

Going Organic

Southern Light Herbs - Michael Brouwer - Wednesday, 18 April 2012
Lecture presented at the Australian Herb and Spice Industry Association.

Thank you for the opportunity to speak today. I have been asked to present on the topic 'going organic & innovations in our business'.

Natalie and I for the last 20 years have been field growing, processing, packaging and direct sales of dried herbs for medicinal, culinary and teas use. We have 120 varieties. We have 35 current growers. In 2007 we had 50 growers, drought and retirement has seen numbers decrease. Volume supplied is stable. We need to work on getting a few new growers going as soon as possible. We are all certified organic, plus a couple of wildcrafters. Our average grower has been producing for 8 years. In a labour intensive operation we all agree growing herbs is a challenging business and requires passion and commitment. It can be addictive.

Since 1978 Southern Light Herbs has sold direct to its customers. These are herbalists, organic and wholefood stores, pharmacists, cafes and restaurants.

We have in the past dealt with, but no longer pursue markets such as export, manufacture, supermarkets and start-ups.

From my talk today I hope you can use some of the lessons we have learned and apply them to your situation.

Going organic – why bother?

- (a) Are you passionate about caring for the planet?
- (b) Do you believe organics it's a better farming system?
- (c) Is it a market driven decision?

If (c) is your answer, you are not ready, so think a little more deeply.

90% of buyers/consumers don't choose organic, they are purely price driven. Chemically grown crops are cheaper to produce. So if you want a big market e.g. supermarkets and large manufacturers perhaps organic certification isn't critical to you yet.

However if you do care about your end consumer, your farm's health and its effect on the eco-system and have a social conscience then I believe there is good opportunity in the ...10% market share left. At SLH we believe that this niche is worth the effort.

We grow organic herbs because it is a better system of farming and we have a passion for caring for the environment. Our customers tell us it is important that the herbs they buy are organic. They are willing to pay extra for high quality organic Australian herbs. Quality is defined organoleptically. Our herbs are vital, vibrant, have intense colour and aroma. Organic certification includes HACCP based food safety program. Every packet we sell can be traced back to the exact grower.

SLH on average pays \$30/kg for its Australian organic dried herb. The average imported organic herb costs around \$15/kg and is generally lower quality. We import directly from specific companies that over the past 10 years has proven consistently better than average quality.

The average 'trade' imported herb is between \$4-\$10/kg, quality is variable (at best!).

An average cost of growers' production in Australia is \$15/kg based on 500kg per acre. If you are a grower, you do the math, you make the business decision.

Question: Who went to the TM 'Biological Inputs' workshop this morning?

If you did, you would have learned the many positive reasons and outcomes of biological/organic farming. Organics today can be a highly sophisticated farming system. (If you didn't go, you should at least do yourself a favour and get a copy of O.F.A's booklet in which T.M organics had a large input, called "Improving the capacity of organic producers to manage climate change")

I'm not going to re-work that material but will remind you of the negative outcome of using pesticides, weedicide, artificial fertilizers in your farming system.

Chemicals:

- ✦ Upset the soil/water balance hence health of soil and nutrient availability. They harm non-target, beneficial species that we may not even recognize their positive contribution.
- ✦ Give farmers the (wrong) impression they can control nature/natural processes. Farmers should focus on enhancing natural processes. E.g crop diversity over monoculture.
- ✦ Short term gain (expensive \$) long term pain (more expensive \$ and environmental cost)... then resistance... now what?
- ✦ Often it is not the user of chemicals, who pays the full cost. (environment and grandchildren ?)
- ✦ Dangerous to manufacture (petrochemicals), store, transport and use... and that's when you can/do read the label.
- ✦ Are continuously deregistered because they are found to be dangerous or harmful ...oops.
- ✦ Require large use of energy to produce = large carbon footprint.
- ✦ Highly capitalized multinational chemical companies hijack science with slick advertising instilling paranoia e.g sharks swimming in soil ?... How simple do they think farmers have become?

Organics demands growers to replace chemicals with better management and ecological understanding. Attempt to understand the problem and solve it, not deal with the symptoms.

Medicinal herbs and 'Going Organic' is easy!

Herbs are harvested while in their optimal growth stage e.g. unlike fruit crops. Economic loss from pests and diseases are well managed using organic management systems and good diverse garden design. Most species we grow are open pollinated and still pretty much as nature intended. The difficult herbs e.g. mints have been heavily selected for one particular attractive trait e.g. oil content/flavour.

Get the picture (a) Mankind/scientist selection = difficult plant to grow.

(b) Natural selection = easy plant to grow.

..... Don't get me started on Genetically Engineered crops!

People who want to buy organic DEMAND certified.

Certification gives us a standard, recognised worldwide so all organic farmers have a clear minimum to achieve. Certification is transparent, concise and has 40+ years of dedicated development. Certification bodies are a great help in guiding new growers. They also have a 'watchdog' function and have successfully stopped dodgy pretenders through the courts.

The Certification process (i.e. membership, audits, soil tests etc) costs approximately \$1000.

The process can be read and downloaded at www.australianorganic.com.au or www.nasaa.com.au

All going well, it takes on average 3 years for a property and grower to become fully certified. Progressing from Under Supervision to In Conversion and finally Full Organic.

SLH makes the transition easier by fully supporting growers through this conversion period.

