



**COMPARATIVE ECONOMIC
PERFORMANCE OF
ARGOS KIWIFRUIT ORCHARDS
2003/04 – 2007/08**

**Glen Greer,
AERU
Lincoln University**





Presentation Structure

- Discuss the economic differences amongst panels – returns, costs and measures of the “bottom-line”
- A more detailed look at “conventional” vs “organic” costs
- Compare with sheep and beef sector results
- Look at an alternate approach to examining economic differences amongst orchards





Orchard Financial Analysis Rationale

- Looking at the orchard entity as a single entity
- Capturing un-priced resources used in production
- Analysis as a single dataset with all variables in 07-08 dollars

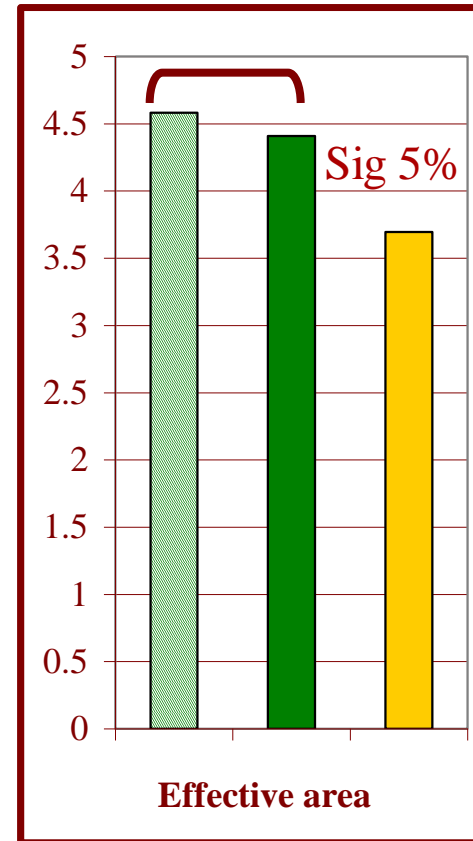
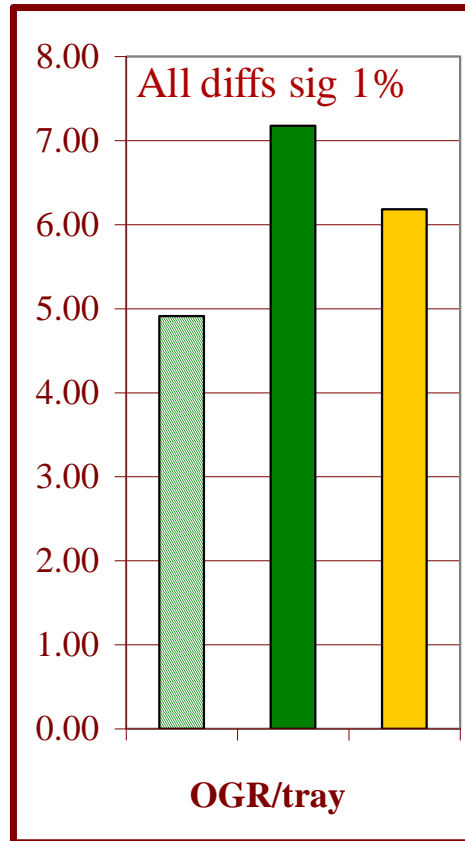
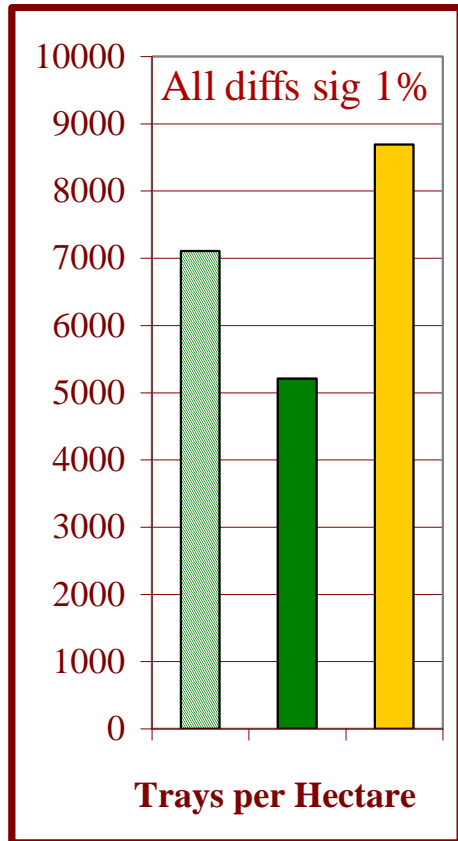
Orchard Numbers

