Growing markets for quality organics products

"The findings point to a healthy balance of supply and demand as well as a positive outlook" – Rod Carr, Director, Marsden Jacob Associates

Background

Marsden Jacob Associates (MJA), together with Jackson Environmental Planning and Blue Environment, was commissioned by the NSW Environment Protection Authority (EPA) to provide a comprehensive point-in-time snapshot of organics supply and demand in NSW.

The overall results show a very positive future for the NSW organics markets.

Types of organic waste

The study focused on the following organics material sources:

- garden organics from arborists, land clearing and felling operations
- kerbside garden organics
- combined food and garden organics
- commercial and industrial food waste
- organics outputs from municipal solid waste processing facilities.

Regions

The study dissected the organics waste market by waste group or regional organisations of councils (ROC).

Key findings

The five key findings relate to:

- supply and demand tonnage
- key business drivers
- market size and growth areas
- barriers
- product price points.

Supply and demand tonnage

Using the EPA's Waste and Resource Recovery Portal (WARRP) data, council kerbside audit data and industry surveys, the best estimate of the total supply of organics in 2015–16 is 1.78 million tonnes and of total demand,1.32 million tonnes. These figures show a healthy balance between supply and demand tonnages, given the mass loss during processing.

Key business drivers

The key drivers impacting on the location of organics processing facilities are distance to markets and development costs. For some processors, it is more cost-efficient to transport unprocessed organics from Sydney to areas with lower infrastructure and land costs.

"Urban amenity remains by far the biggest market at 65%, however, agriculture is growing. The great news is that the demand for organics is growing and meeting the increased supply" – Rod Carr, Director, Marsden Jacob Associates

NSW EPA

Market size and growth areas

Urban amenity remains the largest market but there is significant growth emerging in agriculture and mine rehabilitation.

The urban market is close to 65% of recycled organics product by weight. Intensive and extensive agriculture is about 15% and environment remediation and rehabilitation at 7%.

The urban amenity market appears to be stable whereas the agriculture and rehabilitation sector are growing strongly.

Market barriers

While demand is growing, there are a number of barriers impeding market development, particularly for agricultural markets. They are:

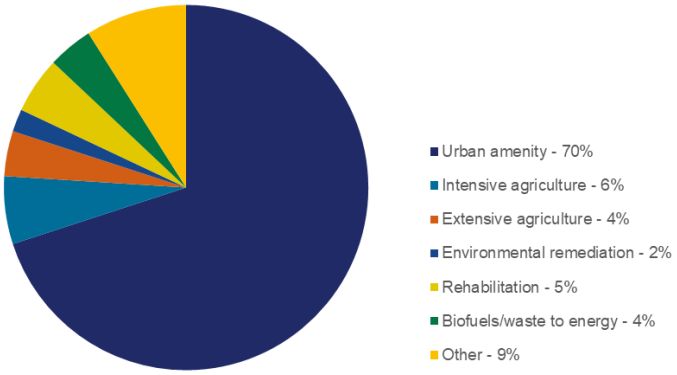
- market awareness and attitude
- competition from inorganic substitutes
- regulatory requirements and risks.

Market awareness and attitudes remain an ongoing challenge for product markets, mainly due to low awareness of compost as a product and often ill-founded quality concerns.

Competition from substitutes is predominantly in the agricultural market where conventional farm chemicals dominate the market.

Product price points

The returns achieved in most markets are very similar. However, smaller niche markets, such as animal feed and urban amenity sub markets, are achieving the highest returns – up to $200 a tonne There may be opportunities for other tailored products to move into higher-value price points.



Estimated demand for organics by end market. Sources: MJA analysis of WARR (2014–15) and WARRP (2015–16 and 2016–17) data

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