

Costs to Produce Table Olives



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Orchard assumptions



- Sacramento Valley – 2009
- 90% Manzanillo and 10% Sevillano
- 22' x 22' spacing, 90 trees per acre
- 40 contiguous acres
- Drip irrigation
- 40 year orchard life
- Hand harvest

Costs of Production Terminology



- Cultural Costs
- Harvest Costs
- Cash Overhead
- Noncash Overhead

Costs of Production



- Cultural Costs
 - Pruning
 - Floor management
 - Disease and pest control
 - Thinning
 - Irrigation and fertilization
 - ATV and pickup use
- Harvest Costs
- Cash Overhead
- Noncash Overhead

Costs of Production



- Cultural Costs
- Harvest Costs
 - Mechanical Harvest – Contract
 - Haul to Processor
- Cash Overhead
- Noncash Overhead

Costs of Production



- Cultural Costs
- Harvest Costs
- Cash Overhead
 - Office expenses
 - Liability Insurance
 - Sanitary Service
 - Property Taxes and Insurance
 - Repairs on Buildings and Irrigation System
- Noncash Overhead

Costs of Production



- Cultural Costs
- Harvest Costs
- Cash Overhead
- Noncash Overhead (Capital Recovery)
 - Buildings, Shop, and Field Tools
 - Irrigation System
 - Fuel Tanks
 - Equipment ownership
 - Trees

Equipment costs



- Cultural costs
 - Fuel and lube
 - Repairs
- Cash overhead
 - Insurance
 - Taxes
- Noncash Overhead (Capital recovery)
 - Principle and interest or ownership costs

