

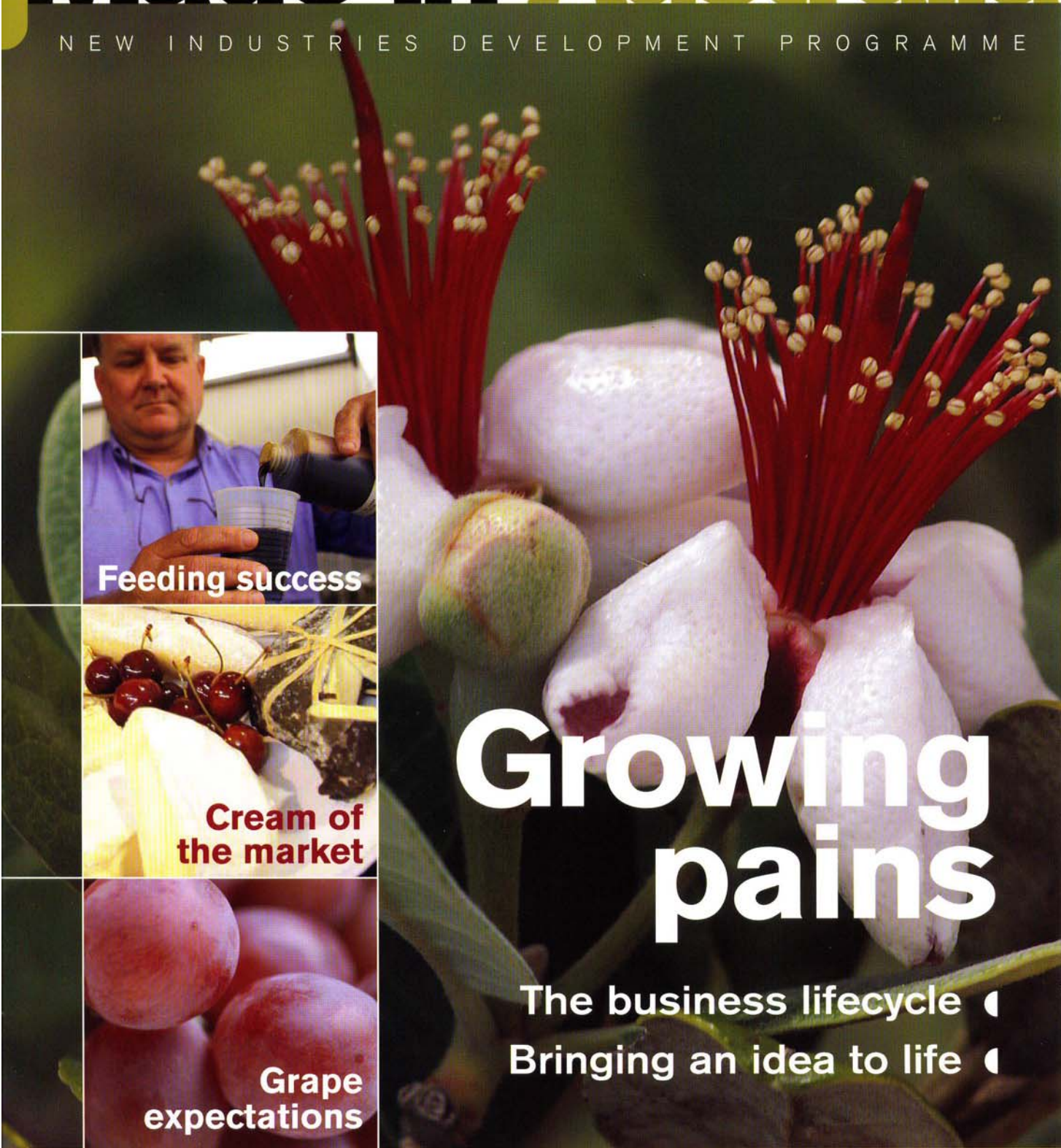
ENTREPRENEURSHIP AND INNOVATION  
IN AUSTRALIAN AGRIBUSINESS



Australian Government  
Department of Agriculture,  
Fisheries and Forestry

# Made in Australia

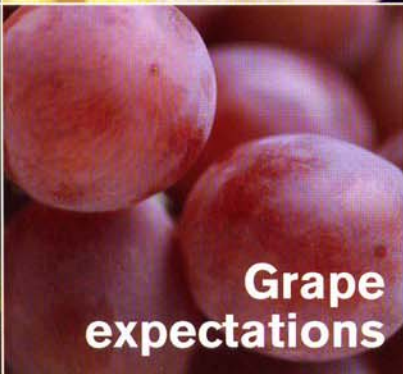
NEW INDUSTRIES DEVELOPMENT PROGRAMME



Feeding success



Cream of the market



Grape expectations

## Growing pains

The business lifecycle ◀

Bringing an idea to life ◀

QUEENSLAND

Lower Wonga

**LOCATION**

Lower Wonga, Queensland

**PROJECT OBJECTIVE**

To commercially establish the feijoa industry in Australia by building grower networks and marketing their products to a wide range of food processors in Australia as a foundation for international marketing.

**NIDP FUNDING**

\$120,000 Pilot Commercialisation Project (PCP) grant

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► FEIJOA AUSTRALIA

# Flavoursome feijoa proves fruitful opportunity

By Ben White