- 9 (8 in 02/03) Green orchards
- 7 (11 in 02/03) Organic orchards
- 6 (8 in 02/03) Gold orchards
 - 3 “gold only” (3)
 - 3 “combined” (5)





Description of ARGOS Kiwifruit Panels



Green



Organic

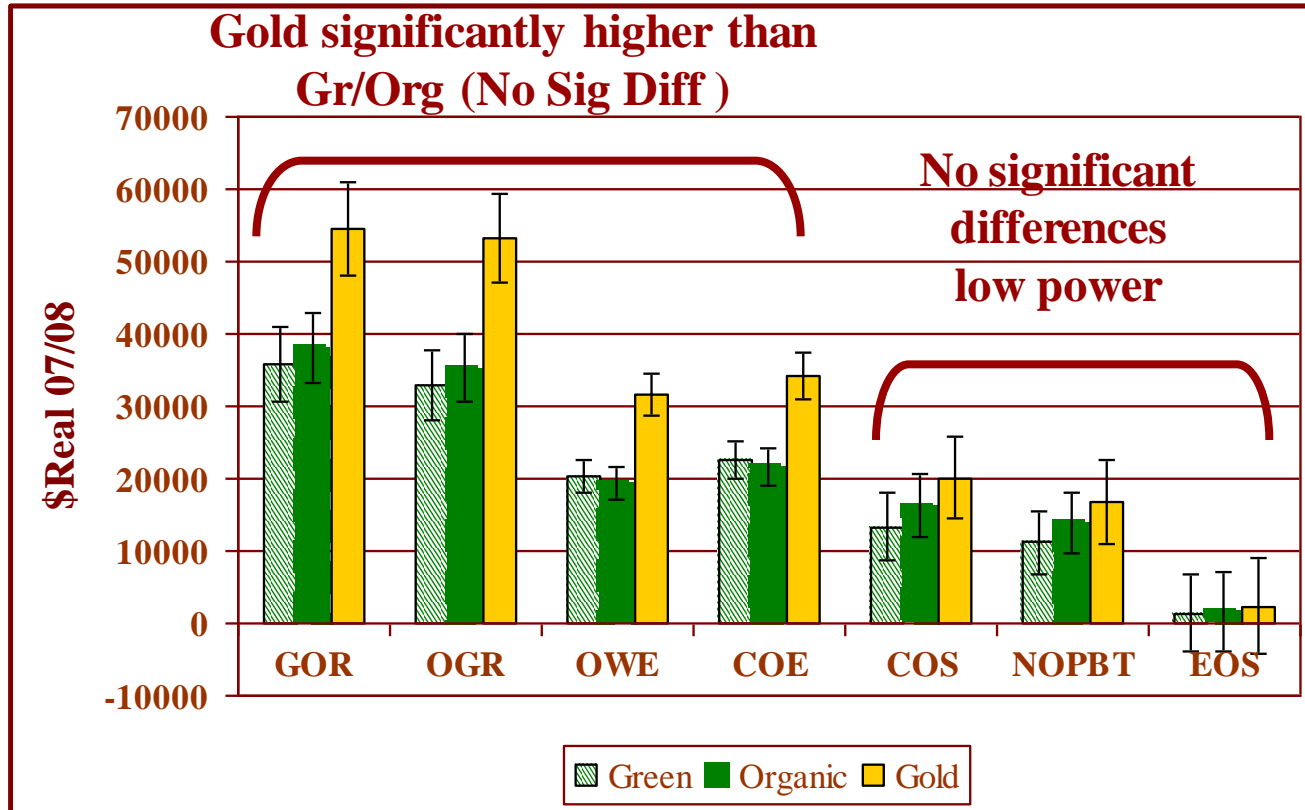


Gold



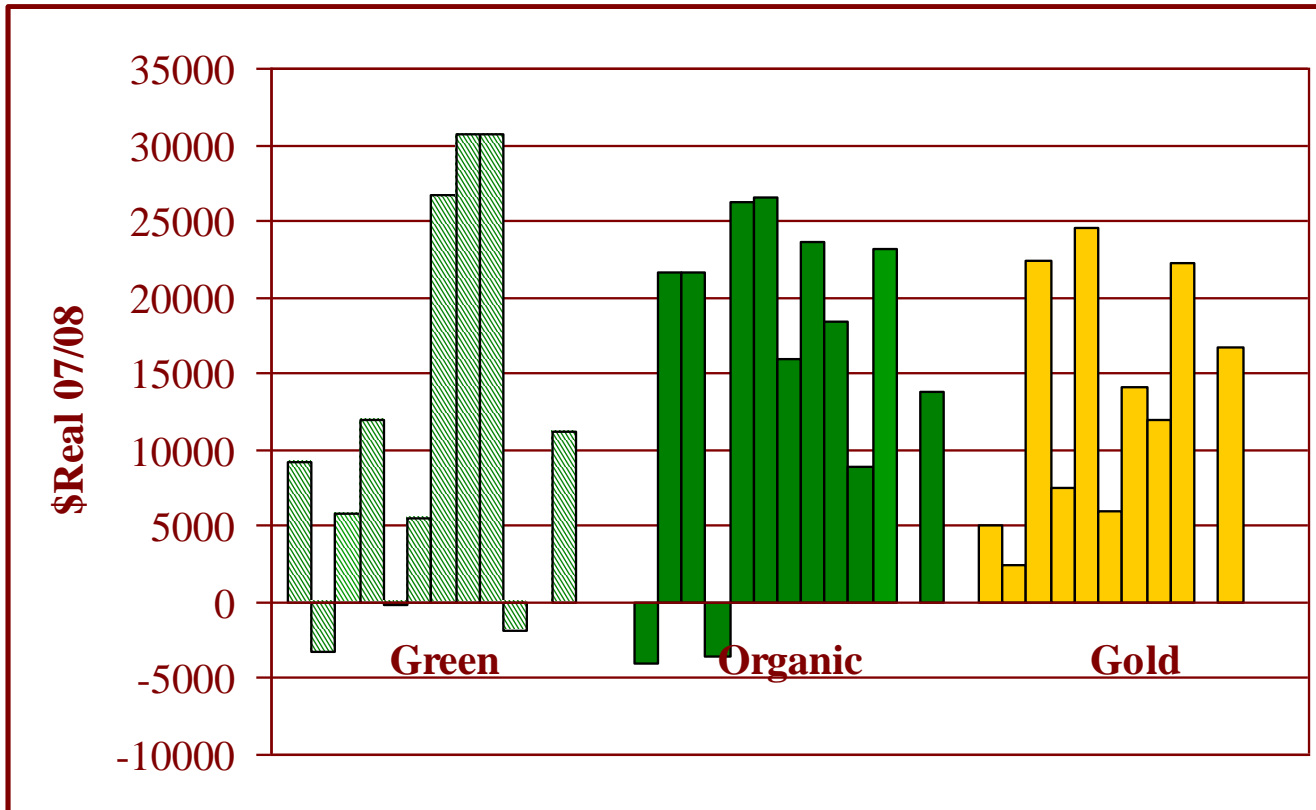


Kiwifruit Mean Financial Parameters 02/03-07/08





Variability of Kiwifruit Mean NOPBT 02/03-07/08



