

"WHAT ARE YOUR PRODUCTION COSTS?"

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"Do you know how much it costs you to produce avocados?" During years of high volume and low returns it is important to know what costs are and where savings can be made. The grower must depend upon his marketing organization and the market in general for his return. He has no direct control of this transaction. There is, however, something he can do to increase his net income—that is, reduce costs!

In San Diego County the cost of producing avocados will vary with the grower and the orchard. Recently the Agricultural Extension Service was requested to make a "Minimum Cost Study for Avocados." (Table 1) A group of growers, the Extension farm management specialist and the Farm Advisor discussed the problem of low returns and attempted to develop a set of costs for growers to use as a guide.

The figures in this study are representative for each operation and material costs. It is felt that these minimum costs and operations will maintain trees in good health and production during poor return years.

Total cash costs amount to \$442.90. This includes irrigation, fertilization, weed control, rodent control, pruning, harvesting (pick and haul), taxes, and general expenses. Depreciation and interest on investment are not included.

These costs are based on trees 10-25 years old, yielding 10,000 pounds per acre. All figures are on a per acre basis.

Irrigation expense is the largest cultural cost. Water use averages 3 acre feet per acre at \$40.00 per acre foot, totaling \$120.00. Labor required to irrigate 40 times cost \$60.00. Total cost of water and labor is \$180.00.

Fertilization with nitrogen and zinc totals \$24.50. Nitrogen applied in chemical form at \$0.14 per pound costs \$14.00, since approximately 100 pounds of actual nitrogen is used. Labor for applying the material is \$1.50, giving a total of material and labor of \$15.50. Zinc treatment costs are prorated on a yearly basis to coincide with other annual costs. The zinc material is applied once every five years. Application of the total amount is required at one time for proper treatment. With other operations, weed control (\$22.40), rodent control (\$5.00), and pruning (\$13.50), the total cultural costs are \$245.40.

Harvest costs total \$117.50. This includes picking 10,000 pounds at \$0.01 per pound, and hauling 250 boxes at \$0.07 per box.

Other items which the grower may want to include in figuring total costs are: (1) interest on investment per acre on, (a) land, (b) trees, (3) sprinkler system, (3) tractor and equipment, and (e) miscellaneous items and (2) the depreciation on sprinkler systems, equipment, and miscellaneous items.

Avocado growers need to examine their operations carefully and often. Reduced production costs reflect in the same way as increased returns. The future success of the avocado industry will depend on top-quality fruit, large volume, efficient orchard management, and efficient marketing and distribution methods.

TABLE 1

MINIMUM COST STUDY FOR AVOCADOS
San Diego County

This study is based on trees, 10-25 years of age, yielding 10,000 pounds per acre.
Cultural Costs (per acre)

			Totals
Irrigation	Water—\$40/ac. ft.—3 ac. ft. used—	\$120.00	\$180.00
	Labor—40 x (1 hr./ac.)	60.00	
Fertilization	Nitrogen—Material—100# N at \$.14 lb.	14.00	
	Labor—1 x 1 hr./ac.	1.50	15.50
	Zinc*—Material—100# at \$.08 lb.	8.00	
	Labor—1/5 x	1.00	9.00
Weed Control	Spot Treatment with Oil		
	Material—80 gals. at \$.18	14.40	
	Labor—(2 x) & Equipment	8.00	22.40
Rodent Control	Labor	5.00	5.00
Pruning	Labor	13.50	13.50
	Total Cultural Costs		\$245.40
Harvesting Costs			
	Picking—at 1c—10,000#	100.00	
	Hauling—at .07c bx.—250 boxes	17.50	
Total Harvest			\$117.50
	Taxes		40.00
	General Expenses		40.00
Total Cash Costs			\$442.90

**Zinc is applied once every five years. The amount of material and labor costs are figured on a yearly basis. Example: 10-year-old tree receives 5 lbs. in one year—with 100 trees per acre, the total amount would be 500 lbs. Divided by 5 gives the above figures.*