Diversification in the woolbelt

John Allen
Compiled by John Allen, Manager, Scientific Services, South Perth

The productivity and diversification initiative for wool growers incorporates two levels of diversification.

Greatest emphasis is placed on industry-wide increases in cropping intensity and in the range of crop types grown.

The second level involves non-traditional, alternative enterprises, each offering prospects for expansion of a limited number of wool growing businesses, suited to particular parts of the woolbelt.

The alternative enterprises include floriculture, aquaculture, export hay, farm tourism, commercial timber, horticulture and new animal industries.

This article examines requirements and prospects for new non-traditional industries in the woolbelt.

Although driven by individual enterprise, development of a new industry requires cooperation to open up markets, develop production systems, and maintain the supply of product to meet market requirements. Commonwealth, State and local government programs are in place to promote and assist wool growers to collectively develop new regionally-based industries.

Floriculture

In 1991–92, Western Australia exported more than 2700 tonnes of cutflowers and foliage valued at A$16.87 million, 50 per cent more than the previous year and a tenfold increase over the past decade. Western Australia earned 68 per cent of Australia’s floriculture export earnings for 1991–92, with native cutflowers comprising about 90 per cent of the State total.

The State’s native cutflower industry began in the early 1970s with flowers and foliage being harvested from bush stands for export. Banksia, Stirlingia, Verticordia, Agonis (tea tree), Dryandra, and kangaroo paw were the mainstay of the industry. A large proportion were dried and dyed for use in dried arrangements. Some, including various species of Chamaelaucium (waxflowers), kangaroo paw, Banksia, and Verticordia, were sold as fresh flowers.

There were many problems with the bush-harvested product, mostly concerning its variable supply and quality.

In an attempt to improve supply and quality, commercial plantings of native cutflowers began in the early 1980s. Despite many teething problems, the quality of blooms was superior to bush-picked material, with longer stems, reduced insect damage, and more consistent supply.

As knowledge of propagation and cultivation requirements improved, the area of cultivated native cutflowers increased rapidly. Better post-harvest handling methods further improved quality, particularly of fresh flowers, resulting in increased demand from export markets.

Some large native cutflower plantations, with over 50 species being cultivated, have now been established. About 900 ha is under cultivation. Of this, about 450 ha are waxflowers (Chamaelaucium species), 180 ha are Banksia species, and 120 ha various types of kangaroo paws.

Minor crops include species of Boronia, Verticordia, Dryandra, Eucalyptus, Thryptomene, Regelia, Ixodea, and Stirlingia.

Plantings range in size from 0.5 to 400 ha, with most less than 10 ha. Most plantings are on yellow or grey sands in areas where good quality water is available for irrigation. Several species and/or varieties are usually grown on each property to spread the flowering season and reduce financial risk.

Aquaculture

The major species available for farming in the wool growing areas of the State is the yabbie, which grows well in farm dams.

Farmers selling yabbies to a licensed harvester do not need licences. A licence is only required if you intend to sell yabbies direct to the market. A list of licensed harvesters is available from the Fisheries Department.
Farming of yabbies is not permitted in the higher rainfall districts of the South-West. A map identifying the permitted areas and further information on the farming of yabbies is available from the Fisheries Department.

Interest in the farming of yabbies continues, with overall production levels reaching some 120,000 kg in 1992-93. The growth of this industry is due in the most part to farmers stocking existing dams with yabbies. Ready markets exist for dam-raised yabbies, and licensed harvesters are generally willing to buy all available yabbies.

The regulations for marron farming have been amended, and farmers can now apply for a permit to sell marron from farm dams to a licensed marron farmer. An information package outlining the new regulations and a book on marron farming are available from the Fisheries Department.

Export hay

Western Australia exports about 40,000 t of oat hay and a few thousand tonnes of cereal straw to Japan each year. This is about half of Australia's hay and straw exports to Japan.

In 1992, Japan imported more than 1.3 million tonnes of hay and straw, comprising mainly lucerne and sudan grass hays, rice straw, and a range of other forage products including timothy and ryegrass hays. Imports have grown steadily, with the US providing over 95 per cent of supplies. Australia is clearly a minor participant at this stage.

Most good quality oat hay is used by the Japanese dairy industry, where the product competes well with sudan grass hay and is priced at a similar level to both sudan grass and lucerne hays.