Table Olives

Total cost of production, \$4,544

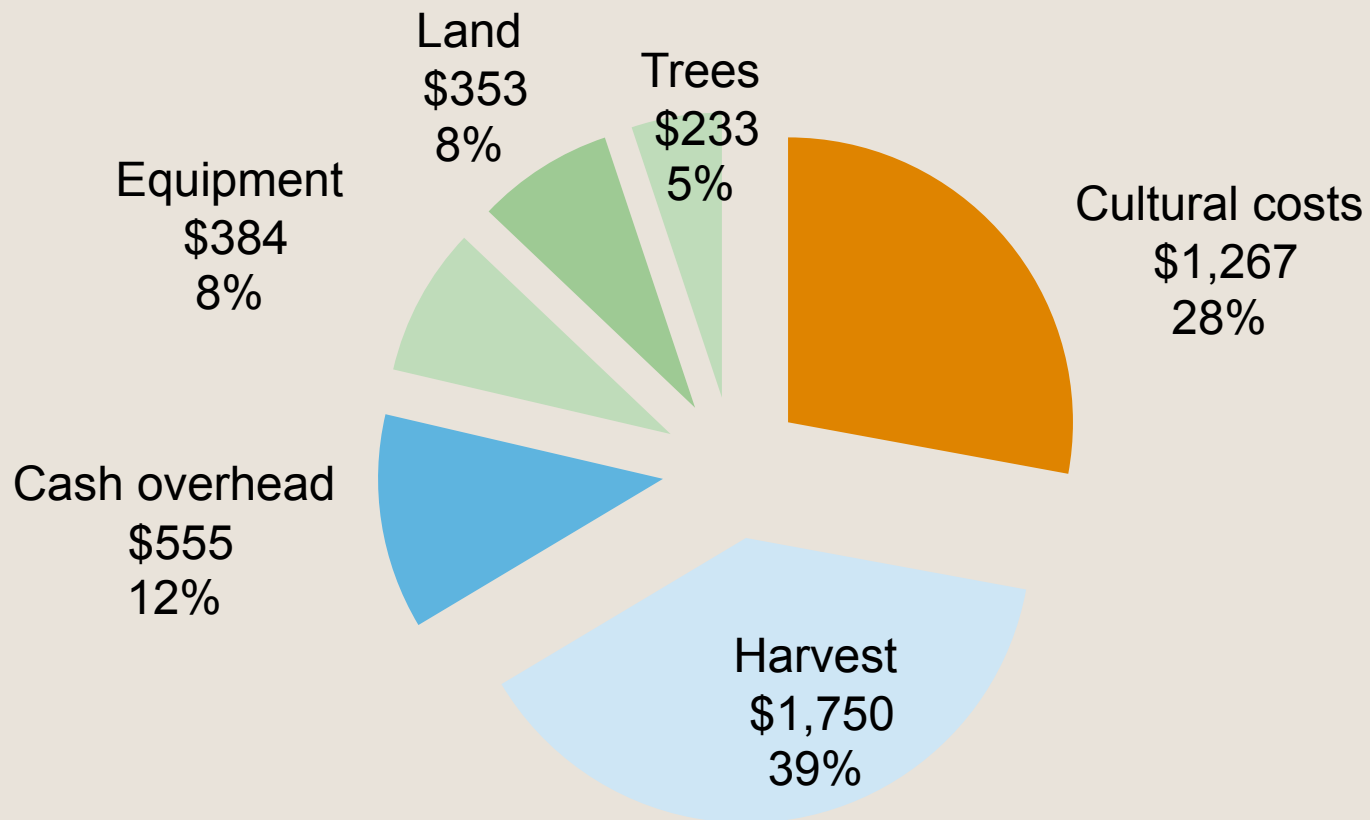


Table Olives

Total cost of production, \$4,544 per acre

