



# Investments Needed

## Investments needed to start cut flower production

**Set up, establishment and operational costs** - Actual costs associated with setting up a cut flower production business will vary depending on factors such as how much area is to be put under cultivation, to what extent appropriate infrastructure already exists, whether plants will be grown in the field or in containers (e.g. pots), whether shelters (e.g. tunnels) are needed and whether lighting or heating is required. For example, in the scenario where development commences from bare earth, to establish a commercial flower farm (excluding land) would require a capital outlay of about \$80,000 to \$170,000. It should also be noted that (1) your time during set-up and operations is a valid cost also. When calculating production costs and gross margins for marketing purposes, this cost should also be taken into account, and (2) allowances should also be made for costs incurred if there is a period of time when little or no harvesting will occur.

Below is a list of commonly required items to be included in a budget for commencing and operating a cut flower production business.

**Establishment costs** - These will vary for each situation according to the chosen crop, individual preferences and available budget. Determine which of the following items are required in your circumstances, cost these items and include into your Business Plan or budget.

### Land

- Purchase or lease land (e.g. a minimum of 2-3 hectares for traditional flowers; 5 hectares for Australian Native flowers).
- Investigate site preparation costs (e.g. soil improvement measures, deep ripping, cultivating, bed formation, soil/water tests, soil fumigation/disinfestations etc)
- Establish roads and fencing.

### Infrastructure

- Establish new or develop existing permanent water sources for irrigation purposes (e.g. bores, dams, town water mains, tanks, pumps etc).
- Determine the need for and establish water purification or disinfestation systems (e.g. chlorinator, filter systems etc).
- Install all other structures relevant to your needs such as igloos, greenhouses, shade houses, polytunnels, propagation houses, etc.
- Establish packing shed(s) for potting and/or packing with concrete floors. Investigate the need for fans or other cooling equipment if hot temperatures are regularly experienced.
- Install or rent cool room facilities.
- Install chemical storage facilities.
- Prepare adequate facilities for labourers (e.g. toilets, staff room etc).
- Determine the need to purchase packing equipment (e.g. sorting benches, bunch-tying machines, grading equipment etc).

### Other capital items

- Vehicles (e.g. cars, trucks and/or 4-wheel bikes).
- Trailer or other such transport system to transfer flowers from growing area to packing area.
- Tractor (in 2001, legislation was being proposed to make roll-over protection bars compulsory accessories – check current legal requirements).
- Tractor accessories e.g. rotary hoe, slasher, plough, stick rake, post-hole digger (some of these accessories will be needed mostly for site preparation – analyse your needs and investigate leasing or hiring arrangements).
- Mowing equipment if slasher not used.
- Irrigation equipment (e.g. pumps, piping, trickle irrigation, sprayers or drippers etc).
- Spray equipment (e.g. protective clothing, tanks, boom-sprayers, back-pack sprayers etc).

- Stakes or other structures to support the flowers during growth.
- Harvesting equipment (e.g. scales, buckets/containers, seceateurs, knives, hand tools).
- Post-harvest treatment equipment (e.g. dip bath & drying area or gas fumigation facilities).
- General office equipment.
- Phone/Fax.

#### General establishment costs

- Stock plants including delivery costs for both initial establishment and to replace lost plants (e.g. starter plants, seeds, bulbs, cuttings, grafted plants, tissue culture plants).
- Weed control measures (e.g. weed-mat or mulch).
- Containers (e.g. pots).
- Growing media.
- Chemical and fertilisers.

**Operating Costs** - Many of these costs are incurred at or before establishment as well as during production. They include direct costs, association with growing, harvesting and marketing cut flowers, and indirect costs, which incorporate farm-running costs.

- Fuel, electricity and power
- Labour
- Safety equipment
- Chemicals & Fertilisers
- Site maintenance (e.g. weeding, slashing etc)
- Packing materials (e.g. rubber bands or tapes, sleeves, boxes)
- Freight and transport costs
- Other marketing costs (e.g. wholesale/export agents fees)
- Diagnostic tests on water, soil and/or plant
- Costs associated with keeping up-to-date with industry developments (e.g. magazines, Association and Grower Group membership, literature search costs, conference and meeting attendance, travel etc)
- Costs associated with training for owners and staff
- Accounting and administration costs
- Rates
- Insurance
- Advertising costs

#### Plan for the future – NOW

Most flower and foliage farms, whether starting from scratch or taking over an existing operation, will expand. Some time spent planning for this expansion now will be well rewarded. These can then be costed and a budget prepared for the future. Mark down growing areas (including future areas and access to them). Plan the irrigation system (allowing for future areas) and drainage where required. Plan where possible sheds and dispatch areas should be located to allow easy access to both on farm activities and machines and 'off farm' customer/client requirements and machines (stock in – stock out).

#### Where to find more information

Growing traditional flowers successfully – a guide to new and established growers (1998; update 2000). B Gollnow (NSW Agriculture) *Should I grow wildflowers?* (2000) Coordinating author - C Carson (DPI Agrilink series QAL 0001)

- Visit the FAQI website [www.flowersqueensland.asn.au](http://www.flowersqueensland.asn.au) and read the other Fact Sheets in this series provide or contact FAQI.

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