Western Australia’s exports are severely constrained by costly and limited containerised shipping services, either direct to Japan or trans-shipment via South-East Asia. The market potential could be as much as 200,000-300,000 t, were it possible to overcome shipping constraints.

On a delivered basis, prices have been relatively stable over recent years at between $90-$120 per tonne. Metropolitan processors pay the higher prices to offset the freight differential over country processors.

Export processors are located in the Perth metropolitan area, New Norcia, Northam, and Narrogin. Proximity to a processor is critical because of freight costs. Most processors are geared to handle big square bales. Large volumes would be needed to justify the ownership of such a baler instead of employing a contractor.

Weather protection of hay is vital, particularly for supply during late summer and autumn, which may necessitate investment in sheds or tarps.

Producers should contact processors before considering large-scale production because supply is generally on an arranged or contract basis.
Farm tourism
In recent years there has been rapid growth in rural tourism. A 1992 Rural Industries Research and Development Corporation survey identified 1500 farm accommodation establishments in Australia generating $300 million a year. About 200 farms and pastoral properties have diversified into rural tourism in Western Australia.

The Western Australian Tourism Commission provides advice for farmers and pastoralists on the requirements and prospects for rural tourism.

The Farm and Country Holidays Association (Inc.) WA brings operators together for industry-wide promotion and cooperation in further development.

Commercial timber
Commercial timber production is an attractive alternative enterprise for wool growers in the higher rainfall parts of the woolbelt.

Bunnings Tree Farms
Bunnings will lease land in areas with more than 700 mm rainfall that is within a 200 km radius of Manjimup or Bunbury, or a 100 km radius of Albany for the production of Tasmanian blue gums (Eucalyptus globulus).

Bunnings offers the lease as an annuity, with no share in the crop, in an 18-year contract. Annuities per hectare vary with rainfall and expected productivity. The returns are often higher than any grazing option.

Bunnings also offer a ‘Wood purchase contract’ or an option to buy the blue gum timber at the end of a rotation, with the farmer paying all establishment and management costs. Barring the risk component, this contract offers farmers an opportunity for greater profits than the first option. However, there will be no income for about ten years.

Department of Conservation and Land Management (CALM)
CALM has sharefarming agreements for about 2000 ha of Pinus radiata plantations in the Bunbury to Manjimup area, P. radiata timberbelts in the same area, and up to 1000 ha of P. pinaster plantations or timberbelts on the coastal plain from Bunbury to Gingin.

It also has about 200 ha of Eucalyptus globulus timberbelts or integrated plantings around Albany, and about 1000 ha around Bunbury — which may expand. The Water Authority of Western Australia has also financed integrated plantings of E. globulus in the Denmark Catchment (which may extend to other catchments in the future).

CALM is developing commercial Eucalyptus oil plantings at six wheatbelt sites with financial assistance provided under the Commonwealth Farm Forestry Program and the National Landcare Program. Eucalyptus oil agreements based on CALM providing seedlings, technical information and administrative support are available to farmers in the Esperance, Woodanilling, Toolibin-Wickepin, Narembeen, Kalannie-Goodlands, and Canna districts.

The potential for Eucalyptus oil as an industrial solvent is being investigated. Commercial quantities of oil will soon be available as 250 ha will be planted to Eucalyptus oil trees in each district in 1994. CALM plan total plantings of about 5000 ha in each of the six districts in the medium term.

CALM has introduced some novel agreements on payment, ranging from annuities to shares of the final harvest. CALM is also investigating ‘superannuation-style’ investment agreements. Because some of these programs are backed by overseas investors, CALM has some flexibility in agreements with farmers.

Several investment groups are developing prospectuses for Tasmanian blue gums. However, these are likely to be based on buying land for plantations. There is also the opportunity (and intend by some farmers) to act cooperatively, and attract investors to privately managed Tasmanian blue gum plantings. There may be an opportunity to use a contract similar to that of CALM.
Speciality markets

On a limited scale, there are markets for poles treated with preservative and for firewood (nearer the larger population centres).

Firewood usually nets about $10 per tonne, and growth rates of 15-30 t/ha could be expected. Pole production can be more profitable than sawlogs in some areas.

The economics of these products depend very much on location and market development. It is vital to contact specialists and markets before starting.

Horticulture

Horticultural industries in Western Australia have expanded rapidly in recent years. The export market for vegetables, wines and selected fruits is growing substantially and there is steady growth in the domestic market as consumers seek a wider range of produce.

