



# DOES GROWING LESS FRUIT WITH BIGGER SIZE PAY?

Bill Robinson

MFC Grower Services Manager

June 2013

# Header Question

- ⦿ Is this fact?
- ⦿ Not entirely..... growing fruit with size does pay.....but there is a threshold
- ⦿ In Navels that is recognised as 35+ t/ha.
- ⦿ The question should be how much fruit of large sizes can I grow with next to no small ones
- ⦿ Small fruit does not pay the **BILLS!!!!!!**
- ⦿ Understand what and how you grow your fruit so as it does pay the bills.

# Understand the Markets

- Small fruit only limited markets
- Influenced by X-rate
- Traditional Asia – always borderline if X-rate >\$0.95¢
- New Asia KCT – only the prime counts but will pay sustainable prices
- Domestic market best if not over supplied

# Summary of Markets Cont.

- ⦿ Japan and USA influenced by X-rate and volume of supply
- ⦿ Sth Hemisphere competitors and cross seasonal from USA
- ⦿ For the grower - what happens if X-rate is too high and market in over supply?
- ⦿ And what does he need to do to keep returns above the cost of production?

# Analyse Returns \$

- Traditionally growers measure returns by the value of the bin
- This should be extended to returns /ha not returns by bins.
- This is fine if the fruit in the bin covers the cost of growing it.
- Which means some packed sizes in the bin will never meet this!
- With your pack outs where is the profit generating sizes i.e. >COP?
- Prime count cartons are these 75mm- 90mm
- Both 1<sup>st</sup> and 2<sup>nd</sup> grade are the only ones no matter how bad the markets are.

# MFC Perspective

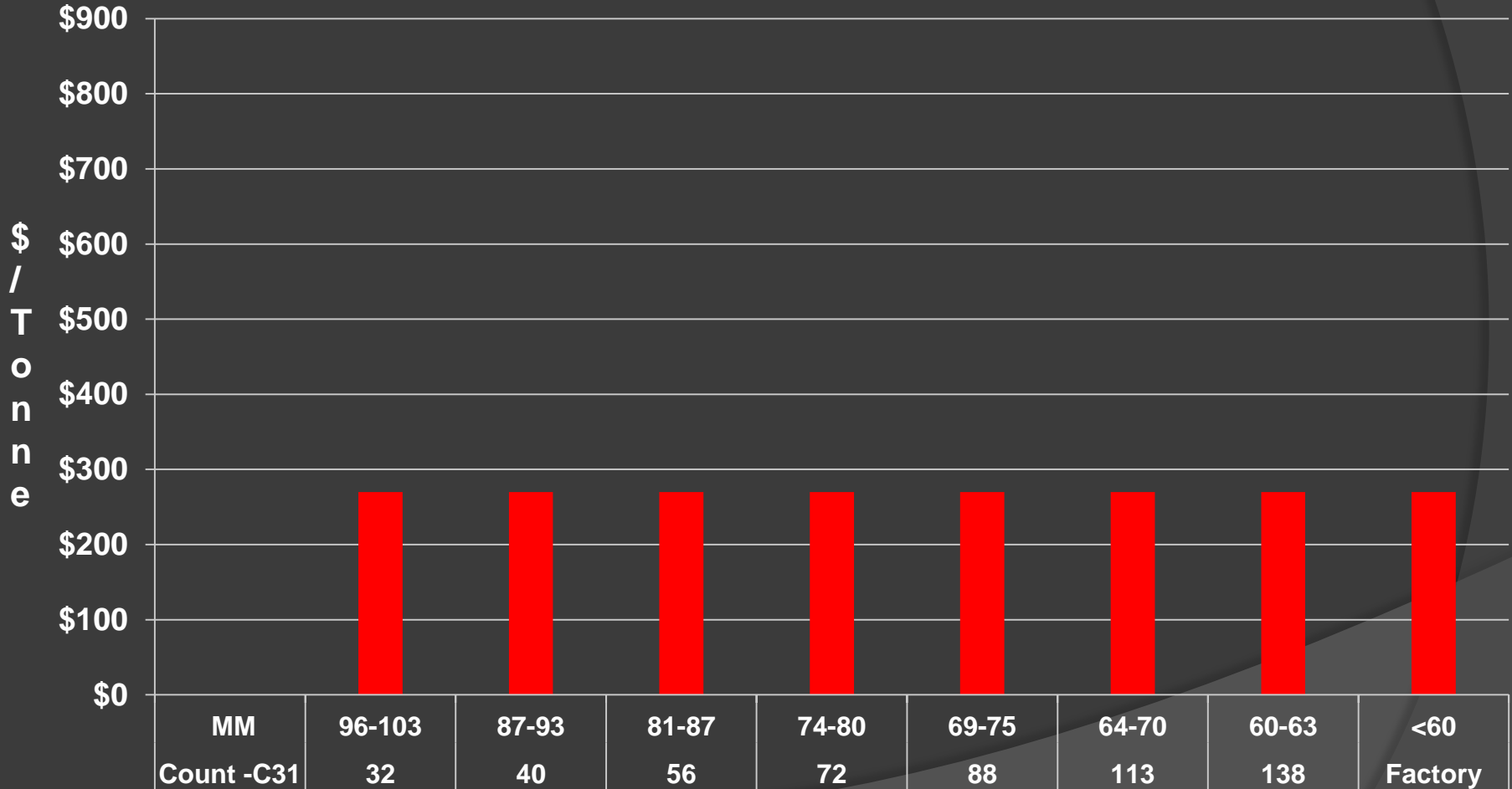
- ⦿ Grower Services review every pack out advice that goes to the grower
- ⦿ Essentially we see which type of fruit generates the most viable return compared to Cost of Production
- ⦿ Which grades/counts return the best?
- ⦿ How can I as a grower to try and achieve this?
- ⦿ This is what we will try and explain

