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IMPORTANT OPEN LETTER TO AUSTRALIAN ORGANIC OPERATORS

The spectre of a monopoly certifier for the Australian organic industry was removed on November 28, 2004, when the NASAA Board of Directors voted to reject a merger proposal from Biological Farmers of Australia (BFA/ACO).

Had the merger proceeded, a single certification organisation would have covered some 2000 of the approximate 2500 certified organic operators in Australia.

The NASAA Board declined to proceed because we concluded such a near-monopoly had significant medium term potential to be both anti-competitive and detrimental to certification service quality. It was therefore against the interests of our members and operators.

After lengthy investigation, we found no solid evidence to demonstrate that a merged organisation could improve affordability of certification for operators, enhance the high certification standards that underpin our organic price premiums, or help increase the market share of organic produce. On the contrary, the removal of effective competition in the certification marketplace was identified as a potential accelerant to cost escalation and bureaucratic expansion in non-core business areas.

BFA expressed disappointment with our resolution. Both organisations have returned to their established positions as certifiers. As a consequence, the Australian certification marketplace retains the competitive dynamic that is a feature of successful organic markets worldwide.

Directions for NASAA

NASAA will continue to focus on delivery of best quality certification service at highly competitive prices.

We will continue to work as an industry leader in evolving new and enhanced organic standards where these are required, and also with the Australian organic industry peak body, OFA, in promoting the benefits of organic produce to consumers.

The financial position of NASAA remains excellent, with a strong balance sheet. As a Not For Profit organisation, we will sustain financial integrity by diligent cost recovery.

We thank all of our operators and stakeholders for your ongoing support and look forward to assisting your continuing growth in our booming organic market.

Yours Sincerely,



George Devrell
NASAA Chair