**A solid background in business and a healthy serving of intuition is proving to be a recipe for success for Kay and Phil Casey of Feijoa Australia as Ben White found out when he visited them recently.**



## opportunity

**W**hat was supposed to be a comfortable semi-retirement option that provided a regular supply of a tasty morsel from their homeland, has grown into a thriving business for Phil and Kay Casey of Feijoa Australia.

Former Kiwis Kay and Phil Casey grew up with feijoas and missed them when they moved to Australia. They thought they could set up a small orchard to alleviate their taste buds and those of many New Zealand expats, and relax into semi-retirement.

"Coming from New Zealand we've always known about Feijoas and also knew that every Kiwi in Australia would buy them if only they could get hold of them," Phil says.

"We also suspected that when Australians tasted them, they would love them too."

They describe the fruit as having a range of flavours, including pineapple sorbet through to bubblegum.

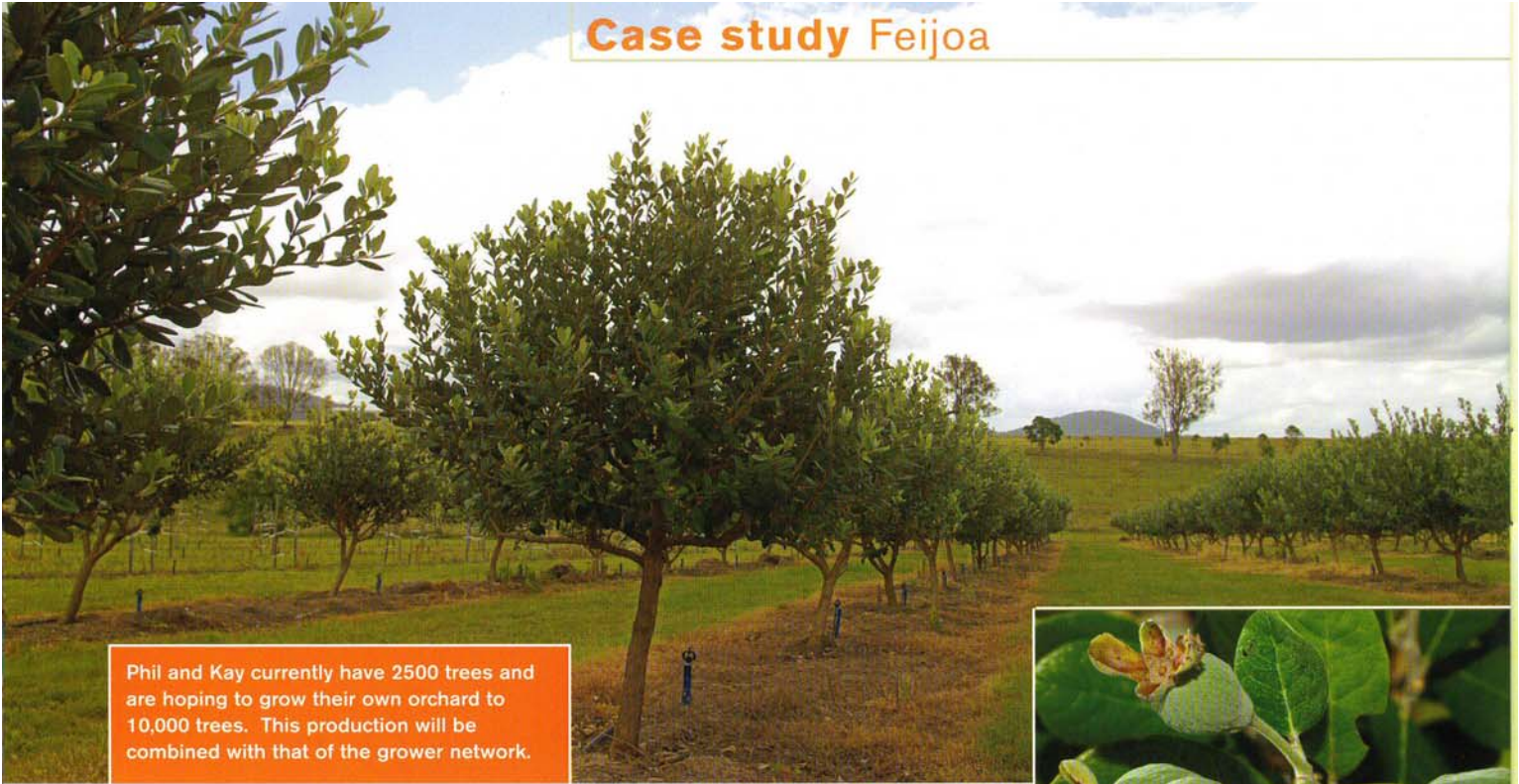
But it seems Kay and Phil's intuition and business savvy may have just opened the doors of opportunity wider than they had expected with their venture in feijoas.