# Production Costs

- ⦿ Fixed costs – same even if you grow 1; 30 or 60 tonne /Ha
- ⦿ Variable costs – anything that requires more input to grow or process the extra bins i.e. Fertiliser; water; picking; transport; etc.
- ⦿ Rule of thumb.....to produce navels at 40T/Ha = \$290/T and for 60T/Ha = \$270/T
- ⦿ First know your costs and apply them to the grade of carton packed
- ⦿ Following are returns for average pack outs for washingtons received for July 2009 vs 2012 returns.
- ⦿ X-rate 2009 - \$0.80¢ 2012 - \$1.04¢

# AVERAGE RETURNS V COP 2009

## RETURNS BY COUNT VS COST OF PRODUCTION AVERAGE PRICES 2009

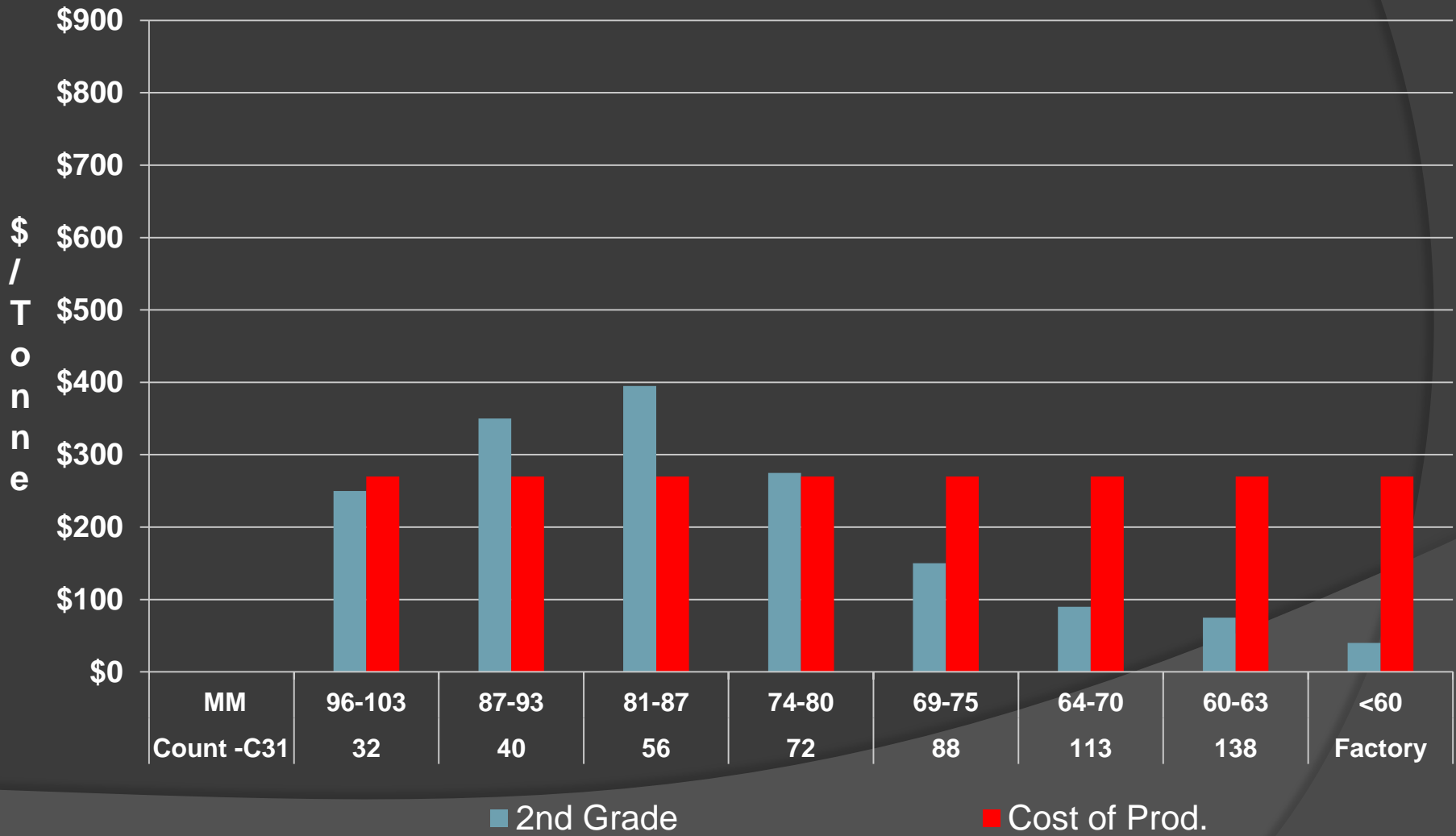


■ Cost of Prod.



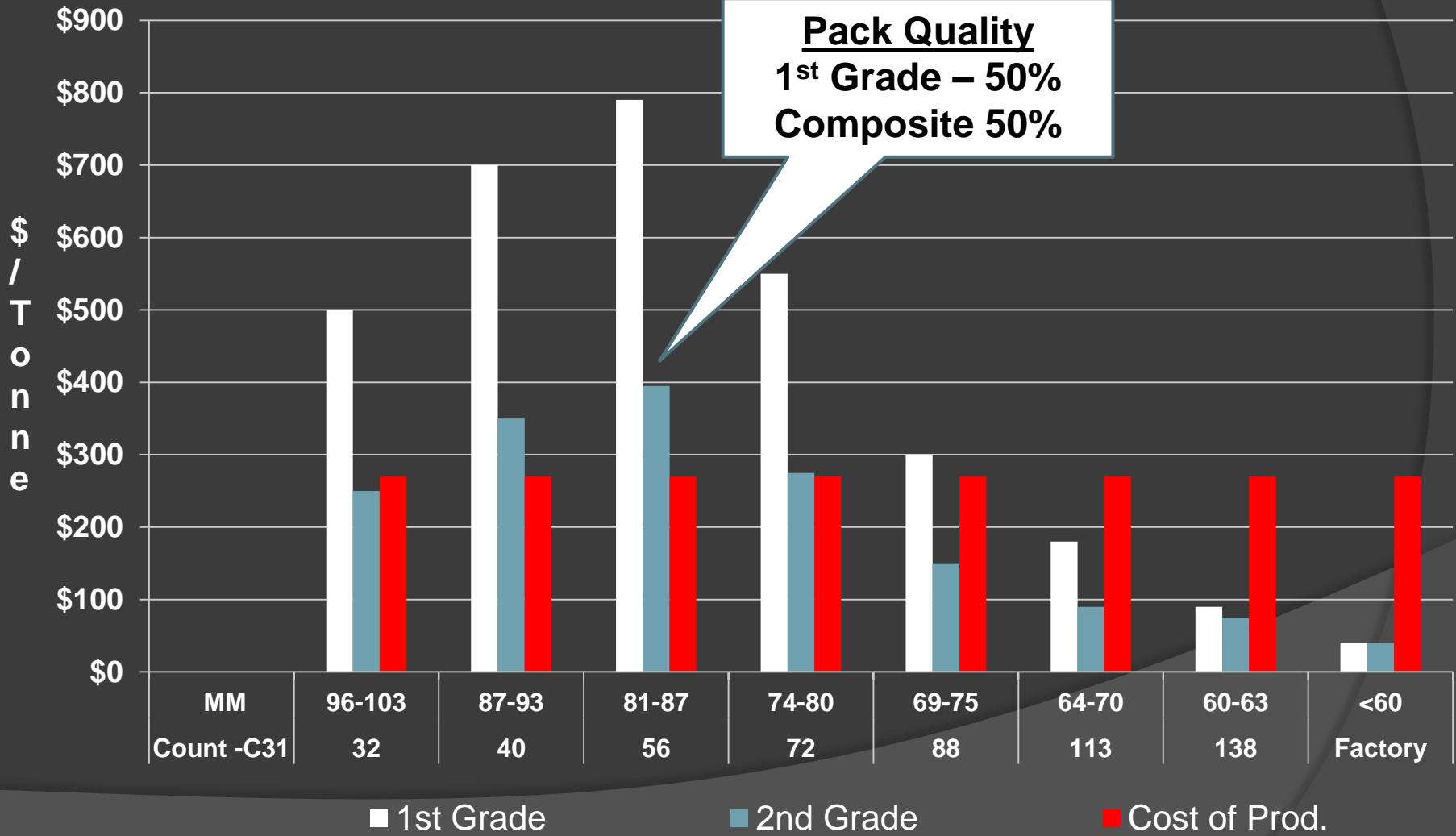
# AVERAGE RETURNS / PACKED TONNE V COP 2009

