



future orchards 2012

Orchard Walk
June 2007

Ross Wilson and Steve Spark
AgFirst

Block Profit

$$\begin{aligned} \text{Block Profit} &= \\ &\text{Income} \\ &\text{less} \\ &\text{Cash Expenses} \\ &\text{(including overheads)} \\ &\text{Interest and Lease} \\ &\text{Depreciation} \end{aligned}$$



SA17

- Cripps Pink on M9
- Planted 2001
- 2857 trees/ha

Photo taken Oct 2006

6th leaf



Monitor Block SA17

Cripps Pink

Block Profit Information - [View PDF](#)

| Year | Block Profit (\$/ha) | Gross Yield (kg/ha) | Grade 1 Yield (kg/ha) | Grade 1 Packout % | Fruit Size Count |
|------|----------------------|---------------------|-----------------------|-------------------|------------------|
| 2003 | -8718 | 6343 | 4440 | 70% | 0 |
| 2004 | -4356 | 11054 | 9129 | 83% | 0 |
| 2005 | 23157 | 39720 | 33749 | 85% | 0 |
| 2006 | 6832 | 26937 | 18856 | 70% | 0 |

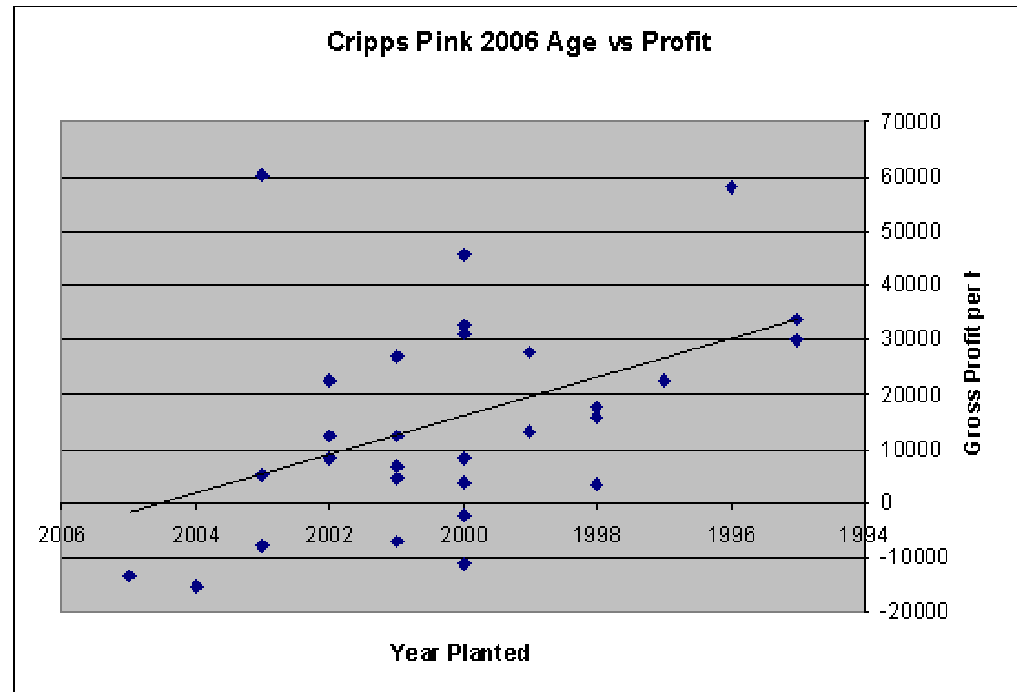
| | 2006 | | | | 2005 | | | | 2004 | | | |
|-----------------------------|---------------|---------------|----------------|----------------|---------------|---------------|----------------|-----------------|----------------|----------------|----------------|-----------------|
| Tree Number | 1999 | Age: | | | 1999 | Age: | | | 1999 | Age: | | |
| Area (ha) | 0.70 | | | | 0.70 | | | | 0.70 | | | |
| Density (trees/ha) | 2856 | | | | 2856 | | | | 2856 | | | |
| Yield | kg /tree | Gross kg/ha | Class 1 kg /ha | Tonnes /ha | kg /tree | Gross kg/ha | Class 1 kg /ha | Tonnes /ha | kg /tree | Gross kg/ha | Class 1 kg /ha | Tonnes /ha |
| Gross yield | 9.43 | 26937 | 18856 | 26.94 | 13.91 | 39720 | 33749 | 39.72 | 3.87 | 11054 | 9129 | 11.06 |