Feijoa Australia isn't their first successful business venture, and the lessons and experience gained from previous ventures have provided food for thought with this business.

"There are some key things we believe are critical when embarking on any new business," Phil says.

"Recognising an opportunity, gaining a thorough understanding of your product, its production and processing requirements and market potential are all critical to getting it right the first time."

## Case study Feijoa



Phil and Kay currently have 2500 trees and are hoping to grow their own orchard to 10,000 trees. This production will be combined with that of the grower network.

### Location location location

Regardless of the innovation, Phil believes location is critical to the success of any business. Before leaping head-first into feijoas, the Caseys scoured their networks and travelled to New Zealand to investigate production requirements and market potential for the fruit in Australia.

What they found was a domestic and export demand for the fruit that far outstripped local ability to supply.

"We discovered that part of the challenge for New Zealand producers is too much rainfall and too little sunlight, topped with limited available land, at escalating prices," Phil says.

The ability to control water, an abundant supply of sunshine and price-competitive land means Australia's climate proves ideal for feijoa production.

"We spread our initial plantings in a variety of locations in south-east Queensland to reduce risk of crop failure and to determine the ideal production environment," Phil says. "But they thrived everywhere we planted them."

Not only had they found suitable growing conditions, but the abundant sunlight meant they were producing higher quality fruit than their native counterparts back home!

"Sunlight, as we have discovered, has a significant effect on brix levels (essentially sugar content) in the fruit; the more sunlight, the higher the brix levels and the more valuable the end product."

### Starting from scratch

But it hasn't been an easy road, starting six years ago, with no quality nursery stock in Australia, Kay and Phil had to source the proven New Zealand varieties, offshore which wasn't an easy task as quarantine regulations saw heavy losses.



During this period, Phil and Kay worked outside the business to raise the necessary funds to establish their feijoa operation. This typically involved 4am Monday-morning trips to Brisbane only returning to the orchard on Friday afternoon.

It is this capital-raising process which Kay and Phil admit was the largest hurdle to overcome in establishing Feijoa Australia.

Phil and Kay had the option to take equity partners early on in the project with offers from New Zealand producers who quickly saw the potential of their project. But they held off, wanting to maintain control during the early stages of the business.

"Until we got to a stage where we really understood our product and its potential, we wanted to hang onto the reins," Phil explains.

Phil still works off-orchard and will continue to do so until the business is at full throttle.

"We were always confident we could get by with this approach, although it would be a struggle, and with solid experience behind us, we are in a perfect position to take on an investor."

### Advice from the experts

As part of the research process, Kay and Phil sought advice from feijoa and business experts. Strong networks gained from both growing up working in the New Zealand orchard industry meant they had a pool of resources to draw from. This combined with a stroke of luck got them off to a good start.

"In a stroke of luck, it turned out the only agronomist with feijoa knowledge in Australia was located in our backyard, at Gympie," Phil says.

