

# KANJINI BUSINESS PLAN

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# **1. Business Summary**

## **1.1. The Kanjini Co-Op Mission**

*'To live harmoniously as a mutually supportive and diverse community.  
To create abundance while being sensitive to sustainability and our ecological footprint.  
By moving from "this land is my land" to "we are one with the land", from private ownership to a cooperative system of shared custodianship.'*

## **1.2. Business Overview**

Kanjini Co-Operative Ltd will establish and manage an economically viable commercial Permaculture enterprise to supply firstly the immediate community with locally grown organic produce, secondly for state-wide and export distribution.

The cooperative will provide rental accommodation for visitors and Kanjini members, utilising environmentally and economically sound designs, materials and practices.

Kanjini Co-Op will establish and profitably operate electricity and water facilities.

Kanjini Co-Op will research, develop, market and sell alternative technology

The cooperative will also establish an educative facility for sustainable farming and alternative technologies.

## **1.3. Business Ethics**

Kanjini aims to minimise our environmental impact and increase the ecological sustainability of our land and farming systems. This will be achieved by applying a practical understanding of fundamental and interrelated ecological processes, including geology and soils, biology and biodiversity, nutrient cycles and budgets, water cycling and energy flows.

A set of explicit standards will play a key role in defining the relationships between agriculture, human impact and the natural environment. These standards will articulate our values and reflect our vision.

Kanjini will gain Organic certification to the standards of the National Association for Sustainable Agriculture Australia (NASAA is accredited to the IFOAM standard that certifies a wide range of primary and secondary products).

## **1.4. Key Objectives**

The key objectives of Kanjini are :

- To purchase suitable land and equipment to establish commercial food production. We will use permaculture techniques, bio-dynamics and other organic farming techniques while minimising the use of outside resources and production of waste
- To develop the property to be a living model and educative centre for sustainable technology, agriculture and aquaculture, forestry, architecture and renewable energies
- To develop utilities infrastructure like power generation, water sources and waste management facilities

- To construct buildings on the Co-Op's properties in harmony with the landscape and develop the property for the benefit of future generations
- To provide accommodation for the members and visitors.
- To research, develop and sale alternative technology
- To create abundance and success

### **1.5. Management and Ownership**

Kanjini Co-Op will be managed and owned by the Cooperative's members.

### **1.6. Sources of Income**

#### **1.6.a Agriculture**

- Organic vegetables and fruits (*See Appendix Three ~ Proposed Crops*). Annual cash crops *may* also be incorporated into orchard inter-row plantings to provide seasonal income. By gaining Organic Certification Kanjini will be able to guarantee that consumers are buying food produced in accordance with organic standards and able to achieve higher prices. Farm certification is expected to take from one to five years to obtain.
- Produce grown on consignment
- Processed products will enable us to utilise the whole of the season's crop and provide a source for year-round sales and generate off-season work.

#### **1.6.b Accommodation**

The Co-Op will own, maintain and manage a range of accomodation including dormitory, individual rooms and separate dwellings for rental by both members and visitors.

#### **1.6.c Membership Fees**

#### **1.6.d Possible additional Sources of income (no figures included)**

Sale of alternative technology applications  
 Carbon trading  
 Forest plantations  
 Aquaculture  
 Energy Production  
 Educative Seminars and Workshops  
 Consultancy  
 Publishing

## **2. Market Research**

### **2.1. Market Analysis**

Organic produce is now the fastest growing agricultural market in the world.

"While many agricultural commodities are going through an extended period of historically low prices, the growing demand for organic products has seen good premiums paid for many commodities. One of the advantages of being part of an expanding industry, is better long term viability for farmers and their communities." *Lehmann (2000)*

Affluent local and interstate markets are demanding products, that are produced from environmentally friendly or sustainable systems. Kanjini products and production processes will be consistent with Ecologically Sustainable Development (ESD) principles and likely to reap long term economic advantages.

Four local retailers, Access Organics, Neil's Organics, Joan's Organic Produce, The Edge Veg and Fusion Organics, Community Foods Cooperative were studied. Their main source of fruit and vegetables currently is from United Organics in Brisbane. We noted that many items are grown in the region and transported to Brisbane and then transported back to Cairns. It is envisaged that Kanjini Co-Op will establish and maintain very good trade partnership with these retail outlets. (see *Appendix One - Letters of Support*). There are also regular farmers markets in the region.

Furthermore good markets exist for processed fruit and nuts, particularly if organically certified.

For more market information please see Appendix Two ~ Supporting Documentation - Organics

## **2.2. Competition**

There are several certified organic farms in the region but these are not seen as competition as they wholesale to Brisbane and do not supply local markets.

The need for our products is apparent in the region with an increasing demand for local organic food.

Pumpkin seed for oil can be grown on consignment and no competition exists.