| Submitted to Packhouse | 100% | | | | 100% | | | | 100% | | | |
| Packing cost | \$0.00 | | | | \$0.00 | | | | \$0.00 | | | |
| Recovery and Returns | Class 1 | Class 2 | Process | | Class 1 | Class 2 | Process | | Class 1 | Class 2 | Process | |
| Packouts | 70% | 0% | 30% | | 65% | 12% | 2% | | 83% | 15% | 3% | |
| Returns | \$1.20 | \$0.50 | \$0.15 | | \$1.20 | \$0.50 | \$0.15 | | \$1.20 | \$0.50 | \$0.15 | |
| Average Size | | | | | | | | | | | | |
| Direct Financial Result | \$ per Tree | \$/Gross kg | \$/Class 1 kg | \$ per Hectare | \$ per Tree | \$/Gross kg | \$/Class 1 kg | \$ per Hectare | \$ per Tree | \$/Gross kg | \$/Class 1 kg | \$ per Hectare |
| Income | \$8.35 | \$0.88 | \$1.26 | \$23,839 | \$15.08 | \$1.08 | \$1.26 | \$43,074 | \$4.14 | \$1.07 | \$1.29 | \$11,809 |
| Prune | \$0.40 | \$0.04 | \$0.06 | \$1,142 | \$0.40 | \$0.03 | \$0.03 | \$1,142 | \$0.35 | \$0.09 | \$0.11 | \$1,000 |
| Thin | \$0.20 | \$0.02 | \$0.03 | \$571 | \$1.00 | \$0.07 | \$0.08 | \$2,856 | \$0.40 | \$0.10 | \$0.13 | \$1,142 |
| Harvest | \$0.75 | \$0.08 | \$0.11 | \$2,155 | \$0.97 | \$0.07 | \$0.08 | \$2,780 | \$0.31 | \$0.08 | \$0.10 | \$884 |
| Additional orchard expenses | \$4.08 | \$0.43 | \$0.62 | \$11,639 | \$4.08 | \$0.29 | \$0.34 | \$11,639 | \$4.08 | \$1.05 | \$1.28 | \$11,639 |
| Management fee | \$0.53 | \$0.06 | \$0.08 | \$1,500 | \$0.53 | \$0.04 | \$0.04 | \$1,500 | \$0.53 | \$0.14 | \$0.16 | \$1,500 |
| Total Cost of Production | \$5.96 | \$0.63 | \$0.90 | \$17,007 | \$6.97 | \$0.60 | \$0.59 | \$19,917 | \$5.66 | \$1.46 | \$1.77 | \$16,165 |
| PROFIT | \$2.39 | \$0.25 | \$0.36 | \$6,832 | \$8.11 | \$0.58 | \$0.69 | \$23,157 | -\$1.53 | -\$0.39 | -\$0.48 | -\$4,356 |