## RETURNS BY COUNT VS COST OF PRODUCTION AVERAGE PRICES 2009



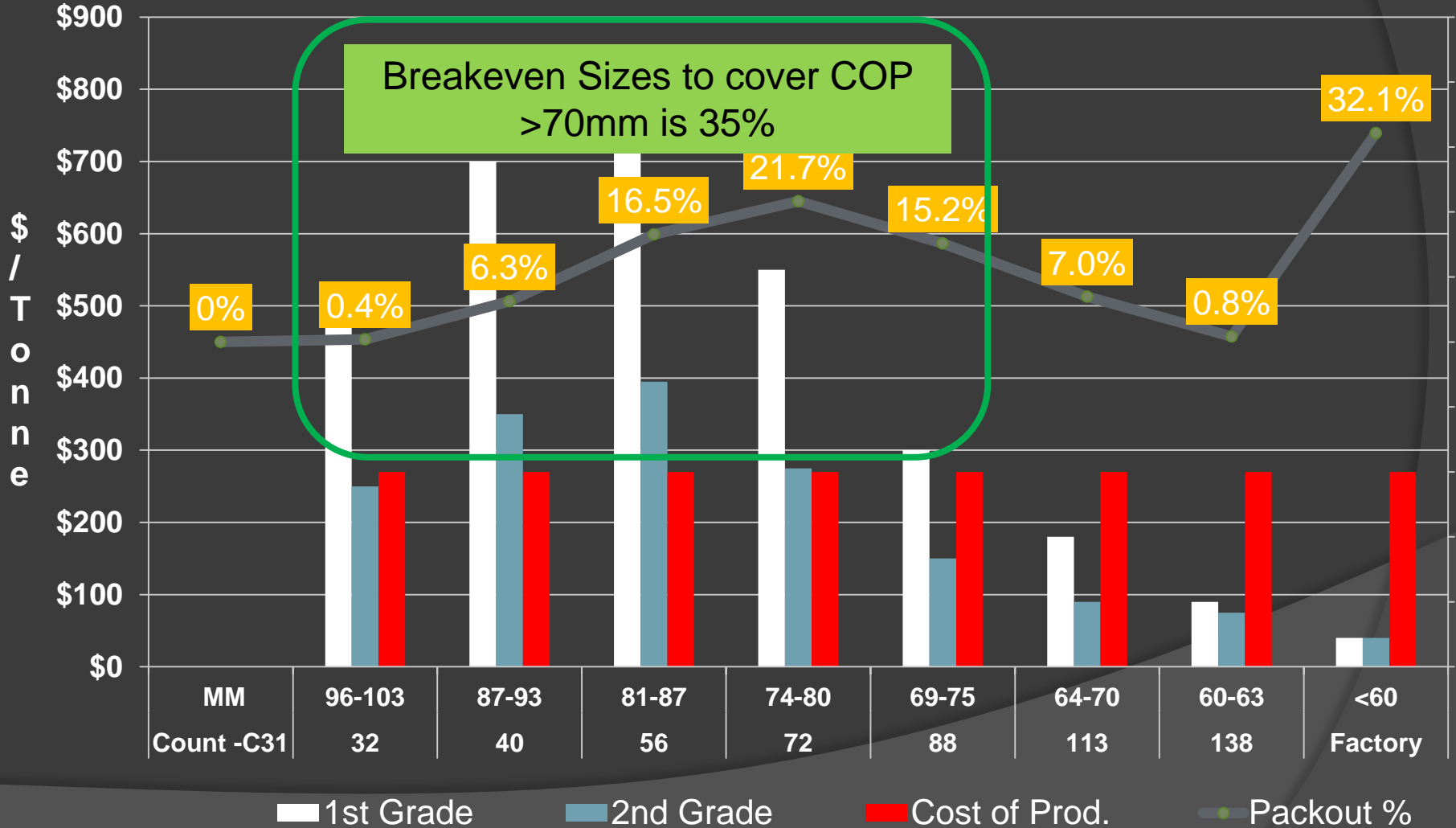
# AVERAGE RETURNS V COP 2009

## RETURNS BY COUNT VS COST OF