- (a) Supply plants and seeds and network other suppliers. That way we are all growing the same, correct varieties.
- (b) Education and mentorship of production systems
- (c) Give purchase contracts at full price as soon as 'Under Supervision' status is gained. This herb is then diverted to our customers who don't require full certification.
- (d) Feedback on crop quality and growing results.

I'll flick through an 'intro' PowerPoint to give you a concept of the scale of operation that a beginner grower needs to anticipate....

From these basic techniques our growers develop the systems they need and are comfortable using.

SLH's 'innovation' is that we are 'old fashioned'.

Our goals surround maintaining relationships. Our vision is of wellbeing of suppliers and consumers. In the medicinal area, we are the only herb growers network left (in 2006, there were over 30 groups in Australia). We survive because we know our market and we deliver what they need.

Customer Demand

- (a) Australian Herb
- (b) Organic Herb
- (c) High Quality

Southern Light Delivery

- 18 years of education, growers' workshops, field days and grower support. Greg Whitten's 'Herbal Harvest' is the primary introductory information
- Dual certification with a focus on the domestic market
ACO- internationally recognised
OGA – not for export is cheaper for growers, as it involves less work for A.C.O to administer.
1. Small scale and attention to detail production.
 2. Pay growers high/profitable price, not linked to cheap global prices.
 3. Our farm at Maldon's role model and proof of cost of production.
 4. Administration system
 - * Quality grading system for growers
 - * Production systems and techniques
 - * Approved supplier requirements
 - * Feedback to growers
 - * 'Letter of Intent' contracts (fixed \$price, known production target/volume based on capacity and history. Prevents unsalable over-supply)
 5. Processing equipment purpose designed and operated (mills, cutters, processor, tumblers, roasters etc.)
 6. Herbs presented in the correct form for use e.g. Culinary, Tea grade (no tea bags!)

(d) Full Range

120 herbs needed by our different market segments; constantly modifying range to the new market conditions/needs.

Diversify growers crop selection so they are not burned by trends (e.g. Echinacea, St John's Wort, Wormwood etc).

At SLH we do a lot of things well and we know what we don't do well yet we continually strive to improve.

Good business is a journey, best taken slow... just like a cup of herbal tea.

And this leads me to my last topic on innovation.

TIMBOON ORGANIC HERB FARM

For the last 20 years we've learned lots about growing herbs and the challenges that it presents to people. Also, requirements of our consumer's needs and the changes occurring in the marketplace.

We are going to share that knowledge by taking medicinal herb growing and production to the next level. In the next 12-18 months, Natalie and I will be releasing an 8 lot development which we hope will attract a group of likeminded organic lifestyle/business people. Their farms will produce and process dried herbs for SLH to package and distribute. Equally important in the business model, is accommodation and the education of organics and herbalism, which can be utilised as a powerful, marketing and income stream for participants.

'The project is about sharing knowledge, tradition and connectivity to our food and herbal medicine production.

Why an organic community near Timboon?

- ✚ Good soils
- ✚ Good water supply
- ✚ Reliable rainfall and suitable climate
- ✚ Close to – Town, shops, P-12 schools, hospital (2km)
 - Surf Coast and Great Ocean Road (12km)
 - Warrnambool (30km)
- ✚ High farm productivity through subcontracting/share arrangement
 - E.g. – Irrigation, farm equipment, composting, harvesting, drying
 - Skills and labour support
 - Nursery
 - Accommodation management and support
 - Herb processing and storage
 - Organic certification administration and cost share (1/8th)
 - Investment diversification / value add possibilities.
 - 'Free marketing'
- ✚ Full local farming logistics and networks
- ✚ Timboon people understand the power of cooperative endeavour (i.e. dairy cooperatives)
- ✚ Iconic organic Timboon brands already 'exist' (cheese, yogurt, ice-cream)
- ✚ 4 million people drive on the Great Ocean Road per annum looking for new local goods and services (existing direct delivery logistics/distribution along the Great Ocean Road)

Multiple participants make it flexible and interesting. Energy is shared, plan 'B's can be implemented far more quickly for individuals 'in trouble'. Growers remain in control via democracy rather than dictatorial corporate ideology/model.

The business plan is to provide

- (a) Link for organic consumers to producers, just like the success of farmers markets.
- (b) Link for herbalists to traditional herb production and medicine making. Caring for the wellness of the earth and its people... giving herbs with soul.

In some ways we will be a working museum, focused on quality of product, not commodity production.

Does the project have a weakness? Yes.

- (a) It relies on all members of the 'team' to play their role.
- (b) It relies on the politics of democracy.

Luckily, the type of people who we've met that chose 'Herbs & Organics' already have similar ideology and desire to work together. We hope to focus on this.

Our vision/design includes for good

- ✚ Decision frameworks agreed upon early
- ✚ Leadership and mentorship
- ✚ Time parameters that are achievable
- ✚ Common purpose
- ✚ Goodwill and friendship
- ✚ Business reliance upon each other

We are excited about the journey ahead of the Timboon Herb Farm and the lessons we will learn.
... Will it be replicable for other consumer products and rural communities? TIME WILL TELL!

Do you love being involved in growing herbs?

I do, and plan to continue growing them organically for the next 20 years.

What will be your choice?

Thank you.

Michael Brouwer, Southern Light Herbs.