



Organic Vegetable Feasibility

The market for organically grown produce is in its infancy in Australia and lags behind the development in many countries including our major trading partners. Sales in 2005 are estimated to have reached \$44 billion, with 95% of the market in north America and Western Europe. Australia and Japan account for most of the remaining share (Abare, 2007). Over the last 5 years the market has been growing at 20% per year.

Organically grown food is a niche market that can demand higher premiums for produce, especially export markets.

Organic Farming Systems undertakes feasibility studies for clients to assess the profitability of setting up an organic property or converting to organic production.

Feasibility studies are detailed, outlining the costs for every part of the operation.

As an example, the following is a summary of the expected cash flow over 3 years for 150 acres of cleared but unused land to be used for organic carrot production. Assumptions included a reject rate of 20% and gross yields of 65 t/hectare.

Information in plans vary according to the needs of clients but can include market demand for the organic crop, opportunities, wholesalers, pricing information, export opportunities, along with farm development plans including stages of expansion.

	Expenditure		Sales	Profit	
	Capital	Variable	Fixed		
Year 1	\$696,000	\$98,000	\$12,000	\$0	-\$110,320
Year 2	\$429,000	\$582,000	\$36,000	\$920,000	\$302,000
Year 3	\$172,000	\$631,000	\$36,000	\$1,112,000	\$445,000

Abare, 2007. Potential impacts from the introduction of GM canola on organic farming in Australia.

This information is of a general nature - seek specific advice for your situation.

As part of our BIOS Program, we have a range of sustainable /organic plans for a variety of horticulture crops. These plans are available through consultation with our distributors. Email us for further information.