PRODUCTION AVERAGE PRICES 2009



# AVERAGE RETURNS V COP 2009

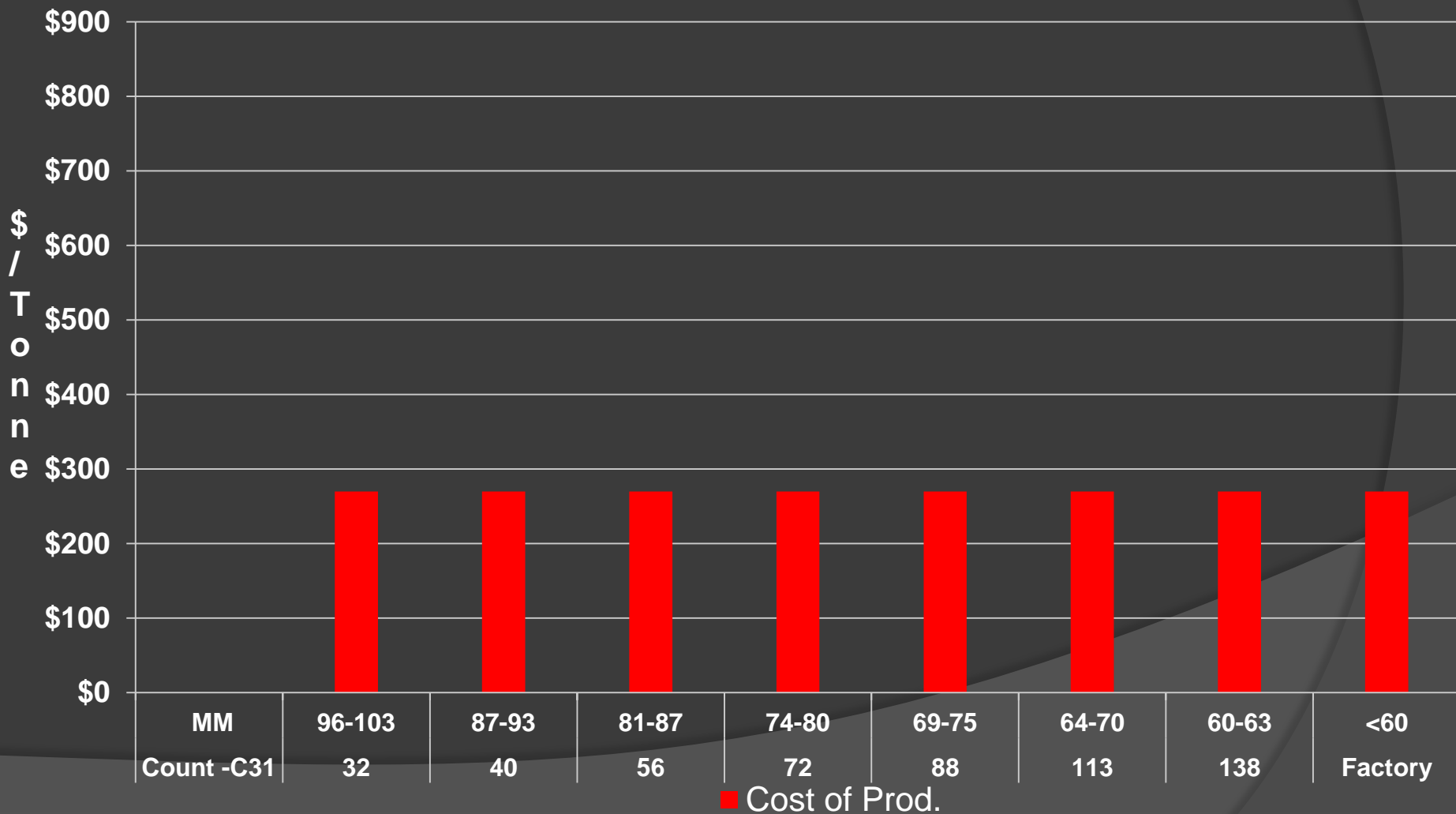
## RETURNS BY COUNT VS COST OF PRODUCTION AVERAGE PRICES 2009



