

# The opportunity for speciality root crops in Northland, New Zealand

Northland Inc. is exploring the opportunity to grow annual specialty root crops across the region as farmers face pressure to move beyond traditional land uses. This information sheet shares the latest economic feasibility results for **ginger** and **turmeric**.

Read the full report on the Northland Inc. website.

## Crop assessment

The key annual economic insights for each crop by **hectare** are presented below.

	Ginger	Turmeric
Commercial yield (midpoint)	15t	12t
Revenue (midpoint)	\$75k	\$66k
Growing costs (midpoint)	\$54.4k	\$51.6k
Gross profit (midpoint)	\$20.6k	\$14.4k
Gross margin	28%	22%
Most feasible product	Powder	Root

Both speciality root crops are considered feasible at a **small scale**, limited mostly by market factors.



## Scale of the opportunity

There is an opportunity for **16 hectares** of these specialty root crops to be planted in suitable microclimates across Northland, generating **\$1.2 million in total revenue** or \$0.3 million in total gross profit.

Ginger  15 ha

Turmeric  1 ha

**Disclaimer:** This information sheet is intended to provide rural landowners considering a change in land use with high-level information and estimates on the opportunity to grow specialty root crops in Northland. This is not intended to be a substitute for detailed business planning, or professional advice tailored to specific site conditions and agronomic strategies.

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## Why a small-scale, niche opportunity makes sense

-  Growing these specialty root crops is labour-intensive. The relatively high cost of labour domestically is a barrier to scaling production.
-  A price premium is therefore required to adequately cover the high costs of production, and ensure growers and processors can be profitable.
-  A small consumer segment will be willing to pay the required price premium, reflecting the value they place on locally grown produce.
-  Building market share means lowering the market price to reach more price-sensitive consumers, diminishing profit margins for growers and processors.
-  Without a clear comparative advantage, a domestic industry for these specialty root crops will face high competition from low-cost imports.

## Considerations for establishing a small-scale industry

-  Value-added processing can boost returns, but profit depends on matching the size of the processing operation and the product you make with the costs involved and what customers are willing to pay.
-  The proportion of Northland consumers willing to pay the required market premium may be insufficient to build a meaningful regional industry. Engaging the same market segment in neighbouring regions will help.
-  It can take several years for new crop systems to mature and consistently achieve target yields and quality. At least initially, growers should anticipate a staged productivity as regional capability and capacity builds.
-  The success of these crops depends on managing risks like yield, costs, prices, and regulations. Infrastructure like windbreaks or tunnels can reduce these risks, but you'll need higher profits to pay for them. Make sure that the investment lifts profits more than it costs.
-  At a regional level, uncoordinated farm-level decisions can create industry-wide issues. Regional stewardship and support can align growth with market demand (i.e. avoid oversupply), manage labour pressures, enable shared processing facilities and mitigate environmental risks from more intensive land-use.