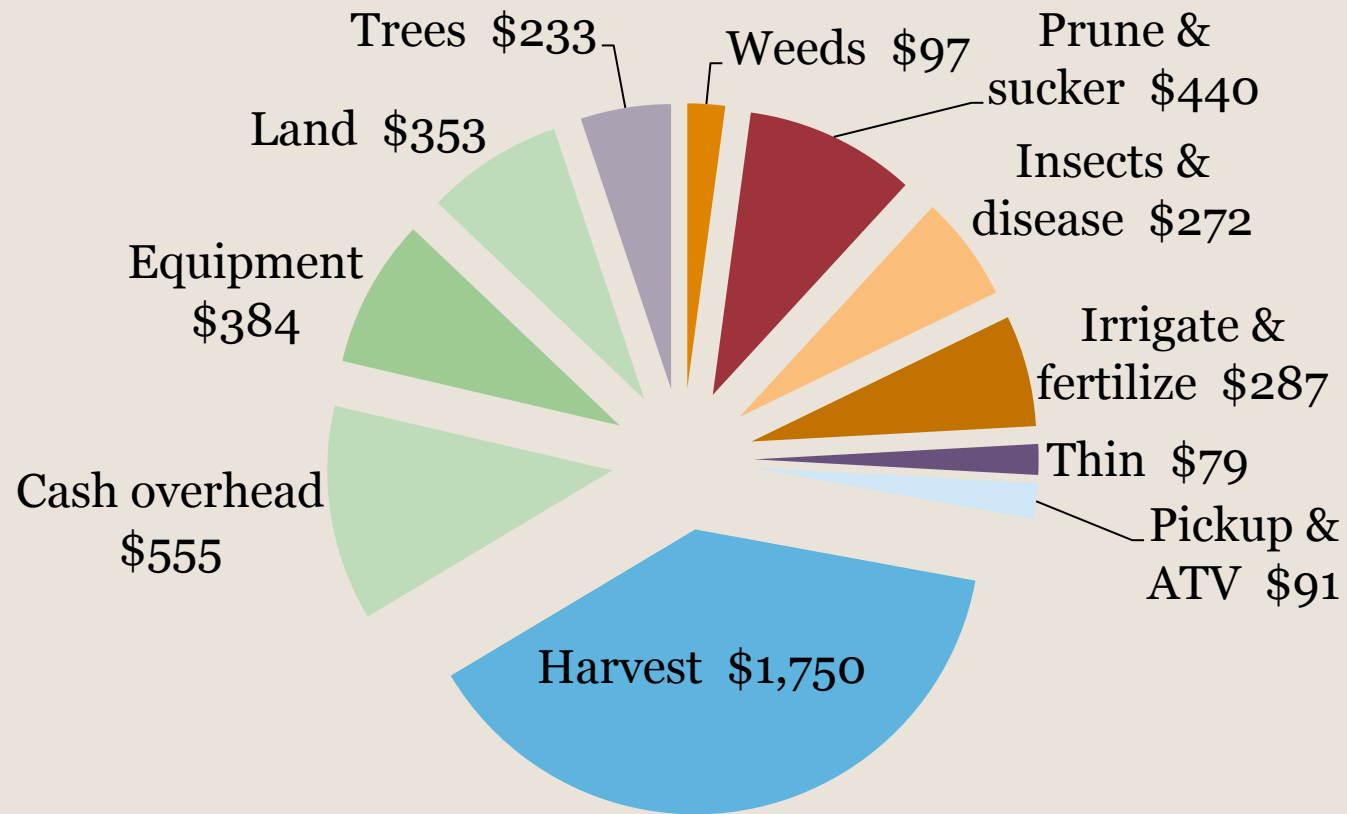


Table Olives

Operating costs, \$3,016 per acre

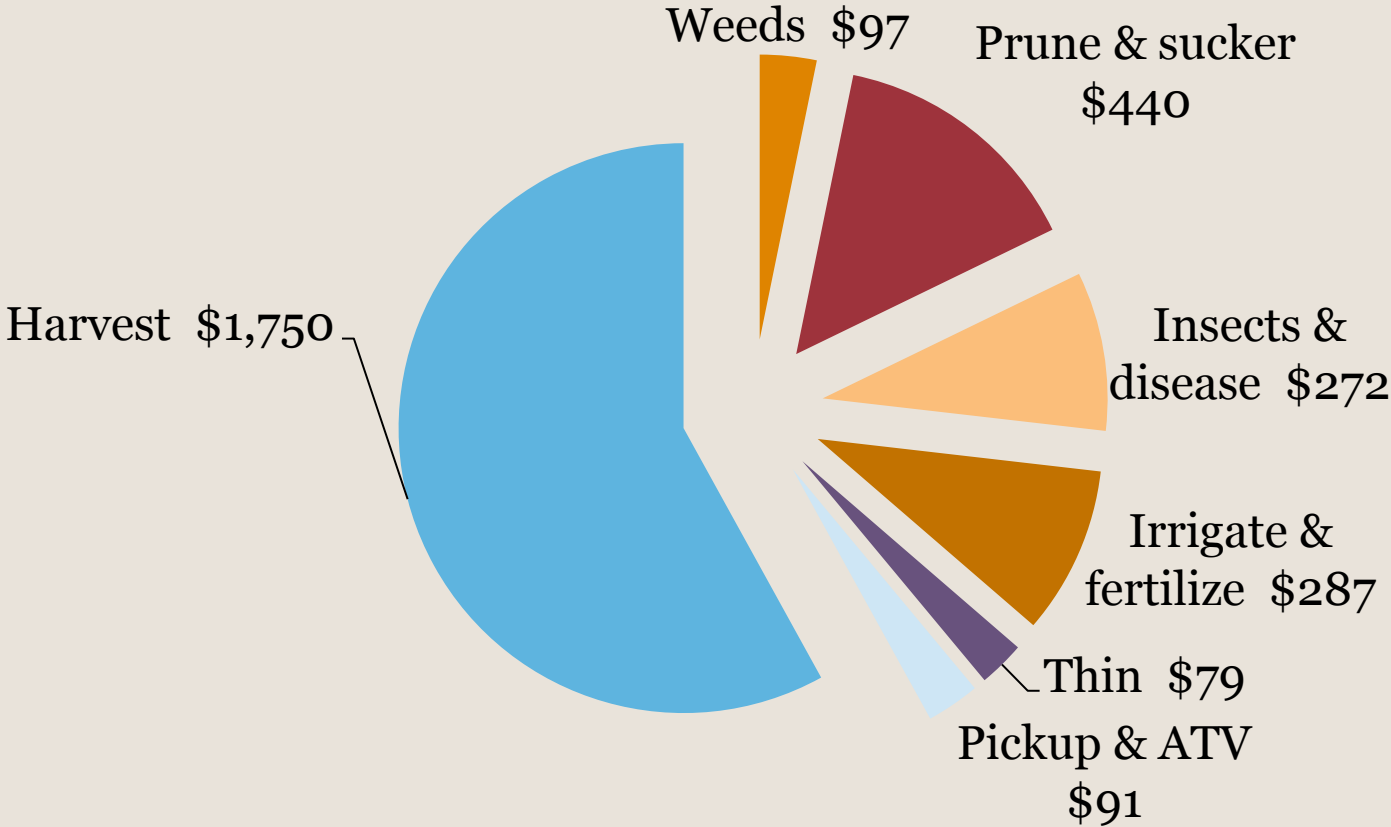