# AVERAGE RETURNS V COP 2012



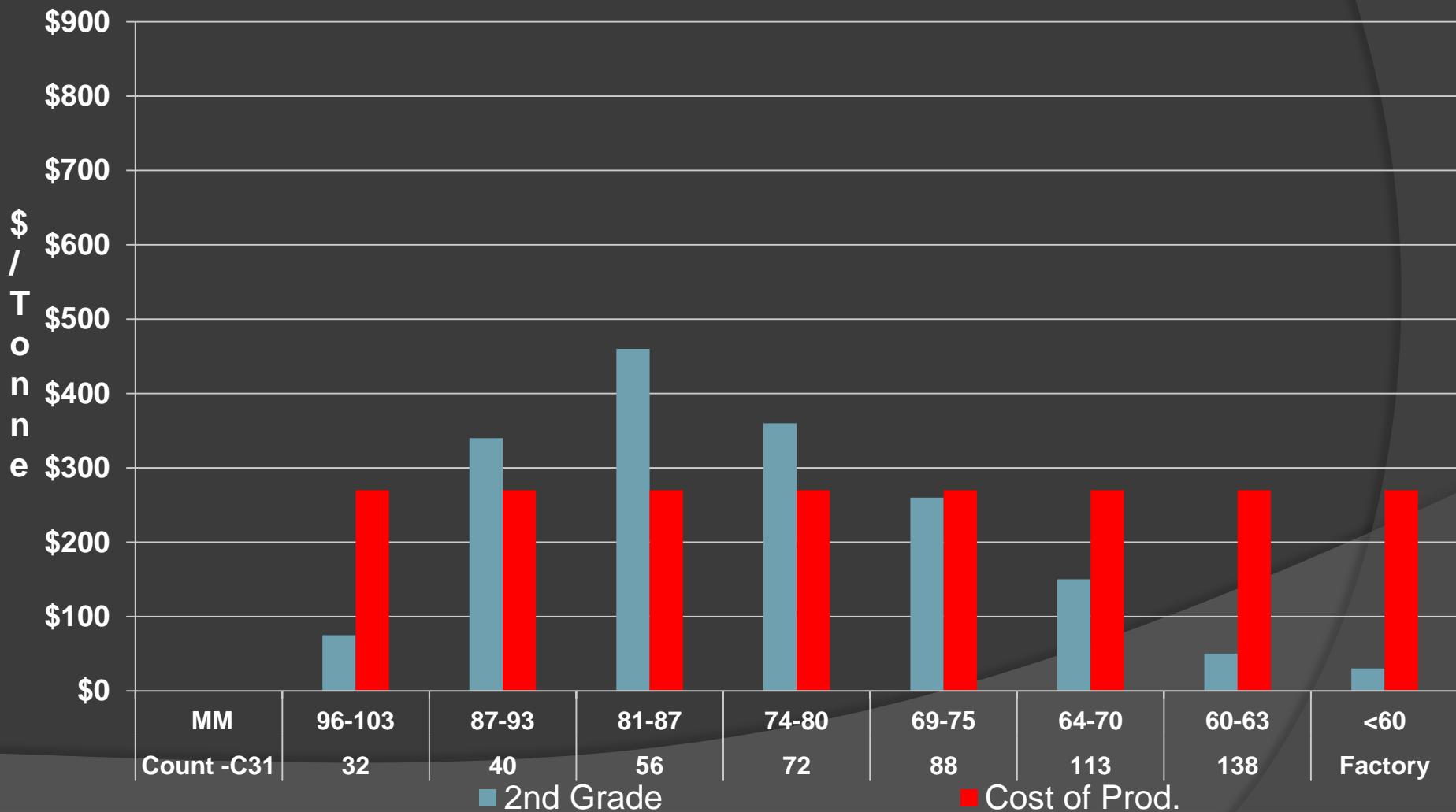
## RETURNS BY COUNT VS COST OF PRODUCTION AVERAGE PRICES 2012