Green



Organic

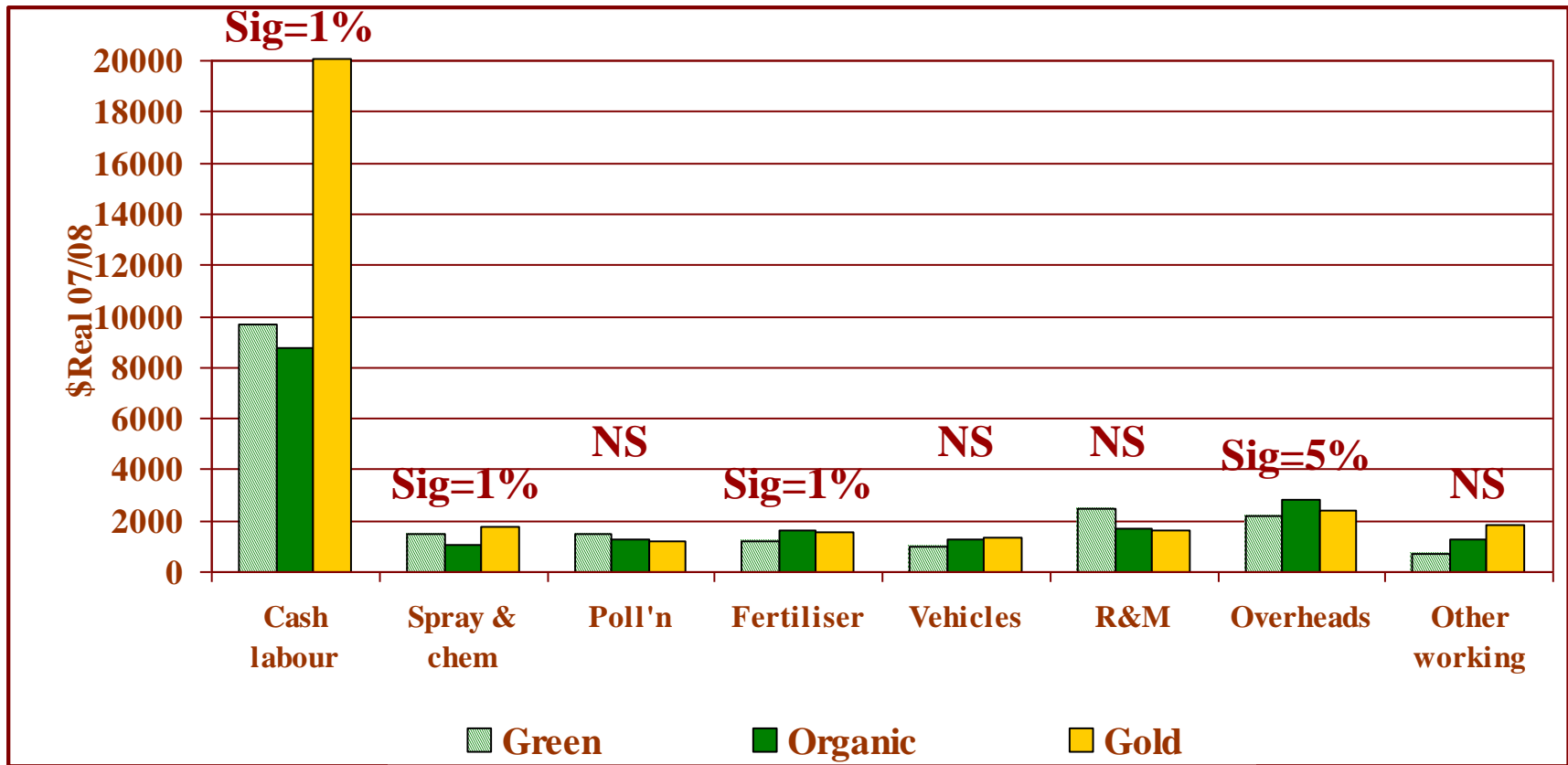


Gold





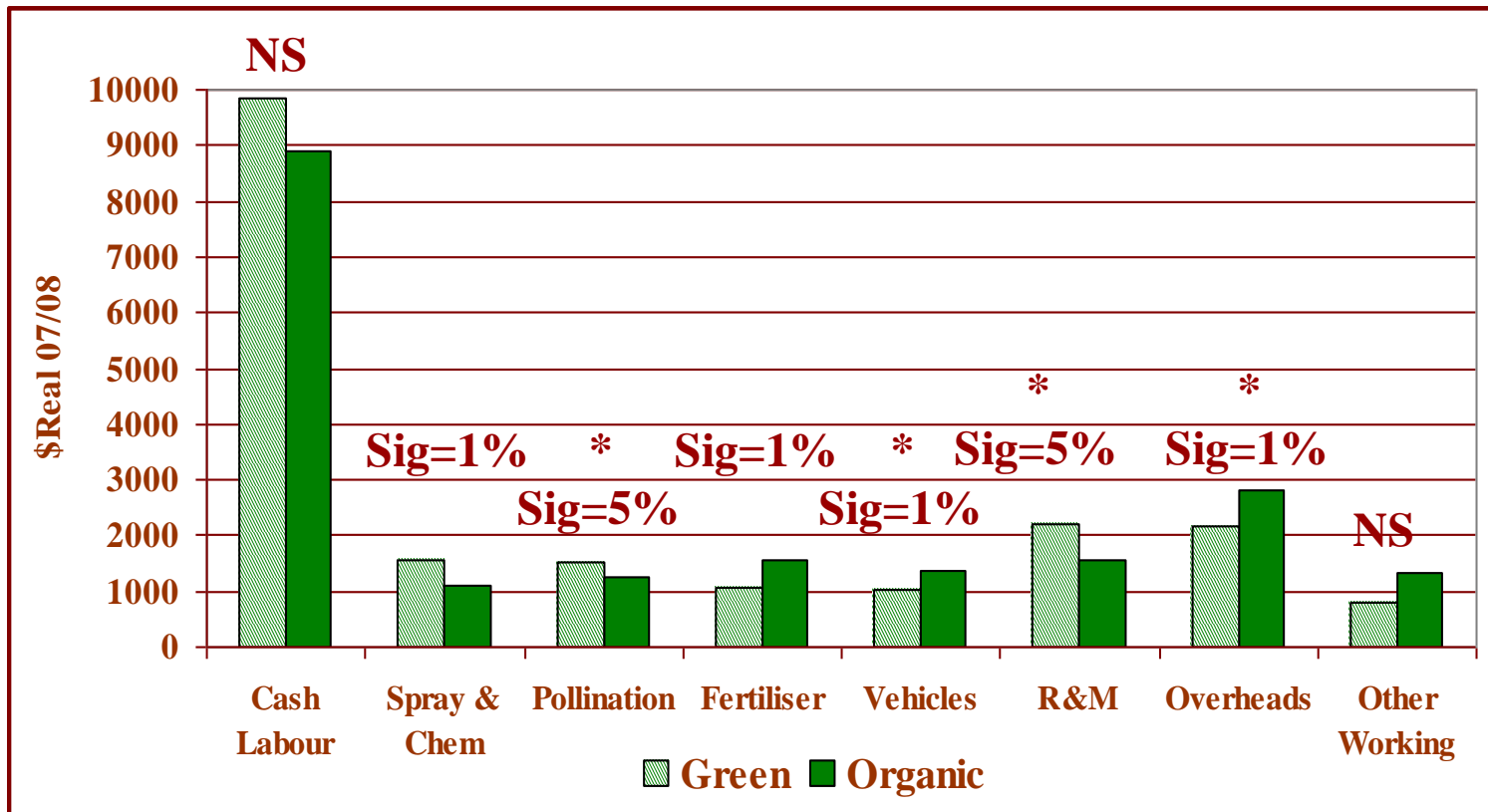
Kiwifruit Mean Orchard Working Costs 02/03-07/08