Table Olives

Cultural costs \$1,267 per acre

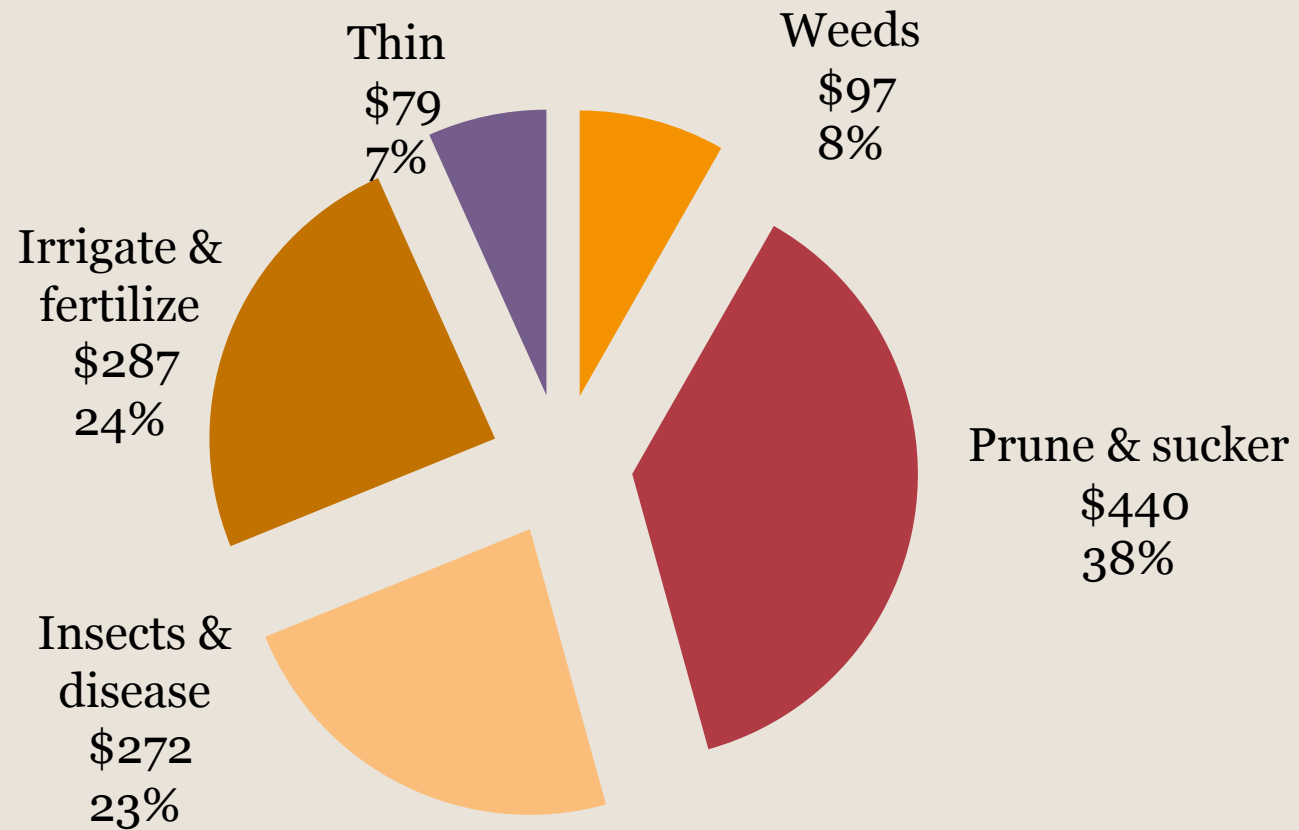


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