Opportunities for wool growers fortunate to have a reliable supply of water suitable for irrigation to diversify into horticultural enterprises are emerging. There are prospects for small-scale fruit and vegetable production to supply regional markets.

New large-scale operations will be needed for Western Australia to achieve projected rates of growth of vegetable and fruit products into South-East Asia.

Their development will be determined by the complementary development of markets.

Constraints to horticultural production in the woolbelt include water quality and quantity, absence from untimely frost, wind, hail and heatwaves, and adequate winter chilling for specific tree crops.

Large-scale horticultural production requires substantial investment in water supplies, and machinery, packing, handling and storage facilities.

Goats

Domesticated goat numbers on agricultural properties in Western Australia peaked in 1988 at 94,000 and have declined steadily since to less than 50,000 in 1992.

The decline resulted primarily from the reduction in price of both cashmere and mohair to their lowest levels for 10 years. Recently, however, the price of cashmere has risen to about $55 per kilogram under strong demand while the price of mohair is about $3.50 per kilogram.

About 15,000 live goats, mainly of feral origin, were exported in 1993. This trade is slow because of difficulties in assembling, handling, and shipping goats. Some 250,000 goats, mainly of feral origin, are slaughtered each year, primarily for export markets, particularly Taiwan. The average price at the abattoir is $11. A firm capretto market for 10,000 carcases a year has also developed in Europe.

Both these industries are based on feral goats, and do not offer much potential for wool growers in agricultural areas. However, if the feral goat eradication campaign coordinated by the Agriculture Protection Board is successful, there may be an opportunity for supplying markets with goats reared in agricultural areas.
Deer
Numbers of deer on Western Australian farms have been rising steadily and have increased from 4400 in 1987 to about 13,000 on 102 farms in June 1993.

The major products are venison and velvet. Slaughterings have been low as the industry has built up breeding stock. In 1992-93, only 500 deer were slaughtered, primarily for venison for the restaurant industry and speciality butcher shops. Prices for prime venison range from $3.50-$4.50 per kilogram carcase weight.

Major problems are processing and marketing deer, and competition, particularly from New Zealand. Deer are difficult to process in an abattoir, and with small numbers to process at any one time producers have difficulty getting deer slaughtered in export abattoirs. It is claimed that the costs involved price Western Australian venison out of export markets.

Several local and export abattoirs have now developed facilities to process deer successfully. Export quality Halal-killed venison is now available, opening up the Asian marketplace. More work needs to be done in improving processing standards, efficiency, and cost structures.

The other major product of the deer industry is velvet antler used in traditional Chinese medicines. Negotiations with Chinese groups have started to establish processing facilities here.

Emus
Potential emu farmers need a licence from CALM and several conditions apply before it is granted. Farming is based on captive-bred stock. Day-old chicks are expected to sell for about $150 each in 1994. The minimum licence is for 80 sexed birds, however, this is likely to be reduced soon. There are more than 30,000 birds on 47 farms in Western Australia.

Until 1993, the industry was based almost solely on sales of breedingstock but today sections are concentrating on market development. One thousand birds were slaughtered in May 1993, and the industry has signed contracts with overseas buyers for sales of meat, oil, and skins worth $6 million over the next three years.

The major problems are establishing profitable long term markets and competition from the eastern States and overseas.

Emu farming is being legalised in all States except the Northern Territory. It has been estimated that Queensland and South Australia will turn off 70,000 birds in 1995.

In addition, more than 50,000 chicks will be raised in the USA in 1994, and emu farms also operate in New Zealand. Competition will peak when bird prices in America fall to slaughter value, possibly within five years.

Ostriches
In June 1993, there were about 250 birds on 30 farms in Western Australia and about 12,000 birds in Australia. With six-month old birds worth $6000 each, the major market for the Australian ostrich industry at present is the sale of live birds.

Major products from an established ostrich industry are skins, meat and feathers. The return to the producer from product sales is about $800 per bird, so it will be many years before a commercial industry is established based on ostrich products.

The ostrich industry will face similar problems to those of the emu industry in developing a critical mass of products, efficient use of resources for processing and manufacture, and competition from overseas, particularly South Africa, which dominates the world market. The ostrich industry has a market advantage in that its products are well established and the quality is recognised internationally.

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John Allen can be contacted on (09) 368 3208