Their agronomist had also gone through university with New Zealand's leading feijoa specialist, Dr Grant Thorpe and with this support and their own research and

experience, Kay and Phil have become industry experts in their own right. They have held two field days; the first to increase awareness of the industry in which the President of the New Zealand Feijoa Growers Association attended.

### Local support

Phil and Kay gained support from local business development officer, Bob Neville, who directed them toward applying for funding support through the New Industries Development Programme (NIDP).

The \$120,000 Pilot Commercialisation Project (PCP) grant they received from NIDP is set to be used to undertake some major tasks aimed at helping to grow Australia's feijoa industry. High on the list of priorities is the establishment of a processing plant, nursery and web site.

"The nursery will supply tubestock to the grower network and the pilot processing plant will allow us to market their fruit while the network's trees are getting up to strength," Phil explains.

To date, using his practical skills and background as a fitter and turner, Phil has overseen the construction of their commercial pulping machine – capable of processing up to 100 tonnes per week. Phil estimates this is enough capacity for their own operation and the wider grower network for the next five years.

### Production potential

The fruit is hand-picked during February through March. Premium A-grade fruit is sold in Sydney and Melbourne. Fruit that is not sold fresh is processed into pulp and snap frozen on site into 15-litre pails.

During 2005 the Casey's trees yielded 8 tonnes of fruit, during 2006 this increased to 28 tonnes as more trees started to yield.

And with the support of their agronomist they have watched fruit production climb from 20 kilograms of fruit per tree during 2005 to yields of 30 kilograms per tree during 2006, with higher sugar contents than is typical in New Zealand crops.

### To market to market

Currently about 50 per cent of Feijoa Australia's fresh fruit is going to the domestic market (a condition of the NIDP grant) and Kay and Phil are currently negotiating contracts with supermarkets and fresh fruit markets.

A further 40 per cent is going through the pilot processing plant for potential export markets in Japan.

"We have about four years to get the processing side of the business in place before the grower network has enough fruit coming on board to supply the export market," Phil says.

The original plan was to sell their fruit back to the undersupplied New Zealand market.



Feijoa fruit, juice, pulp and puree are rapidly growing in demand in the food-processing sector for their highly-concentrated flavours and health properties.

## Popularity starts to grow

Feijoa (fee – joe – ah) are small green fruit about the size of a chicken egg, which have been popular in New Zealand and Asia for many years.

It is only more recently that feijoa have started to gain popularity in Australia.

If this odd-sounding fruit is starting to sound strangely familiar, it is quite possible you recently have seen some of the feijoa-flavoured vodka, ice cream, confectionery or beverages currently on sale – particularly if you have spent some time in the land of the long white cloud across the Tasman.

But during their research phase Kay and Phil discovered the Japanese couldn't source enough feijoa puree for bottled juice.

The Japanese market requires a regular supply of a quantity and quality the fragmented New Zealand feijoa industry currently lacks.

"There are feijoa trees everywhere in New Zealand, but still processors are placing advertisements in local papers asking people with feijoa trees in their backyards to bring in their fruit," Phil says.

Fragmentation of the New Zealand industry has opened opportunities for Feijoa Australia and is driving Phil's determination to establish a strong grower network from the outset. With a coordinated approach Phil believes Australian growers will be well placed to meet the specific needs of the lucrative Japanese market.

"The ultimate goal is to supply the Japanese market with frozen feijoa pulp when the critical mass of about 200 tonnes becomes available," Kay says.

### Balanced approach

There is an element of risk in establishing any new business, but Phil believes their thorough approach to investigating opportunities means the risks are well managed.

Applying their philosophy, "if you cannot do it yourself, employ someone who can", Kay and Phil have not been afraid to employ the services of experts to help them establish their latest business.

"Over time we have developed strong relationships with our solicitor and accountant and brought in specialist production advice for this project," Phil says.

Feijoa Australia has been structured so each part of the business is a separate entity; Feijoa Australia Nursery, Feijoa Australia farms (production), Feijoa Australia Processing and Feijoa Australia Marketing. This structure allows versatility for the business going forward.

### Exit strategy

Phil sees the Australian industry growing rapidly and expects there will be about 200,000 feijoa trees established by the grower network by 2010.

Reminded that the business was meant to be part of their retirement plan, Phil reveals they are aiming to lease out the nursery, production and processing sectors of the business in the future and concentrate more on the marketing..... much to Kay's relief. ■

### Contact

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