# AVERAGE RETURNS V COP 2012



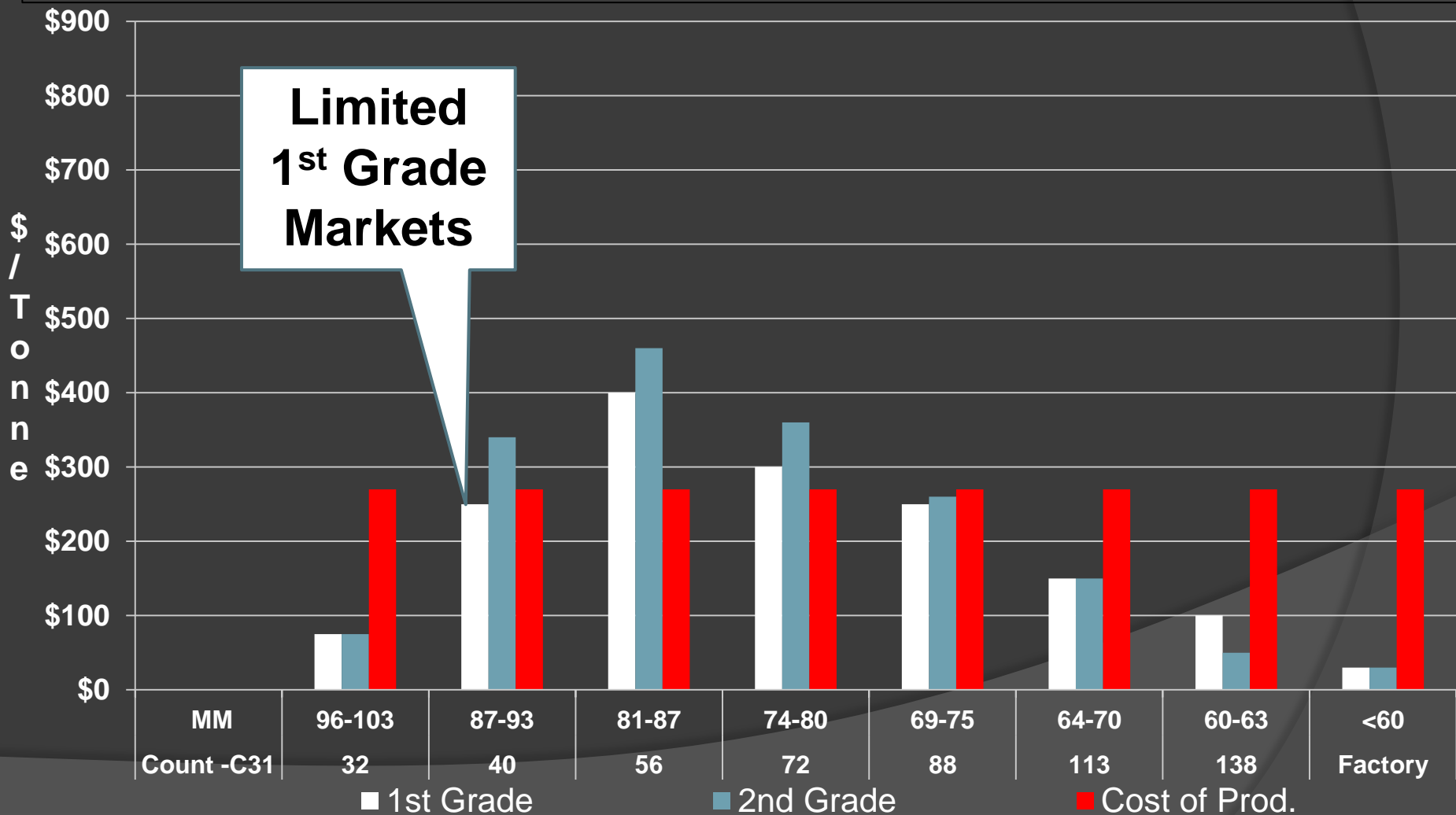
## RETURNS BY COUNT VS COST OF PRODUCTION AVERAGE PRICES 2012