## **2.3. Marketing Strategy**

Kanjini will

- focus initially on producing seasonal annual crops (see *Appendix One ~ Letters of Support*)
- develop orchards of a few selected specialties.
- establish a reputation for quality products.
- establish relationships with specialty distributors, who will purchase our products for distribution to high-end restaurants, natural food stores and/ or gourmet shops.
- supply our customers with recipes and storage tips.
- develop secondary outlets for our crops and value added merchandise
- allocate a percentage of our acreage or gross income each year to experiment with new products

## **2.4. Promotion and advertising**

LOGO ~ stamping our personal identity on our products will build consumer trust and confidence. Our logo will be used on packaging, letterhead, containers, business cards, brochures and direct-mail pieces and road signs.

EDITORIALS ~ We will utilize all the free publicity and promotion available by way of editorial coverage. Stories about our products and our farm operations will be in a variety of media.

BRANDING ~ Consistent quality and produce grading will be crucial to branding our products.

Marketing will focus on CSA (Community Supported Agriculture), local sales to speciality retailers, restaurants and Farmers Markets. Also regional, national and export potential exist.

## **3. Financial Information**

For the purpose of this business plan we will treat the rental business and primary production separately. Estimated yearly running costs will be covered by rental income alone, so any profits from primary production or other sources will be available for dividends.

Land acquisition, infrastructure establishment and construction costs for communal spaces and accommodation will be covered by funds from share issue. (see Disclosure Statement-Annex Property-Assets-Improvements)

### 3.1 Co-Op Establishment Costs

<b>Item</b>	<b>Costs</b>
Submission of Kanjini Co-Operative Disclosure Statement	251.00
Submission of Kanjini Co-Operative Rules	126.00
Accountancy and Legal fees	NIL
Bank Account establishment	50.00
Website and domain	750.00
Printing	50.00
Formation Meeting Venue	100.00
Shiralee work	5000
<b>Total estimated</b>	<b>\$6,327.00</b>

These expenses should be covered by the first year membership fees

### 3.2 Land Establishment Costs

<b>Item</b>	<b>Costs</b>
Land Purchase	2000000
Individual Accommodation	680000
Communal Facilities	400000
Energy Infrastructure	520000
Other Infrastructure	160000
Income Producing Enterprises	140000
Contingency Funds	100000
<b>Total estimated Budget</b>	<b>\$4,000,000.00</b>

These funds will be raised from the sale of 40 full shares

Investment shares can provide additional funds if they are required for additional assets or improvements, or if there are less than 40 members.

Please see the Disclosure Annexure 'Property, Assets and Improvements' for more details

### 3.3 Estimated yearly Co-Op running budget

We estimate the following running expenses (assuming 40 members):

rates	\$5,000
power & water maintenance	\$5,000
insurance	\$10,000
workers cover	\$5,000
building and road maintenance	\$50,000
registration fees	\$1,000
auditors and accountants	\$4,000
office expenses	\$3,000
interest or dividends (if applicable)*	
<b>Total estimated running expenses</b>	<b>\$85,000.-/year</b>

\* - we can account for this with extra rental from guests and trial periods

### 3.4 Estimated yearly minimum income (assuming 40 members):

\$1000.- per year Annual Subscriptions Levies for full members (\$500.- per year for Introductory share holders)	\$40,000.-/year
minimum rent paid by members	\$40,000.-/year
minimum rent from guests	\$12,000.-/year
<b>Total estimated income</b>	<b>\$92,000.-/year</b>

### 3.5 Primary Production

Kanjini intends to have a permaculture market garden with a wide variety of vegetables and herbs (and later fruits). We intend to use these for our own consumption and sale at local markets. However for the purpose of this business plan it is not possible to provide accurate figures for this production.

Consequently we will discuss here only some possible additional commercial crops:

#### 3.5.a Papaya

income producing only in second year

1800 planted trees (10% male & 30% non-producing) => 1134 bearing trees/ha

13 kg/carton w'sale price = \$15.-

6577 cartons/ha over 14 month of harvest => \$98,658 estimated income/ha

total variable costs \$60,661 (does not include picking and packing labour)

2-year crop-cycle gross margin is \$38,282 (including freight to Brisbane of \$11,838)

The maximum water requirement is about 160L/tree/week for under-tree minisprinklers (also known as microsprinklers) or 50 L/tree/week for drippers or driplines.

Two people should be able to manage 1 ha of bearing trees without assistance.

([www2.dpi.qld.au/horticulture/5331.html](http://www2.dpi.qld.au/horticulture/5331.html) & [www2.dpi.qld.au/horticulture/5326.html](http://www2.dpi.qld.au/horticulture/5326.html))

Potential return on 5ha is \$190,000

#### 3.5.b Sweet Potatoes

Can be grown all year in the Mareeba area

Yield is 20 tonne/ha or 1,110 cartons

18kg/carton non-organic @\$8 to \$20 (average of \$14)

United Organics sells organic sweet potatoes for up to \$64

total variable cost \$15,523/ha (includes labour and \$5,716 for transport and marketing)

assuming \$20/carton for organic sweet potatoes, gross margin is \$6,697/ha

water requirement is 5Mlitre/ha (up to 20mm/week during first 4-6 weeks)

one person can grow 8-12 ha

( [www2.dpi.qld.au/horticulture/2433.html](http://www2.dpi.qld.au/horticulture/2433.html))

potential return on 20ha is \$133,940

#### 3.5.c Other Potential Crops

Please refer to the Appendix Three ~ 'Proposed Crops' for details about other potential crops like for example organic pumpkin seed oil, organic bananas etc.

