

Organic strawberries

A small slice of Australia's billion dollar organics industry



STRAWBERRY
INNOVATION

Organic strawberries are a high value specialty crop, and with the ever-increasing rate of production of conventionally grown strawberries in Australia, many smaller growers may be looking at organics as an opportunity for alternative market access.

But is it as profitable as we think, and what are the challenges involved in growing a soft fruit like strawberries with soft control measures?

Australia's organic food industry

The demand for organic products in Australia and worldwide has experienced exceptional growth over recent years, driven by an increasingly wide availability of products and a consumer market who are becoming more aware of the perceived health benefits and environmental effects of their food choices. According to market analyst company, IBISWorld, Australia's organic food industry is valued at close to \$1 billion with a growth rate of 17% over the last 5 years.

Fruit and vegetables continue to be the organic products that most Australians buy, and the industry is expected to continue to grow strongly as organic consumption becomes more mainstream. Woolworths and Coles now stock greater volumes and wider ranges of organic produce, making the purchase of organic products more convenient.

The demand for organic produce in Australia is seeing more growers make the switch from conventional to organic farming. This may see prices for organic produce drop slightly, however prices are expected to remain high for the foreseeable future. Organic food currently accounts for less than 5% of Australia's total food production by volume.

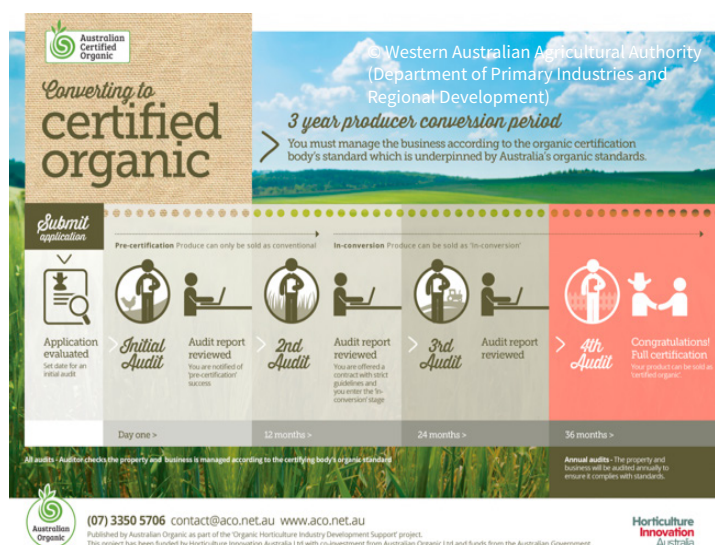
Premium price is about 1.5 to 2 times more for an organic product over a conventionally produced product. This will decline with more growers entering the market, but margins are still significantly higher. Much of the growth in organics has been driven by high income consumers who can afford to pay the premium prices, however additional surveys have found an evolving demand from consumers with strong values in the areas of personal health, community and planetary well-being, thanks largely to the availability of reasonably priced organic products in supermarkets.

So with all this talk of increasing demand and high profit margins, is it worth taking the leap into the world of organic strawberries?

Production challenges

Ashbern Farms in the Glasshouse Mountains is one of only a small handful of organic strawberry farms in Queensland, with 1.4ha (10%) of Ashbern's strawberries being produced and sold as certified organic. Jon Carmichael, co-owner of Ashbern Farms, started working with organic strawberries on the family farm, Strawberry Fields, back in 2003. Being both health and environmentally conscious, plus always keen for a challenge, Jon started working on organic strawberries at a time when there was very little available in the way of biological or soft approaches to pest and disease control. Coming up to 15 years later, IPM programs and biological controls are now much more commercially available, but at a cost.

Brendon Hoyle, Jon's previous farm manager at Strawberry Fields and now business partner in Ashbern Farms, says that the challenges associated with pests and diseases in their organic crop are ongoing and expensive. "We use a large range of beneficial mites for pest management, and a variety of simple but costly control measures for disease control."



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For example, grey mould can be treated with organically certified mould products (soaps) and powdery mildew products can be simple compounds such as sodium bicarbonate. But being organically certified and only supplying a relatively small market, the high cost of these products can significantly increase the expense associated with organic production.