NOTES 2006 Packouts and returns not supplied by grower, so default figures have been used.
 2005 Returns have not been specified by the grower, so default values have been used. Class 1 \$1.20/kg, Class 2 \$0.50/kg, Process \$0.15/kg.
 2004 Returns have not been specified by grower, so default figures have been used.

NB - this report uses an "Orchard Gate" return, ie, post-harvest costs are netted off.
 Analysis is based on actual yield, actual labour costs (pruning to harvest) and actual returns.
 Additional orchard expenses and management fees are based on industry averages.

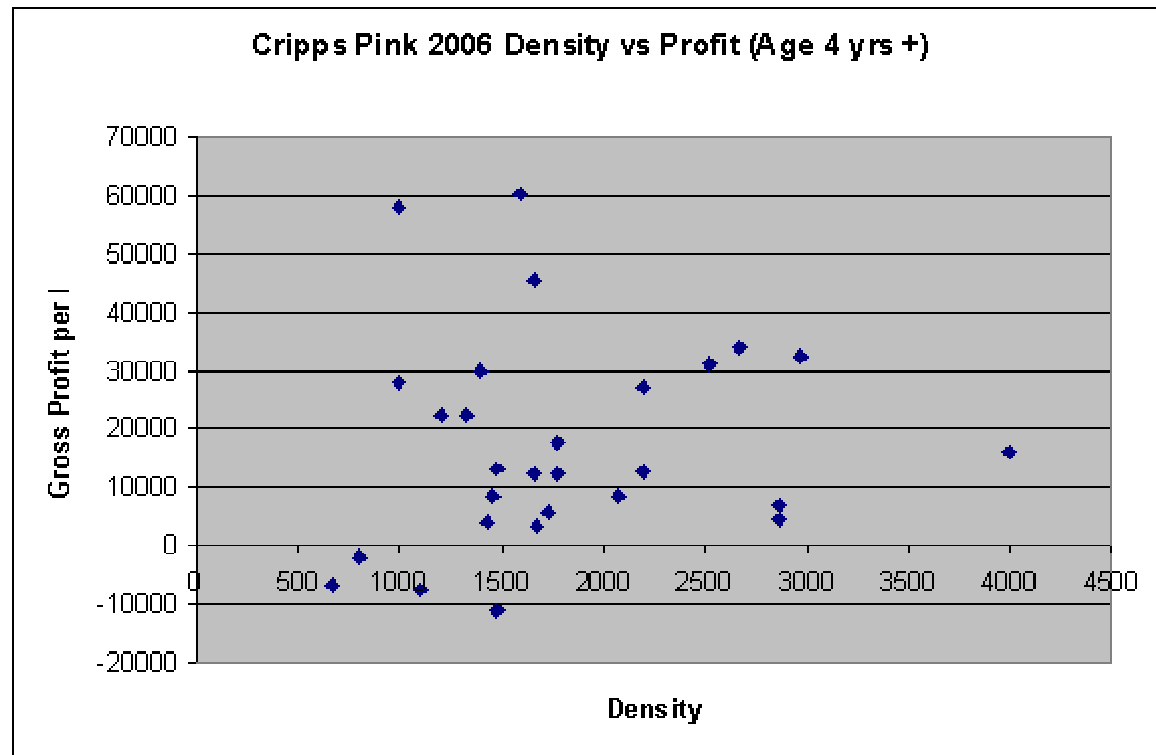
Tree Age vs Profit

- Profit increases with age but
- Poor relationship
- Huge variation



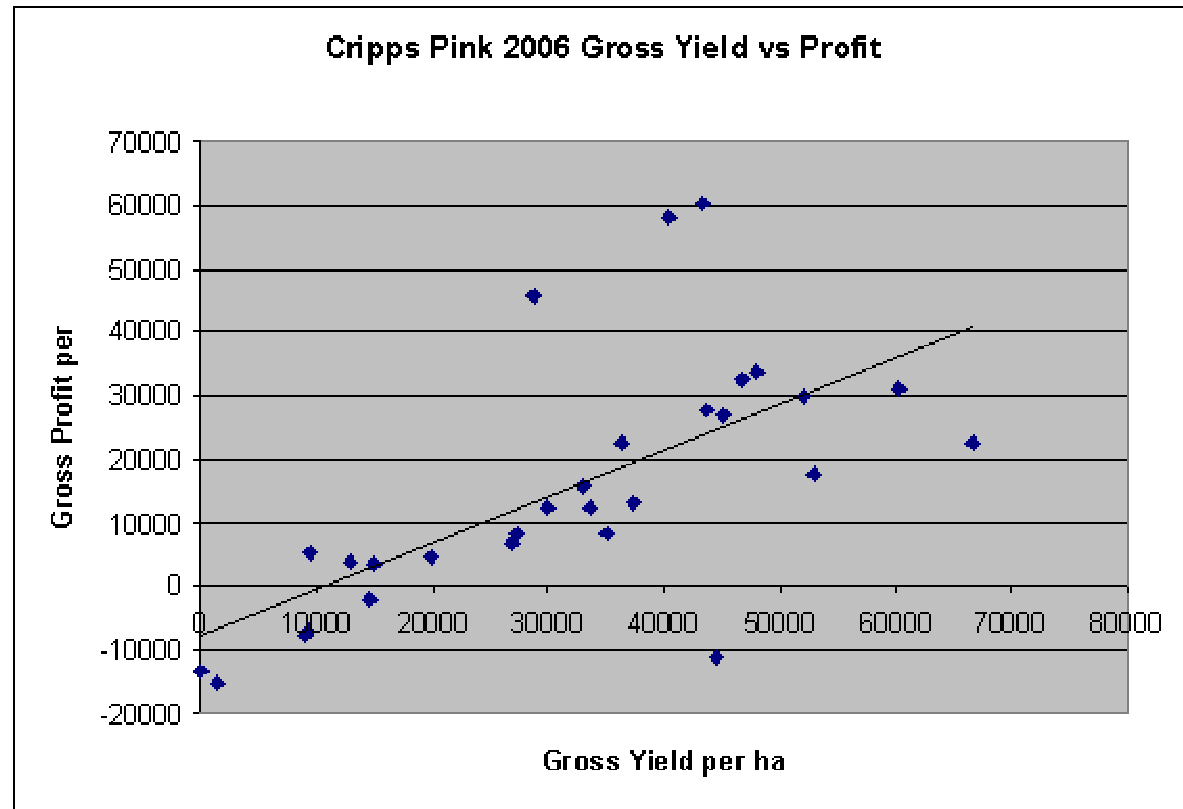
Tree Density vs Profit

- Poor relationship
- Huge variation
- Tree density by itself helps early yield accumulation but probably not mature profitability