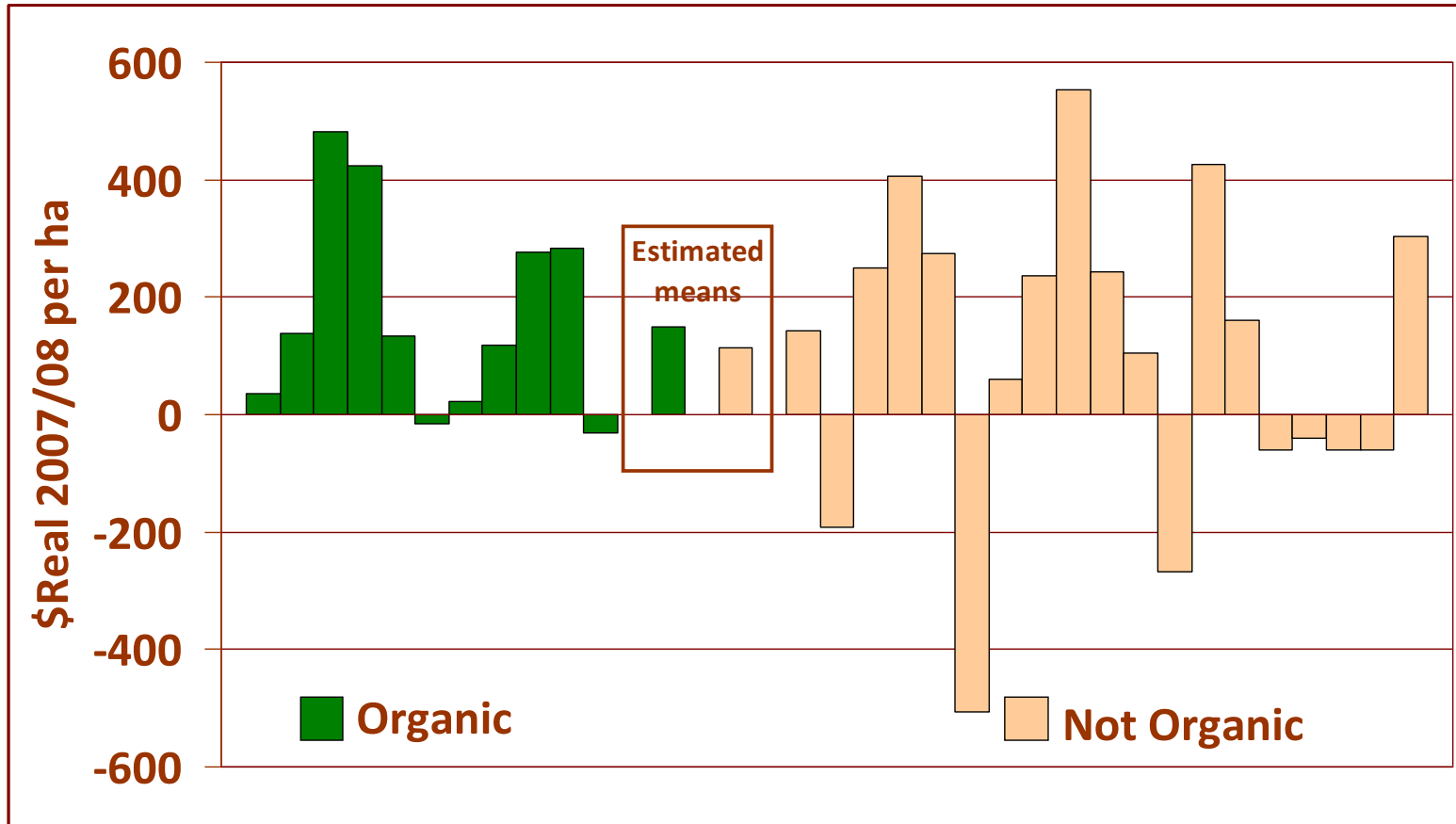
Kiwifruit Mean Orchard Working Costs 02/03-07/08