### 3.6 First Years Projected Profit & Loss

see Disclosure Annexure 'Forecasted P&L Statement'

### **3.7 First Year Cash Flow Budget**

see Disclosure Annexure Cash Flow Budget Forecast'

## **4. Detailed Action Plan**

### **4.1. First Year**

#### **Networking and Formation of Kanjini CoOp**

- ✓ Networking and calling for shareholders
- ✓ Registration of Trading Cooperative
- ✓ Land search and or negotiation (Kanjini members have identified a property as suitable and are in close contact and negotiation with the owner.)

#### **Registration and Qualification Acquisition**

- ✓ Various Member qualification acquisitions (Owner builder, First Aid , Mediation and Conflict Resolution)
- ✓ Permits; licenses; industry association memberships acquired
- ✓ Become members of the Biological Farmers of Australia
- ✓ become members of WWOOFer's -*Willing Workers On Organic Farms Australia*
- ✓ Commence accreditation process for Organic certification
- ✓ Applications *application for required permits* lodged for Local Government requirements
- ✓ *Owner builder certification acquired*

#### **Farm planning and Field Investigations**

- ✓ Farm planning and Field Investigations - Survey, soils, agronomic investigations; soils; topography; access and complete all relevant Soil characteristics, Water testing and detailed site evaluations.
- ✓ fire breaks will be established, (fire fighting equipment will be provided by the Rural Fire Brigade as will training for fire fighting ( a cooperative arrangement where- by Kanjini will donate a portion of land for the purposes of regional fire fighting training exercises and in return Kanjini members are trained and equipped at minimal cost)

#### **Farm Establishment**

- ✓ implement and establish irrigation mechanisms and grey water sites
- ✓ Establishment of Fencing; landforming; banks; channels & drains; trellises; access structures
- ✓ commence Orchard and agri-forestry establishment
- ✓ Plant Nursery establishment
- ✓ Create propagation nursery
- ✓ Plant buffer zones separating agricultural and non-agricultural land

#### **Irrigation**

- ✓ with an adequate supply of good quality water, an effective system for crop and orchard irrigation will be designed which include 'fertigation (a Venturi-type system for sucking liquid organic fertilizer into the irrigation line). This technique will enable us to easily correct trace element deficiencies or boost plant growth at critical times. Irrigation mains and sub-mains will be put at least 40cm underground and marked with stakes and GPS maps.

#### **Infrastructure Establishment**

- ✓ functional communal spaces and accommodation accomplished
- ✓ Establish electricity generation infrastructure
- ✓ Buildings; accommodation for workers, suitable sheds and storage facilities
- ✓ required road construction
- ✓ possibly dam construction
- ✓ Biogas plant constructed

## **Crop Establishment**

- ✓ establish sweet potato and papaya production
- ✓ prepare and plant “Cucurbita Pepo Var Styriaca” (Oil Pumpkin)
- ✓ establish annual vegetable gardens and psychic gardens (perennial spices/herbs)
- ✓ commence permaculture plantings
- ✓ Establishment of Orchards and Cropping
- ✓ Plant bee food trees
- ✓ establish nursery production of Pitaya,
- ✓ establishment of in-field pitaya trellis supports and utilize for annual cucumber crop
- ✓ define domestic animal areas and fence where appropriate

## **4.2. Second Year**

### **Infrastructure**

- ✓ Educative centre construction
- ✓ Continue accommodation development in accord with membership application  
Construction of cold room, indoor-outdoor cooking area and reception area

### **Orchards and Gardens**

- ✓ establish Pitaya orchard
- ✓ Establish bush tucker orchards
- ✓ continue with orchard and bee-food plantings
- ✓ acquire bee hives and construct honey house

## **4.3. Third Year**

### **Infrastructure**

- ✓ continue with orchard plantings and seasonal crops
- ✓ Continue accommodation development in accord with membership application

### **Pest and disease control**

Pest and disease control will be substantially minimised by building diversity into our plantings and being attentive to any immediate threat of infestations. Kanjini will also use foraging animals as part of our integrated pest management program.

Integrated Pest Management is an approach to the monitoring and managing of pest activity in our garden. This strategy of observing the lifecycles of insects in our garden and employing a variety of pest control methods in combination, to maximise our effectiveness.

Within our IPM program we will consider all available management options including:

- Varietal selection of plants in our gardens
- Cultural and seasonal variations
- Biological control methods
- Organic Applications
- Cost and Energy Analysis

## **5. Conclusions**

The above figures, aims, goals and time-lines are estimates and projections only and subject to change. However we believe them to be very conservative.

We further note that several potential and actual income streams have not been included in the above budgets.



Consequently we trust that Kanjini Co-Op will be a viable business.