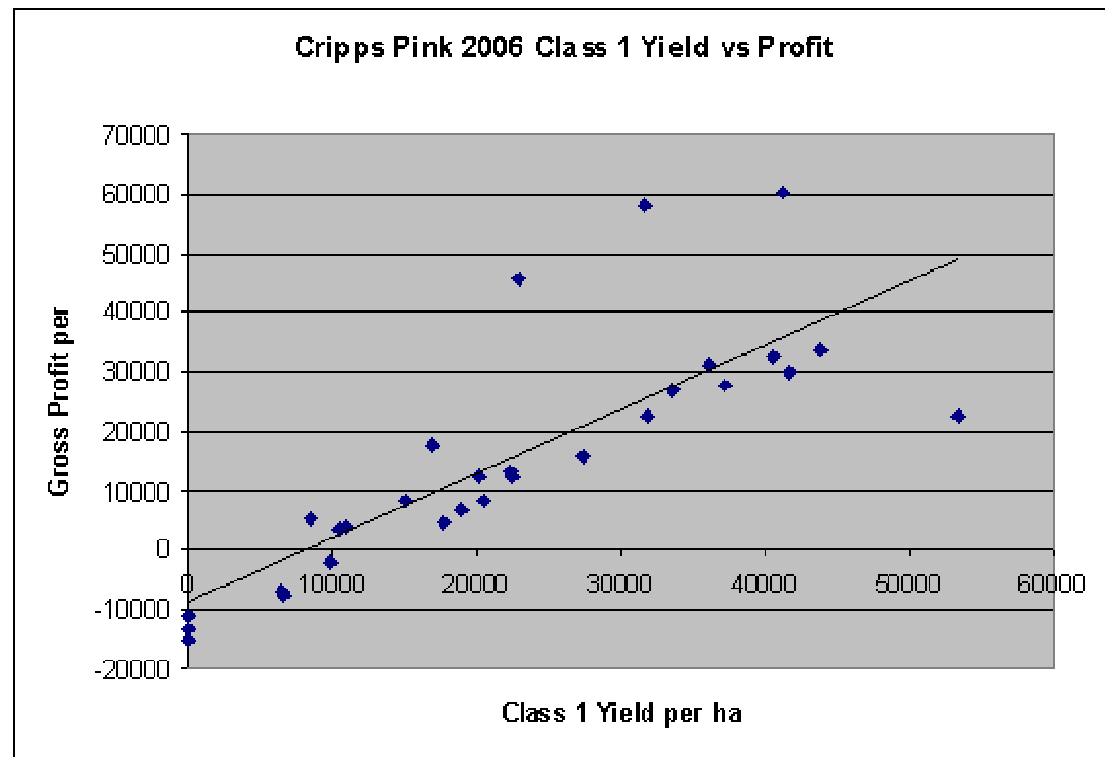
Gross Yield vs. Profit

- Strong relationship
- Only three blocks outside of a very tight trendline



Marketable Yield vs. Profit

- Extremely strong relationship
- Only three blocks outside of a very tight trendline. Why?



Key drivers of block profit

- 1. Price** (Variety, Quality, Market Strategy, Timing)
 - 2. Productivity** (max accumulated yield on young blocks and optimized mature yields)
 - 3. Packout** (Class 1 volume drives profit. Must maximize Class 1 volume)
 - 4. Expenditure** (yield, packout, scale, simplicity, efficiency, planning, reliability)
-

Maximise Income

and

Manage Costs



Apple & Pear Australia Ltd



**“Awareness is
90% of the
solution”**

**“You can’t
manage what
you don’t
measure”**



Block Objective Setting example

- Target yield of 4000 tces/ha @ 105 equates to 600 fruit/ tree, aim to lift packout to 85% recovery
- Try to bring the block early. Use Hicane, Extenday at petal fall, Cincture all blocks at petal fall to reduce vigour (no Ethrel or Regalis. Increase chemical thinning to compensate
- Don't overprune or overthin bottoms of trees
- Summer rip and then summer prune if necessary. Aim for the early market