Green and Organic only



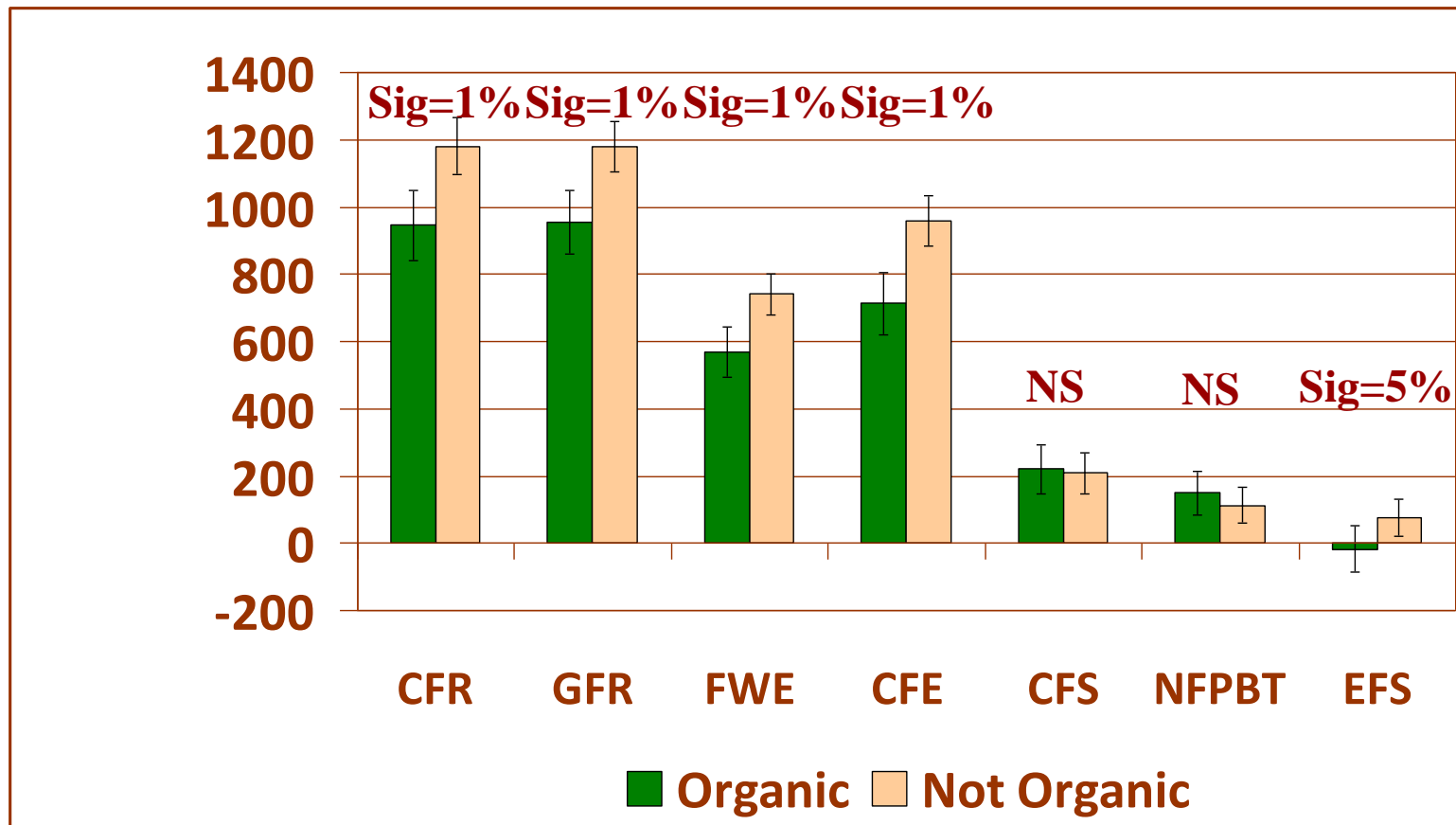


Variability of Sheep /Beef Mean NFPBT 02/03-07/08





Sheep/Beef Mean Financial Parameters 02/03-07/08





Kiwifruit Summary of Panel Analysis

- **Organic - lowest yields but highest per tray returns**
- **Gold - highest yields and intermediate per tray returns**
- **Gold - highest gross returns & higher costs than others**
- **No differences found in the financial bottom lines -**
- **IT APPEARS THAT VARIABILITY HAS MORE TO DO WITH THE OPERATOR THAN THE MANAGEMENT SYSTEM since within panels variation greater than differences between panel means**
- **Cost differences mostly expected consequences of Organic certification/management systems and higher yields of gold kiwifruit**