Cultural costs \$1,267 per acre

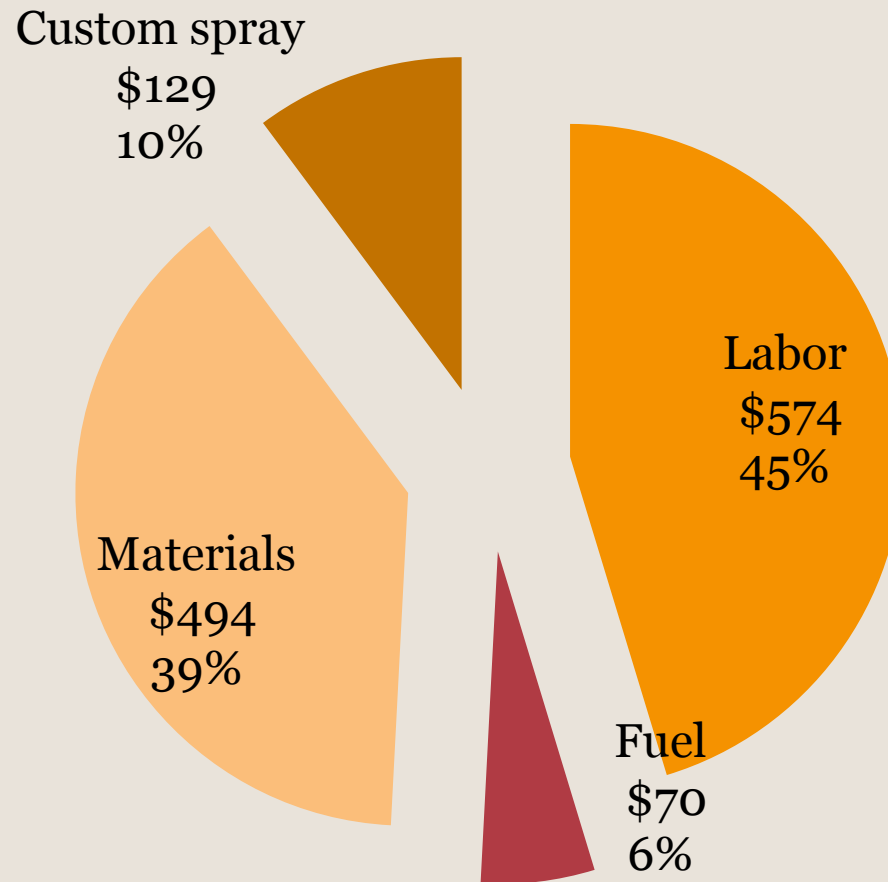
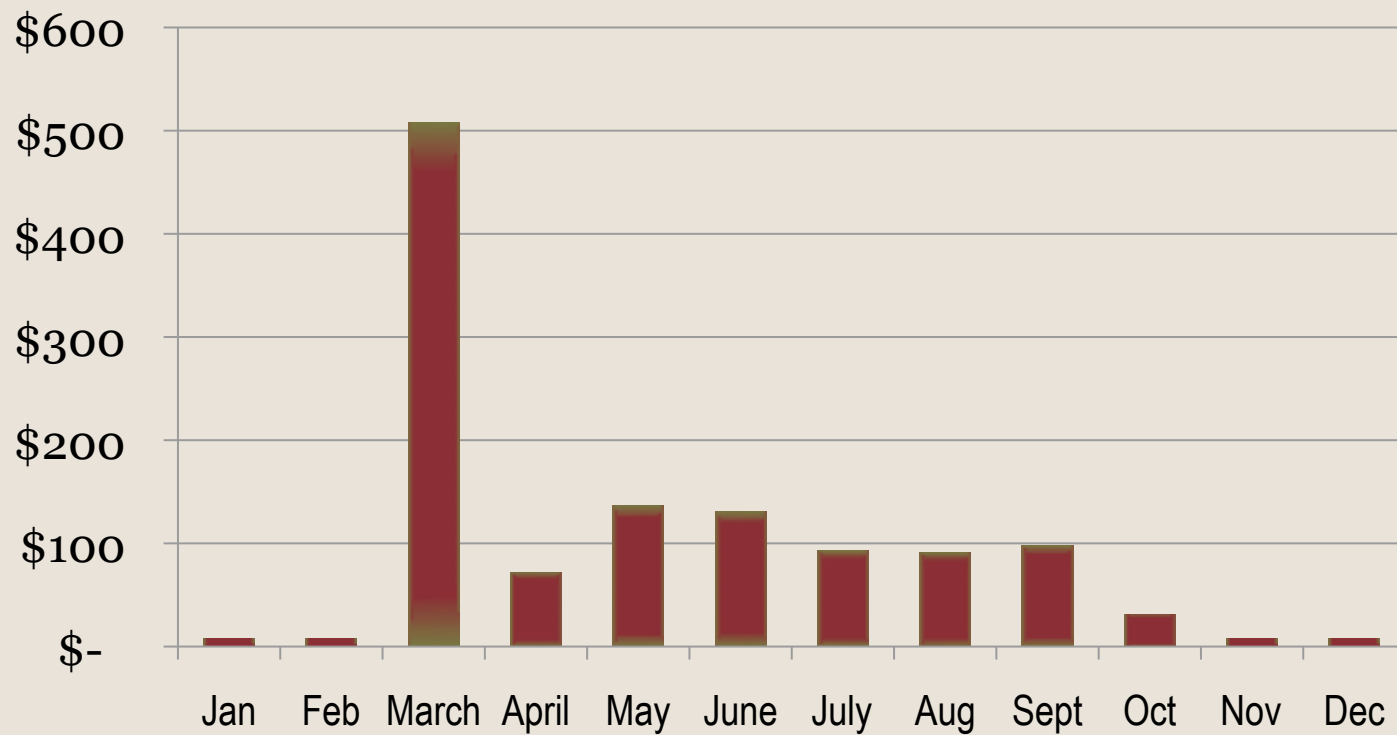


