

# Canterbury Organic Growers – Risk Management Project

Organic Update No. 7

July – August 2004

## RISK MANAGEMENT

### Key points

- Individuals have different levels of tolerance to risk and should therefore manage their individual situation accordingly.
- Risk Management in a Whole Farm Context includes the following steps:
  - 1 – Establish the context (vision and goals for balance of people, profit and planet)
  - 2 – Identify risks (source and impact)
  - 3 – Analyse risks (consequences, likelihood and adequacy of controls)
  - 4 – Evaluate risks (risk priority)
  - 5 – Treat risks (avoid, reduce likelihood, reduce consequence, transfer, retain)
- Soil fertility and health was considered to be the major business risk to Canterbury organic arable farmers, followed by poor profitability (inability to make it pay).

The Canterbury Organic Growers project held two workshops on risk management in July and August 2004, facilitated by The Agribusiness Group's Sue Cumberworth and Jon Manhire. The aim of the workshops was to upskill participants in risk management techniques, and provide a process so they could improve their businesses to become more resilient and sustainable financially, environmentally and socially.

A pre-course activity assessed individual's tolerance to risk and showed that all individuals have a different tolerance and are therefore best advised to manage their individual situation accordingly.

Participants worked as a group and in individual property teams through a five step process:

### Risk Management for a Whole Farm Context

Step 1 – Establish the context (vision and goals for balance of people, profit and planet)

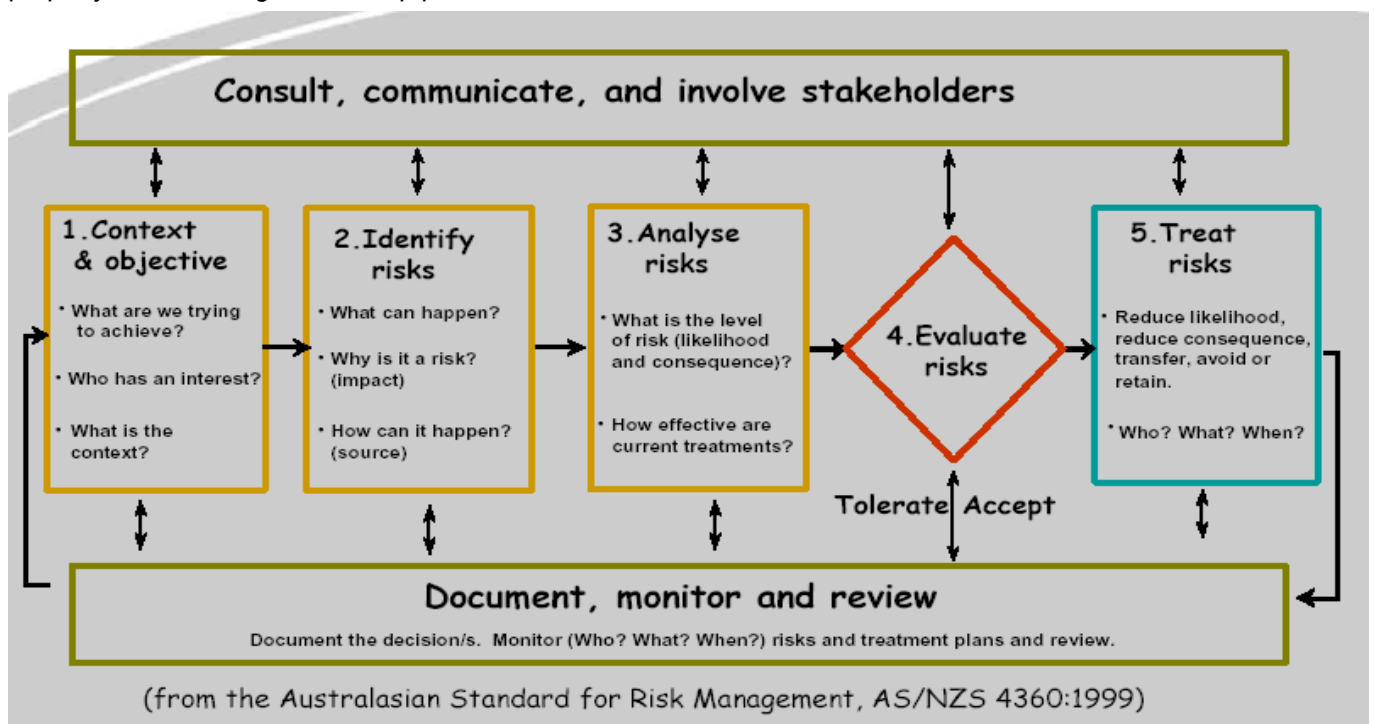
Step 2 – Identify risks (source and impact)

Step 3 – Analyse risks (consequences, likelihood and adequacy of controls)

Step 4 – Evaluate risks (risk priority)

Step 5 – Treat risks (avoid, reduce likelihood, reduce consequence, transfer, retain)

A similar process was also used for an Enterprise Context e.g., onions, sheep, peas.



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### **Farm Business Level Risk Analysis**

After Workshop 1 participants identified possible significant risks to their individual farm business. Areas for a collective focus were then identified and each of the participants selected their priority business risks to give a combined group ranking. The results in order of priority were:

- Soil fertility and health
- Poor profitability – inability to make it pay
- Food safety and quality i.e. the loss of the organic point of difference
- Lack of capital
- Access to markets
- Low yield/productivity
- Small scale – poor market linkages
- Extreme climatic events
- Access to water
- Cash flow – getting payment when required
- Weeds

The identification of soil fertility and health as the major business risk for Canterbury organic arable farmers provided the focus for activities for the remainder of the project. These included seminars and field days with guest speakers and demonstrations on soil fertility and soil testing, the pasture phase, mixed species pastures, grazing management and organic stock management.

Key activities were a cover crops literature review and field trial in recognition of the vital role that winter crops have in maintaining and enhancing soil health and fertility. The results of these activities are recorded in Organic Updates Nos. 8-19.

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