Alternative Explanations of Differences

- **Qsort analysis to sort farmers into groups based on the important factors in decision-making process**
- **Kiwifruit**
 - **Type 1 = “business group”- mostly post harvest**
 - **Type 2 = “lifestyle group” – More emphasis on environment and social factors**
- **Sheep/Beef**
 - **Type A = fewer connections, less emphasis on social/environmental factors**
 - **Type B = more connections, emphasise satisfaction, external factors, family and environment**



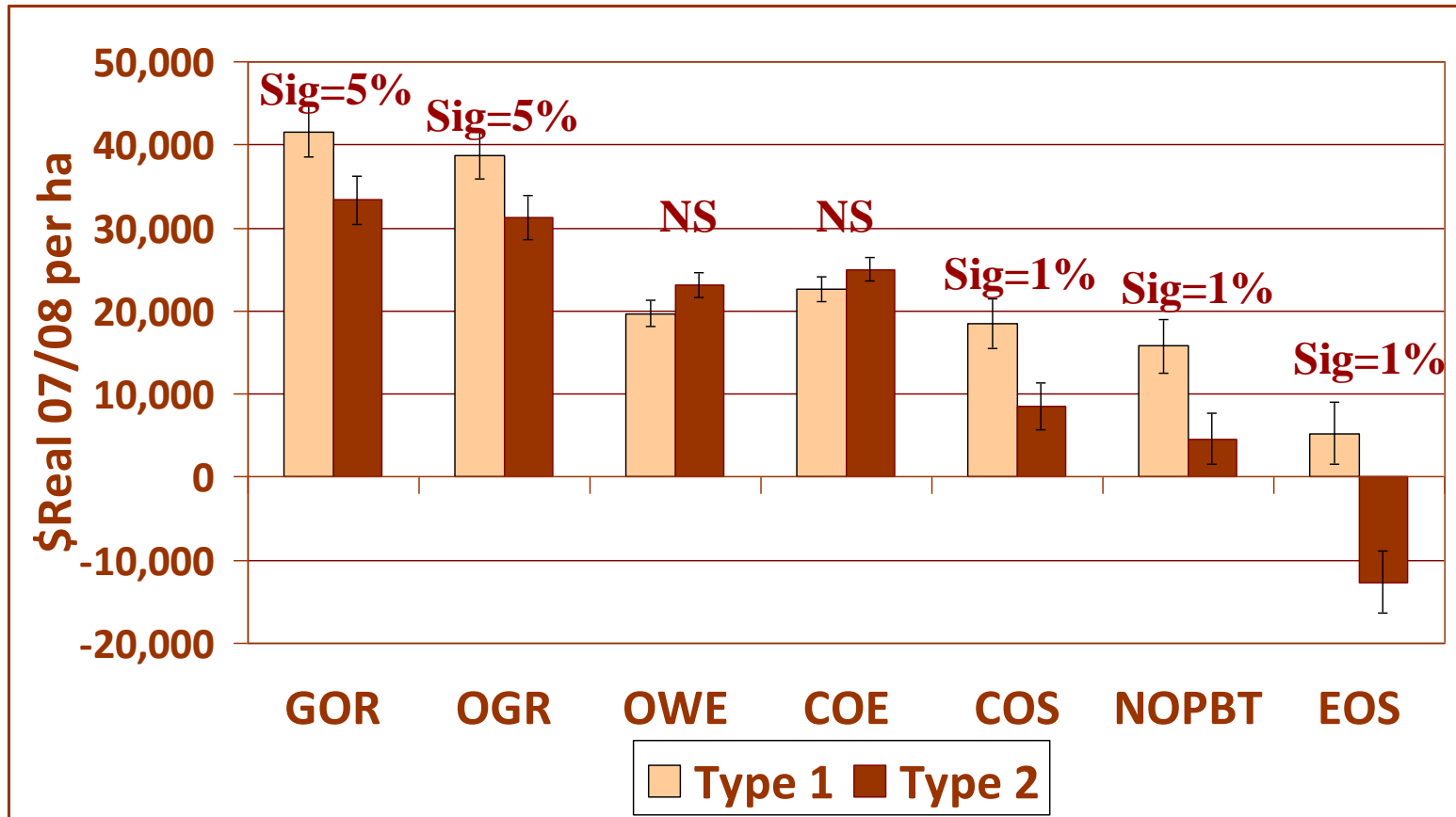


Management System by Farmer Type

Kiwifruit	Type 1	Type 2	Unclassified
Organic	5	4	1
Green	6	2	3
Gold	5	2	3
	16	8	7
Sheep/Beef	Type A	Type B	Unclassified
Organic	2	10	0
Nor Organic	7	9	4
	9	19	4