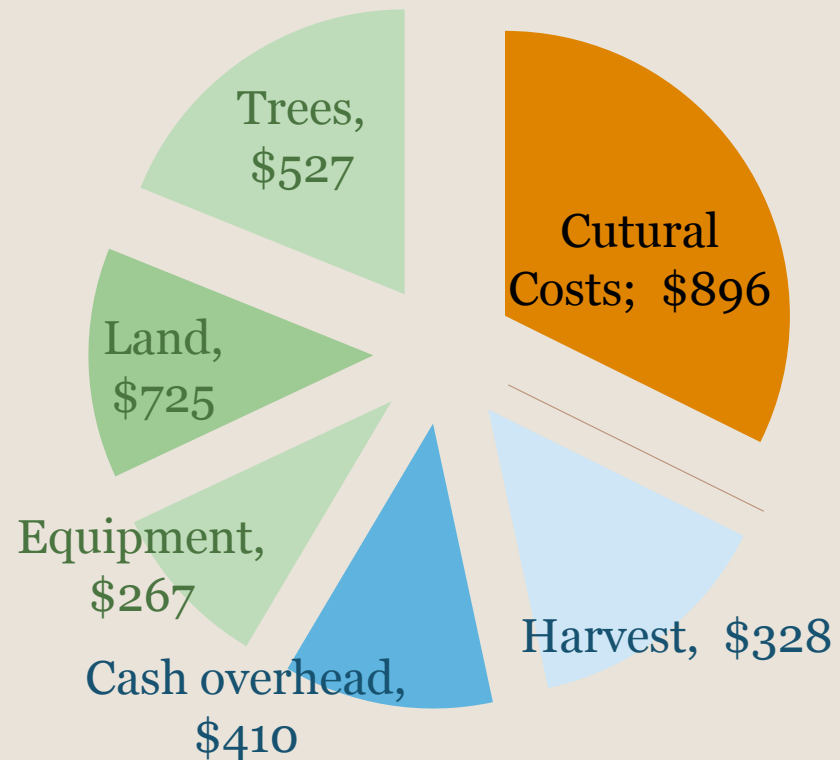
Table Olives

Monthly cultural costs per acre



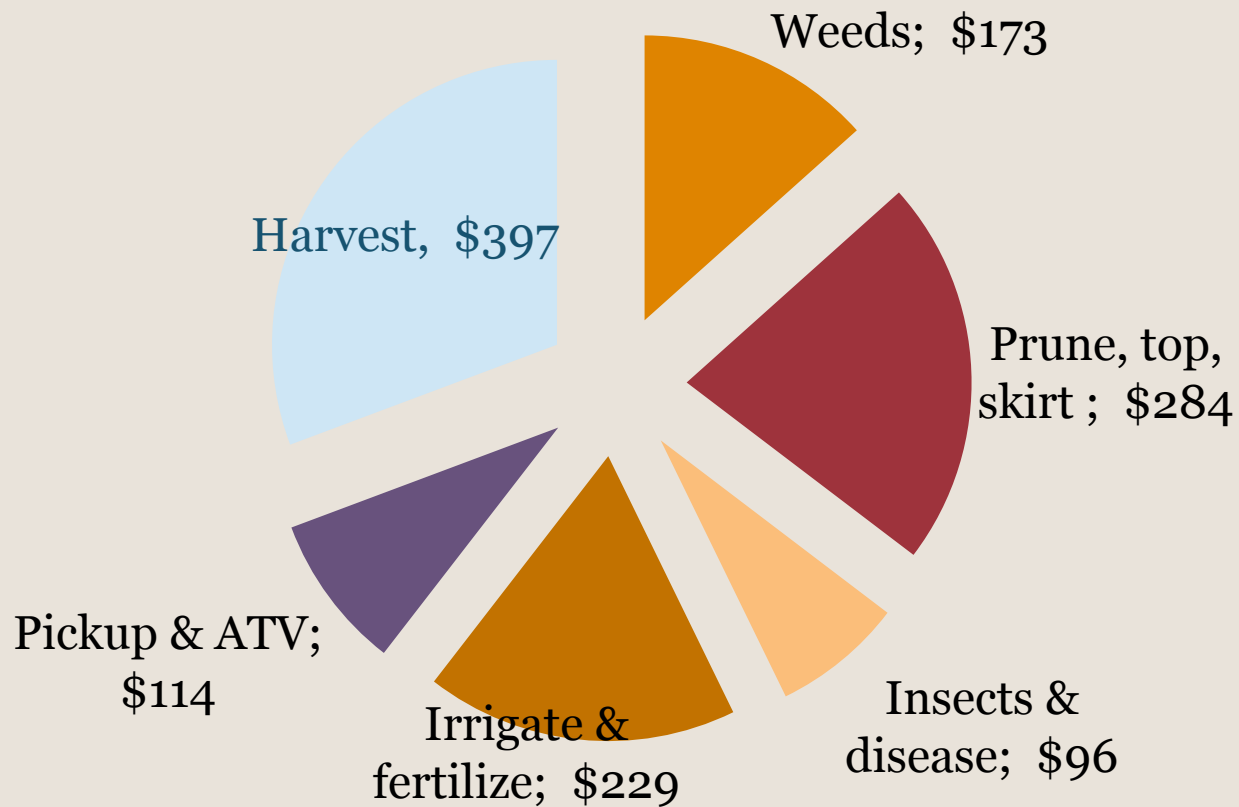
Olives for Oil

Total cost of production, \$2,773 per acre



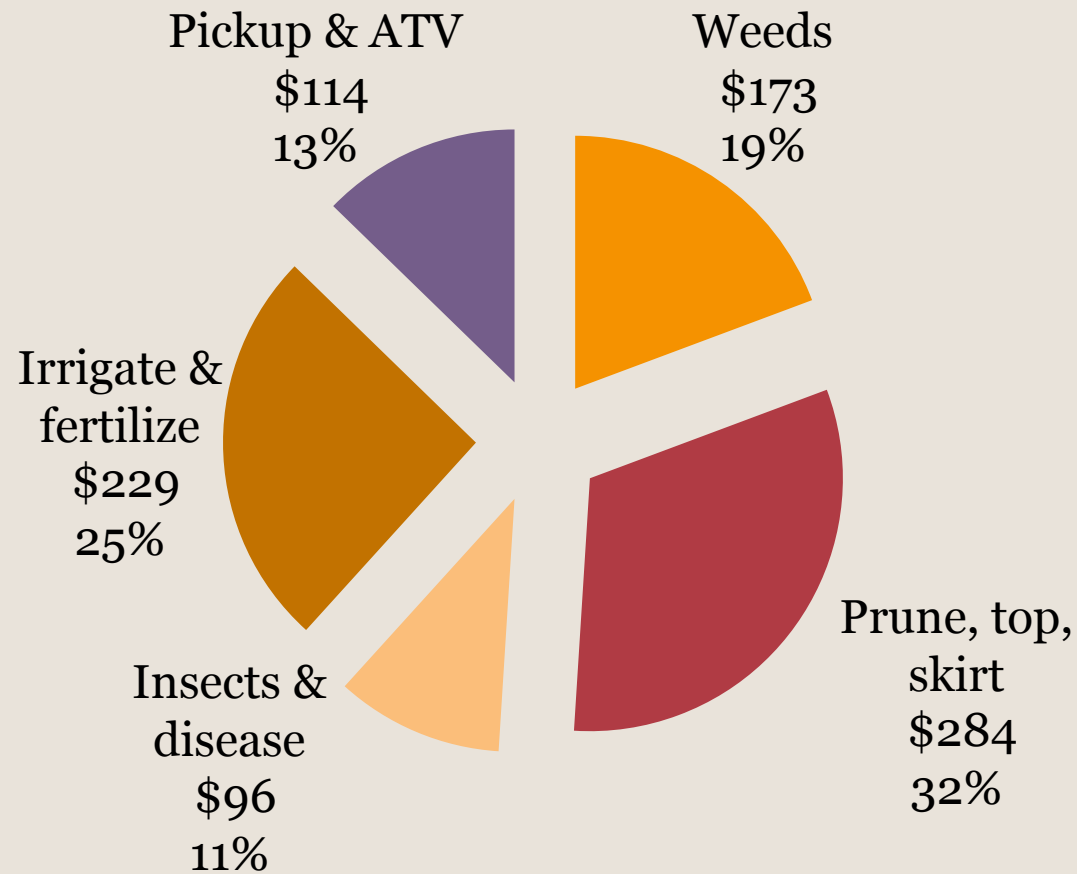