“The best control measure is ensuring that the plant is strong and healthy which will ultimately make it more resistant to disease,” said Brendon, “and you simply can’t take your eye off them. Organic crops need to be managed with the utmost care and attention so smaller plant numbers are far easier to manage and maintain a consistent quality.”

Weed control is important and costly, either being removed by hand or subdued by other expensive methods of control. The organic industry in general is highly labour intensive, and it is often the owner-operators who carries out a significant portion of the labour tasks required, rather than paying wages.

Yields in organically produced strawberries are also lower than conventionally farmed fruit, so a high quality product is essential to maintaining the high value of each punnet of strawberries produced.

Certification

According to “The World of Organic Agriculture” statistical yearbook for 2017, published by FiBL and IFOAM – Organics International, the main plank of the regulatory framework for organics in Australia is the National Standard. By law, produce exported from Australia and labelled as organic is a ‘prescribed good’ under the Exports Control Act 1982 and Export Orders, and must be certified in accordance with a standard at least as stringent as the National Standard by an organisation accredited with the Australian Government. Each accredited certifier can develop and apply its own unique standard, as long as it is compliant with the National Standard.

Strictly speaking, products sold domestically in Australia as organic are not required by law to be certified, but the National Standard and the mechanisms established for the export regime (accredited certifiers, certification, auditing and inspection) have proven attractive in the domestic market for consumers and the supply chain who want the assurance of certified produce. This is bolstered by the support of the major supermarkets, which have required certification under the provisions outlined in the National Standard.

The Australian Government currently accredits six certifying organisations:

- AUS-QUAL
- Australian Certified Organic (ACO)
- Bio-Dynamic Research Institute (BDRI)
- National Association for Sustainable Agriculture Australia Certified Organic (NCO)
- Organic Food Chain (OFC)
- Safe Food Production Queensland (SFPQ)

Organic strawberries produced by Ashbern Farms are certified with the Australian Certified Organic (ACO) organisation which is currently the most recognised Australian certifier in fresh produce with their green bud logo. The certification of primary production land to organic status usually takes up to 3 years, depending on prior history.



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Ongoing certification involves an annual auditing process, which Brendon does not consider a difficult or time consuming procedure, once it's been done a few times.

Despite the fact that the strawberry plants themselves are not produced organically, the 6 to 8 weeks between planting and fruiting is considered sufficient time for the plants to grow out of their non-organic status into organic status. However, written confirmation that there are currently no certified organic runners available in Australia must be provided by each of the runner growers as part of the certification audit each year.

The Market for Organic Strawberries

Whilst it is clear that the demand for organic produce is increasing worldwide, it is still growing slowly but steadily in Australia and organic producers have to be conscious of not flooding their own market. Because of the high input costs associated with organic production, a high return on the product is essential. By maintaining high quality and keeping supply in line with demand, the high prices received for organic strawberries will continue to make it a profitable option for producers.

Ashbern Farms sends their fruit to specialist organic market agents in Brisbane, Sydney, Melbourne and Adelaide, plus direct sales to a few niche organic outlets. Their strawberries are sold in the organic produce section of select Woolworths stores around the country. Other smaller organic producers sell direct to the public through local farmers markets, and into local fruit and vegetable stores who provide an organic range.

Direct contact with the consumer at local markets and/or the local grocer can go a long way towards supporting the authenticity of the product. The organic consumer likes to feel confident that they are buying a truly organic product that is locally-grown, and will continue to purchase at a higher price if they feel they know and trust the grower.

It is worth considering however, that organic produce is one of those things in life that people tend to amend depending on their financial situation. During tough times, conventionally produced fruit and vegetables will take precedence for many, at least until such time as the situation improves and the cost of organics can once again be justified. The cost of the produce also limits the quantities that the consumer is purchasing – if someone is buying organic strawberries, they are usually only buying one punnet at \$7, not three punnets!

The consumer is ultimately looking for more affordable organic produce, and with affordability there will be significantly increased demand. This means that more growers will be needed within the organics sector to meet that demand but with a decrease in returns, the input costs associated with organic production would also need to decrease, with increases in efficiency and productivity.

It is clear that the demand for organic strawberries will continue to grow, and for those growers who have already made the transition, it would seem that the return on investment is worth the effort.



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