be mitigated, and the rich soils that provide adequate tree nutrition levels (Palmer, 2008²⁰).

Located in Hawkes Bay, Bostock New Zealand (Bostock) is New Zealand's leading grower of organic apples, producing 85% of the overall crop. Certified under BioGro, Bostock cultivates 700 hectares and exports to Europe, North America and Asia. They have recently established an office in Vietnam.

The New Zealand certified organic pipfruit industry has grown at a similar rate as the overall pipfruit industry, holding on average 6% of the overall production between 2010 and 2015 (Hewett & Aitken, 2015²¹). On average, 85% of all organic apples produced are exported, more than the overall pipfruit market in which 65% of apple and pear crop is sold to export markets. The remaining 15% is sold domestically or processed into pulp and juice (TUPU 2021²²).

New Zealand's ideal climate provides the optimum condition for a high production rate of pipfruit. This, along with a favourable counter-season to the northern hemisphere, enables the export industry to supply international markets when northern producers cannot.

The cost of production for organic pipfruit is high due to it being more labour-intensive and lower production per hectare; however organic pipfruit sells at premiums of 5-40% depending on the market.

Research and development of new varieties of pipfruit, in particular apples, has supported growth. Six of New Zealand's top 10 export apple varieties were bred domestically and are economically a viable option with high production rates for growers. A key component of these breeding programmes are varieties suitable for organic and ultra-low residues. This sector-wide shift is an acknowledgement of consumer demand for standardised detectable analytical tests using internationally approved standards. Organics leads in the development of this trend.

A large constraint that the pipfruit industry is currently enduring is securing reliable skilled workers. Currently New Zealand is experiencing a labour shortage of seasonal workers due to COVID-19. Traditionally, seasonal workers are largely RSE (Recognised Seasonal Employer) workers or international travellers with working visa permits who are unable to enter New Zealand due to border restrictions.

18 Palmer, John. "Apples and Pears." *Te Ara The Encyclopaedia of New Zealand*, 24 Nov. 2008. www.teara.govt.nz/en/apples-and-pears/print

19 Te Puni Kokiri (TUPU). *Commercial Apple and Pear (Pipfruit) Growing NZ: Statistics and Guidance*, 8 Mar. 2021. www.tupu.nz/en/fact-sheets/apples-and-pears

20 Ibid 18.

21 Hewett, E W, and A G Aitken. *New Zealand Horticulture 2015- Fresh Facts*. Plant & Research New Zealand Horticulture, 2015.

22 Ministry for Primary Industries. *2017 Pipfruit Monitoring Programme Key Results*, 2017. www.mpi.govt.nz/dmsdocument/26506/direct

ORGANIC DEFINED

“Organic agriculture is a production system that sustains the health of soils, ecosystems and people. It relies on ecological processes, biodiversity and cycles adapted to local conditions, rather than the use of inputs with adverse effects. Organic Agriculture combines tradition, innovation and science to benefit the shared environment and promote fair relationships and a good quality of life for all involved.”

This definition, promulgated in 2018 by IFOAM Organic International, the global organisation for the organic movement worldwide, was agreed after more than two years of consultation.²³ OANZ ascribes to the definition and has adopted IFOAM’s principles²⁴ of organic farming that underlie national standards. They are:

The Principle of Health – Organic agriculture should sustain and enhance the health of soil, plant, animal and human as one and indivisible.

The Principle of Ecology – Organic agriculture should be based on living ecological systems and cycles, work with them, emulate them and help sustain them.

The Principle of Fairness – Organic agriculture should build on relationships that ensure fairness with regard to the common environment and life opportunities.

The Principle of Care – Organic agriculture should be managed in a precautionary and responsible manner to protect the health and well-being of current and future generations and the environment.

For consumers, organic certification provides reassurance that products have been produced to these agreed principals. It is important to be clear exactly what this certification represents. It extends well beyond the soil of an organic farm, plantation or orchard, to encompass every step of the supply chain, through to the consumer’s shopping basket.

In a world where food fraud is a concern, and substitution of ingredients with inferior substitutes along the supply chain is a risk, the certainty of organic certification underpins consumers’ trust.

As an “umbrella brand”, the word organic provides reassurance around production systems free from GMO, hormones and synthetic chemicals, which place animal welfare high on the list of priorities and focus on sustainable, ethical systems. This umbrella brand in many parts of the world comes with its own single government-backed certification standard – something New Zealand is working towards with the Organic Products Bill. Details of the Bill, which has been reported back from Select Committee and is awaiting its second reading, can be found here www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/BILL_94967/organic-products-bill

23 www.ifoam.bio/why-organic/organic-landmarks/definition-organic#:~:text=Organic%20Agriculture%20is%20a%20production,of%20inputs%20with%20adverse%20effects

24 www.ifoam.bio/why-organic/shaping-agriculture/four-principles-organic

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- Tiffany Tompkins, Vice Chair (Communications and Brand Messaging)
- Noel Josephson (Consumers and Covid)
- Clinton Chambers (Retail)
- Scott Lawson (Horticulture)
- Susan Miller (Dairy and Regenerative Agriculture)
- Sam Weaver (Wine)
- Viv Williams, CEO (Project Director)

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ORGANICS
AOTEAROA
NEW ZEALAND