Olives for Oil

Operating costs, \$1,293 per acre



Olives for Oil

Cultural costs \$896 per acre



Olives for Oil

Cultural costs \$777 per acre

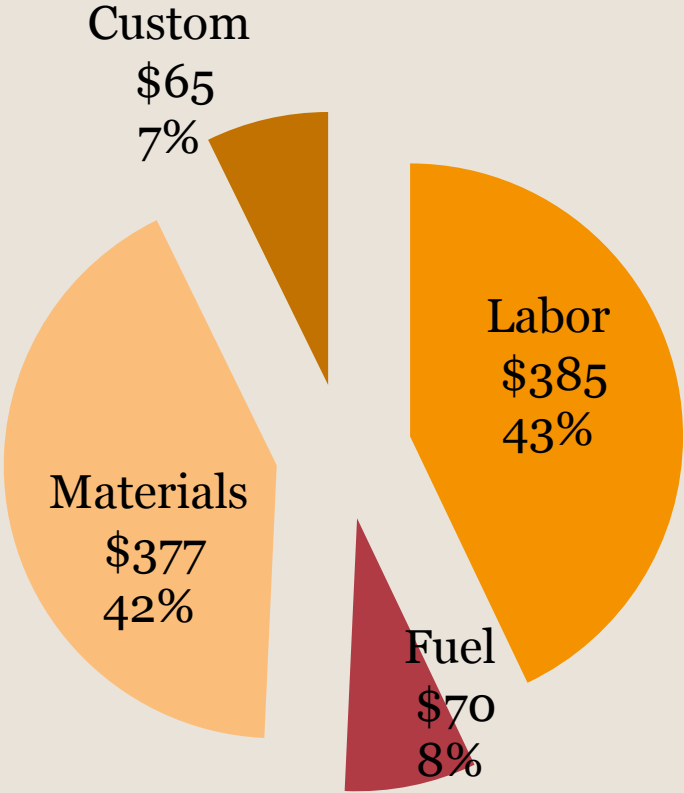


Table Olives and Olives for Oil

