

Working towards successful organic cereal-livestock farming

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In 1992 I interviewed seven organic broadacre farmers on their experiences as organic farmers with an emphasis on the conversion period. In the previous issue of *Australian Grain* I talked about the reasons why these farmers changed towards organic management, and about soil nutrients and weed problems. In this issue I discuss pests in crops and livestock, marketing organic produce, the financial returns to farming, and licensing of organic farms.

CONTROL OF PESTS

Pests in the crops, including insects and diseases, were not considered to be a problem by organic farmers. Red legged earth mite was discussed in the last issue of *Australian Grain*.

Seed protectants (pickle) are used in conventional farming to control crop diseases like cereal smut. Pickle is not used under organic management. None of the organic farmers reported problems because of not using pickle. However, one of the farmers did mention that, after a number of years (for him that was eight years) fresh barley seed needed to be bought, because some smut appeared in the barley after that time.

Pests in livestock on organic farms are more of a problem. In general, organic farmers try to maximise stock health and so minimise problems. Those in the study considered that healthy feed on the farm, sometimes supplemented with minerals, rotational grazing and culling susceptible animals were important ways to avoid problems. Breeding your own replacement stock and better fences with the neighbours were also seen as means of avoiding the likelihood of stock having lice.

Despite these measures, many of the organic farmers still had some problems with external and internal parasites in their stock. In a survey carried out in 1986, organic farmers spent about one quarter of the amount spent on livestock pesticides.

Some remedies used on organic farms were those allowed in organic agriculture,

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but sometimes those used in conventional agriculture were resorted to.

For example, one of the farmers in the study did not dip in the 1980s, but dipped again in the past two years. Another farmer dipped in only three of the past ten years.

The same picture emerges for the internal parasites, where some farmers drench only some of the flock, such as the lambs at weaning, or the ewes, or when animals are bought onto the farm.

Against fly-strike, many farmers had the long-term strategy of culling. In the short term many used conventional methods; and one used diesoline. Of the four farmers with a merino breeding flock three muled their animals.

Of the seven farmers in the study only one used vaccines on a regular basis and then only on part of the flock — on lambs at marking time.

The use of veterinary pesticides must be cleared by the organic licensing office. And measures need to be taken such as keeping the stock in a paddock set aside for the purpose for a specified period. Stock treated in this way cannot be sold as organic.

MARKETING OF YOUR PRODUCE

The market for organic products depends for a great part on which kind of product is produced, the quality of the product and the effort the farmer puts into

the marketing. In the early years some farmers spent time developing a market of shops and private customers. For some of the crops, the demand has expanded and private marketing is no longer necessary. Companies such as Uncle Tobys and Tip Top have entered the market selling organic breakfast cereals and flour.

In 1991 organic oats was in short supply and farmers, at least in eastern Australia, had no problems selling it for a premium, for example to Uncle Tobys. With wet weather at harvesting time in many areas in 1992, sufficient supply of an acceptable standard might again be in jeopardy for that company. Prices for organic oats are, according to Uncle Tobys, up to 25 per cent higher than for conventionally grown oats. In general, Uncle Tobys likes to contract for oats, so that it knows in advance what its position is.

Organic wheat was also in short supply in 1991, and is likely to be so in the 1992–93 season. For processing reasons, Uncle Tobys likes to buy big parcels of wheat per farmer (over 1,000 tonnes), but because of the exceptional weather conditions it might well be willing to deviate from that policy this year. The quality which Uncle Tobys is looking for, for breakfast cereal, is related to uniformity of the grain in terms of size, colour and falling number.

But wheat used for other purposes such as bread has different requirements, such as a protein level of at least 10 per cent. It needs to meet ASW standards in all other respects. Before conversion to organic farming is contemplated farmers should determine what their marketing opportunities are.

At the time of writing, Uncle Tobys estimates prices of organic wheat to be around 25 per cent higher than that of conventional. The best quality wheat can command higher prices at present. However, other processors are talking about considerably lower premiums.

What will happen to grain prices when yields are good all over Australia is anybody's guess. Uncle Tobys reports that, in

1991, sales of their organic breakfast cereal grew by 20 per cent. In 1992 sales increased five percentage points more than that of similar products, presumably because it was organic.

The market for organic meat is not well developed at present. Only one of the farmers was selling his stock to a butcher who sold organic meat.

THE FINANCIAL REWARDS

Were does all this lead as far as the financial side is concerned? In general, on the farms surveyed in 1986, input costs were lower on the organic farms than on the conventional farms. This was mainly due to lower fertiliser and pesticide costs. But also the fuel bill was lower on organic farms per hectare operated, though similar per hectare cropped (due to the area cropped being a smaller part of the area operated on organic farms).

Although the total cash receipts were lower on organic farms, the net cash receipts (receipts minus the costs) were similar for the two groups of farms. This picture (of similar returns to farming) stays the same if the non-cash costs are deducted, such as the family labour (same for the two groups of farms) and depreciation cost (lower on organic farms). These fig-

ures were not dependent on premium prices for organic products.

Although net returns to farming are similar between the two farm management systems once the organic farm is established, there are likely to be extra costs attached to converting towards organic farming. Organic farmers need smaller paddocks and more (or different) grain storage.

Machinery needed some attention to be able to cope with stubble, and to accommodate a possible change in cultivation method. Although yields can be as high under organic as under conventional management, some farmers talked about a drop in yields in the first years after conversion. More livestock is needed if more pasture is included in the rotation.

What the effect will be on the financial returns will differ greatly according to the history of the farm (present rotation system, fertiliser and pesticide management), skill of the manager to adapt to the new system, availability of price premiums for the outputs, and input and output prices in the particular year of conversion.

For example, with increased numbers of livestock an increase in the wool or meat prices, as compared to grain prices, will make the transition more financially

rewarding than with relatively high grain prices.

THE LICENSING BODIES

In order to be able to secure a price premium farmers need to be licensed as organic farmers. There are three national licensing schemes, two for organic, and one for bio-dynamic farming.

The two organic licensing schemes are the National Association for Sustainable Agriculture, Australia (NASAA) which is located in Adelaide; and the Biological Farmers of Australia (BFA), with their licensing office in Breeza, NSW. The Bio-dynamic Research Institute (BDMI) operates from Powelltown in Victoria.

These various bodies set standards for organic farms that must be met by their members. Farm inspectors meet with farmers and inspect their operation. In this way consumers can be assured that the produce from these farms does meet particular standards.

'Conversion to organic Agriculture in Australia: Problems and Possibilities in the Cereal-Livestock Industry' (softcover, 139 pages) is available for \$20 (postage included) from: National Association for Sustainable Agriculture, Australia Sydney South PO Box A366, Sydney 2000. Dr. Wynen can be contacted on 06-258 3561.

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