

THE TRUTH ABOUT OGR - PROFITABILITY GUIDE

To consistently achieve the best returns, you need to understand the factors that contribute to orchard profitability. This includes the key on-orchard decisions YOU CAN CONTROL, and the industry factors where you have minimal influence.

As part of our TruthAbout OGR service, this companion to our Orchard Income Calculator highlights the key factors YOU CAN MANAGE to maximise your total orchard profitability. These include:

- **ORCHARD MANAGEMENT** — having the right planting configuration, fertiliser and crop protection programmes
- **MANAGING TREE HEIGHT** — lower trees reduce wind damage and minimise harvest costs
- **TIMELY HARVEST STRATEGY** — reduces on-orchard fruit loss and improves fruit quality. This means more fruit getting packed for export, which outweighs any effect of lower export tray returns¹. Our one-pick timely harvest programme is an important component of orchard management, allowing you to grow healthy trees which can deliver sustainable yields across seasons.

AVOCADO ORCHARD VALUE CHAIN

1 HECTARE HASS ORCHARD	Indicative rate	Industry average	Indicative rate	Sustainable orchard	
Harvested kilograms		7,420		15,000	Better yields from orchard management Less orchard fruit loss from timely harvest
Trays					
Export	57%	769	70%	1,909	Better fruit quality from timely harvest
Domestic class 2	28%	378	23%	627	
Domestic class 3	10%	135	5%	136	
Process	5%	67	2%	55	
Total trays @ 5.5kg per tray	100%	1,349	100%	2,727	
Market returns					
Export	\$22.00	\$16,918	\$19.00	\$36,273	Income up on higher volumes and improved fruit quality
Domestic class 2	\$14.00	\$5,292	\$14.00	\$8,782	
Domestic class 3	\$7.00	\$945	\$7.00	\$955	
Process at \$0.50 per kg	\$2.75	\$184	\$2.75	\$150	
Total market return		\$23,339		\$46,160	100% increase in market returns
Less packing costs	\$4.50	\$6,071	\$4.50	\$12,273	
Orchard gate returns		\$17,268		\$33,887	
Less harvest costs	\$3.50	\$4,722	\$2.00	\$5,455	Lower harvest costs from smaller trees and a single harvest strategy
Orchard net revenue		\$12,546		\$28,432	
Less production costs per hectare		\$14,000		\$14,000	
Orchard profitability		(\$1,454)		\$14,432	Sustainable orchard profitability

To see how you could benefit from a better orchard management and harvest strategy, call Kyra Fielden on 027 257 5028 or John Emmett on 027 476 9087.

1. Fruit held on the tree for late season export is paid a market premium, which may be less than the actual cost of on-orchard fruit loss and a lower export packout.

Kyra Fielden
Grower Services Bay of Plenty
027 257 5028
kyra@justavocados.co.nz

John Emmett
Grower Services Northland and South Auckland
027 476 9087
john@justavocados.co.nz

 just
AVOCADOS
LIMITED
WWW.JUSTAVOCADOS.CO.NZ