# AVERAGE RETURNS V COP 2012



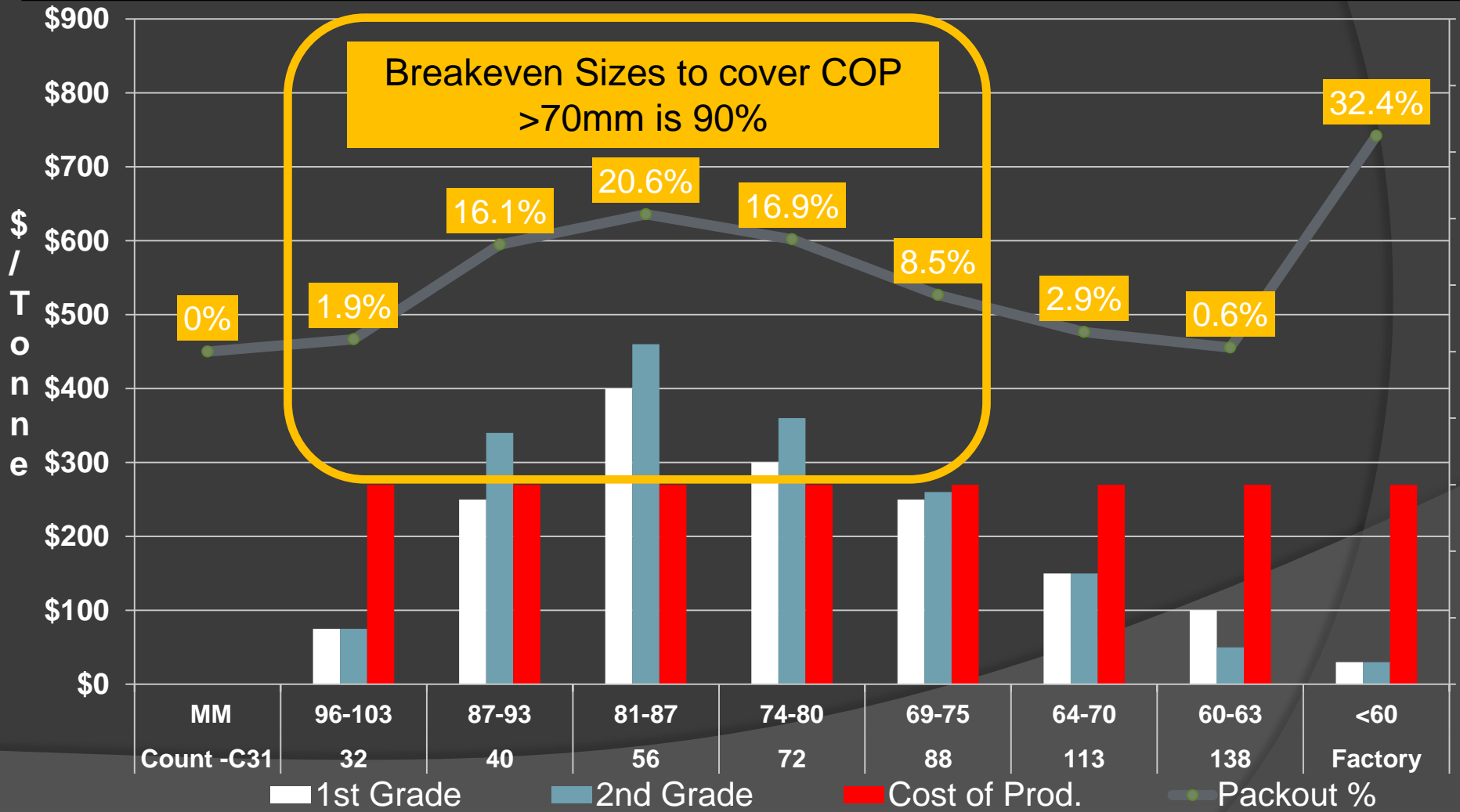
## RETURNS BY COUNT VS COST OF PRODUCTION AVERAGE PRICES 2012



# AVERAGE RETURNS V COP 2012



## RETURNS BY COUNT VS COST OF PRODUCTION AVERAGE PRICES 2012



# Summary of Graphs

- Breakeven to cost of production with 2009 prices required 35% fruit in the bin >70mm
- And prices for breakeven in 2012 – 90% of the bin >70mm
- When determining crop loads you need to understand how to achieve the percentage required on the tree..... and early!!!



# Small Fruit – What Value & To Who?

- Factory - greatest percentage is small sized fruit not blemish or damaged.
- Small fruit doesn't pay well when X-rate is low but it is even far worse when it is high !!!!!
- Best not to pick it and send it to packer aim for >70mm
- Only winners here are the pickers and the carriers
- Cost to grow a small fruit is the same as a large one.
- Or better still don't grow or pick it!!!!!!!!!!

# What Do You See Across Your Bins?

- Too many fruit in the bin under 70mm



# What Do You See Across Your Bins?

- Higher percentage of the sizes  $>70\text{mm}$



# Value of the Packed Carton

Count 56 = 81 – 87mm

Count 113 = <70 mm

**Count 56 Class 1  
Best price**

**Count 56 Composite  
50% Class 1 value**

**Count 113 Class 1  
<35% Class 1 value**



11/06/2013 16

# Grow Profitable Fruit At Minimum Cost

- Grow croploads to the capability of the tree
- Size percentage is relative to fruit numbers and tree status
- Monitor size and fruit numbers over the season..... Invest in a Cranston gauge
- Benchmark where fruitlet size needs to be at critical stages during season
- Act early!!