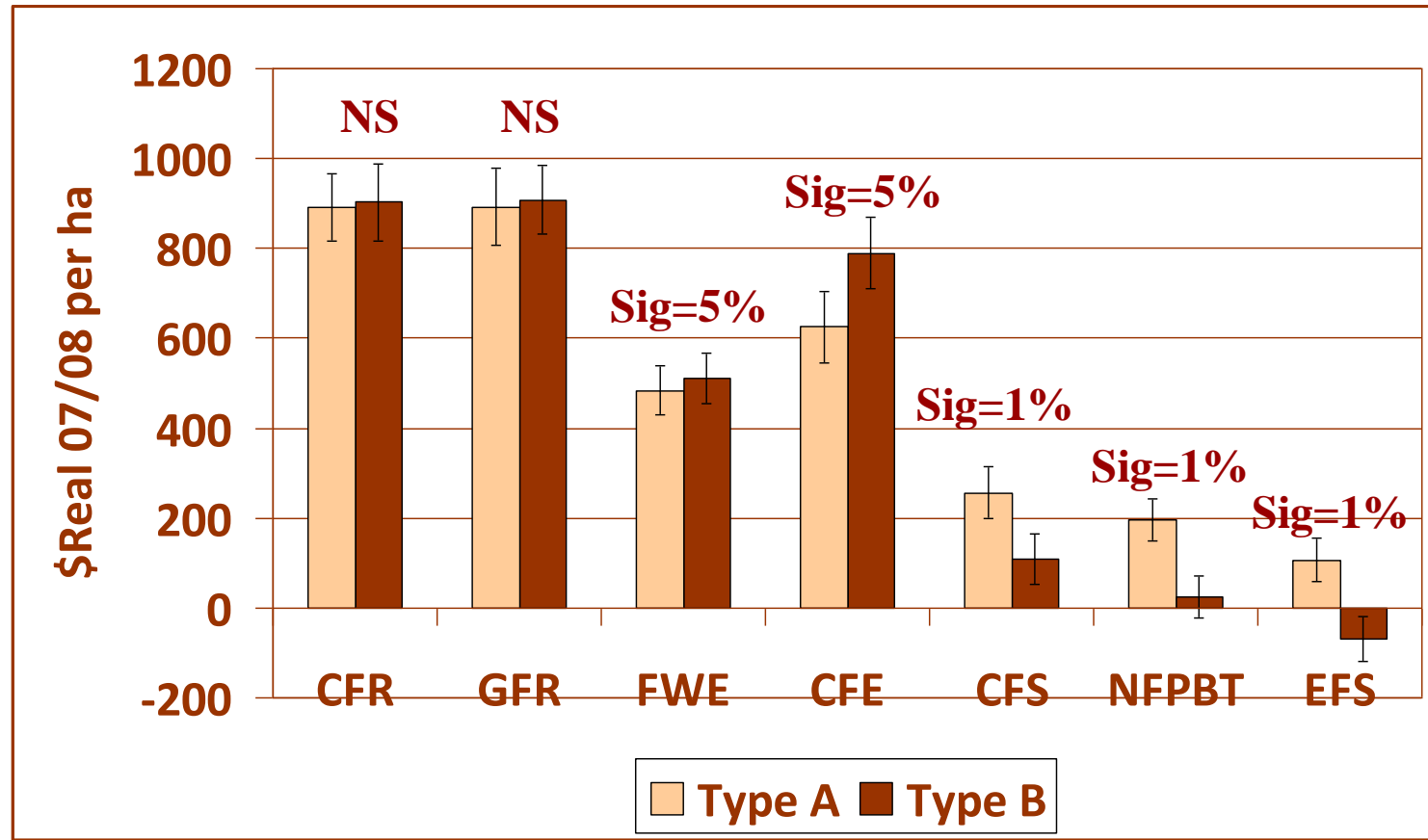


Kiwifruit Financial Outcomes by Farmer Typology





Sheep/Beef Financial Outcomes by Farmer Typology





Summary of Farmer Type Analysis

- **“Sticking to the knitting”** appears to be the path to profitability
- **On Organic and Green Kiwifruit orchards** the higher revenues of Type 1 orchardists appear to contribute more to higher profitability than lower costs
- **In the Sheep/Beef sectors** it appears that higher profitability is achieved by tighter cost control rather than higher revenues