Total cost of production per acre

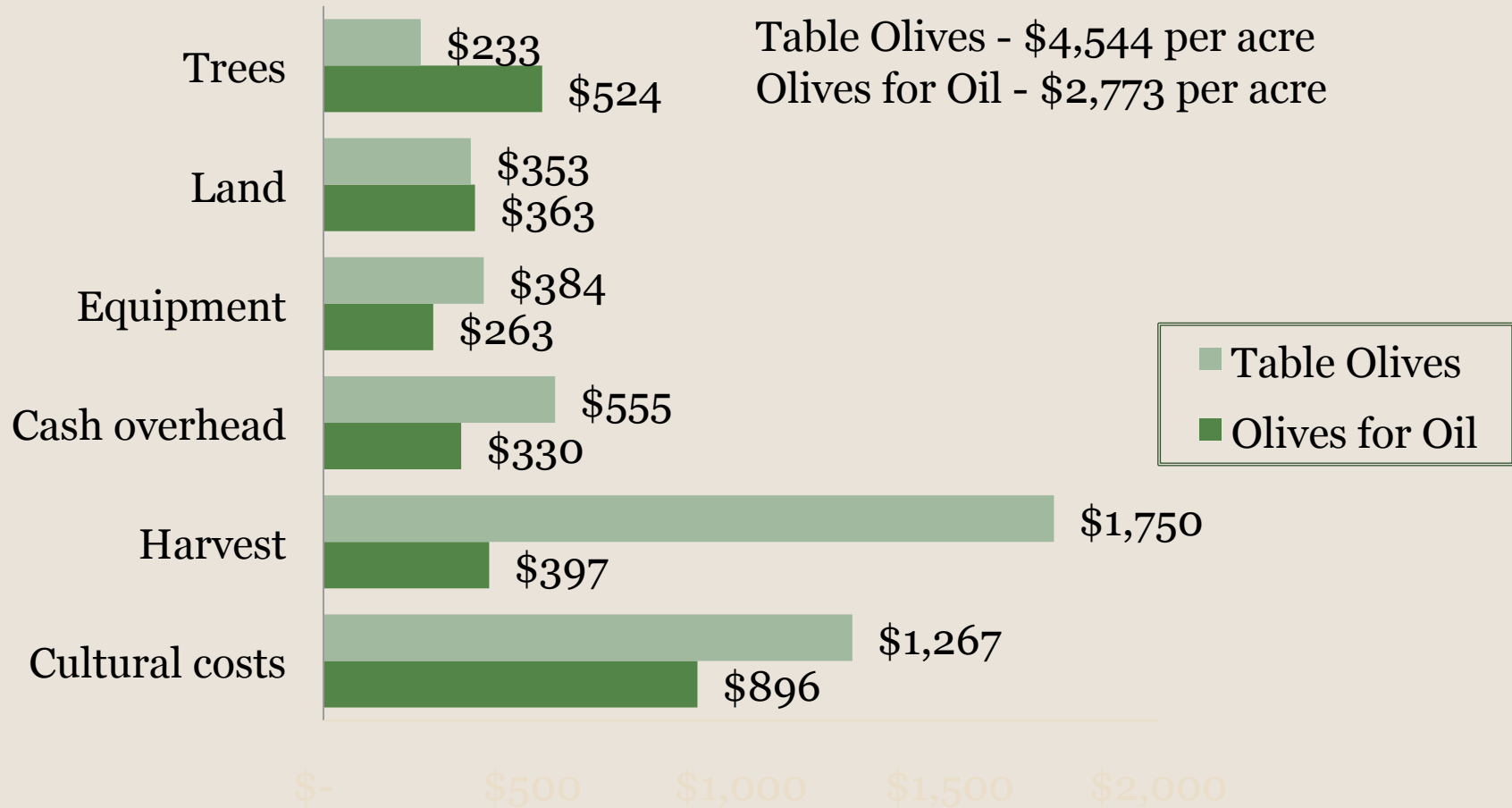


Table Olives and Olives for Oil

Cultural costs per acre



Table - \$1,267 <> Oil - \$897

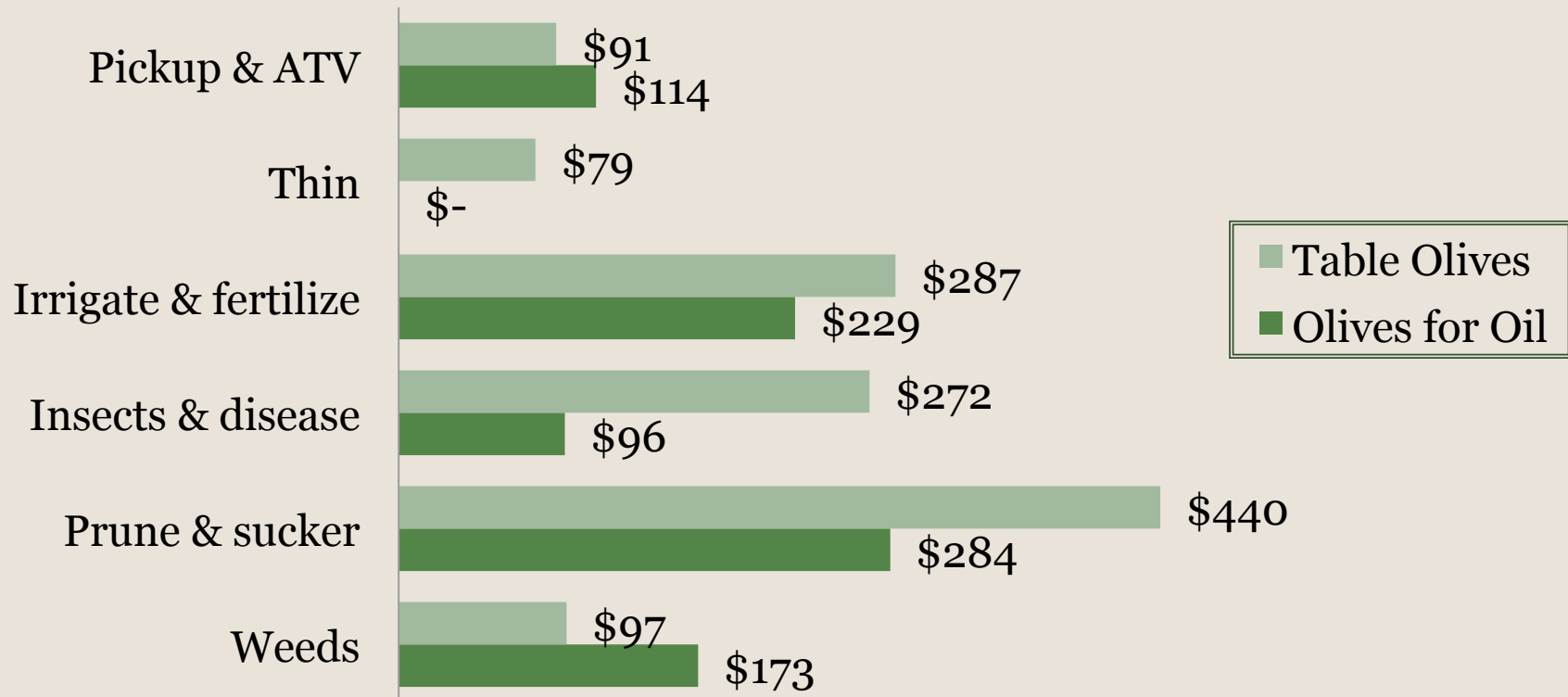
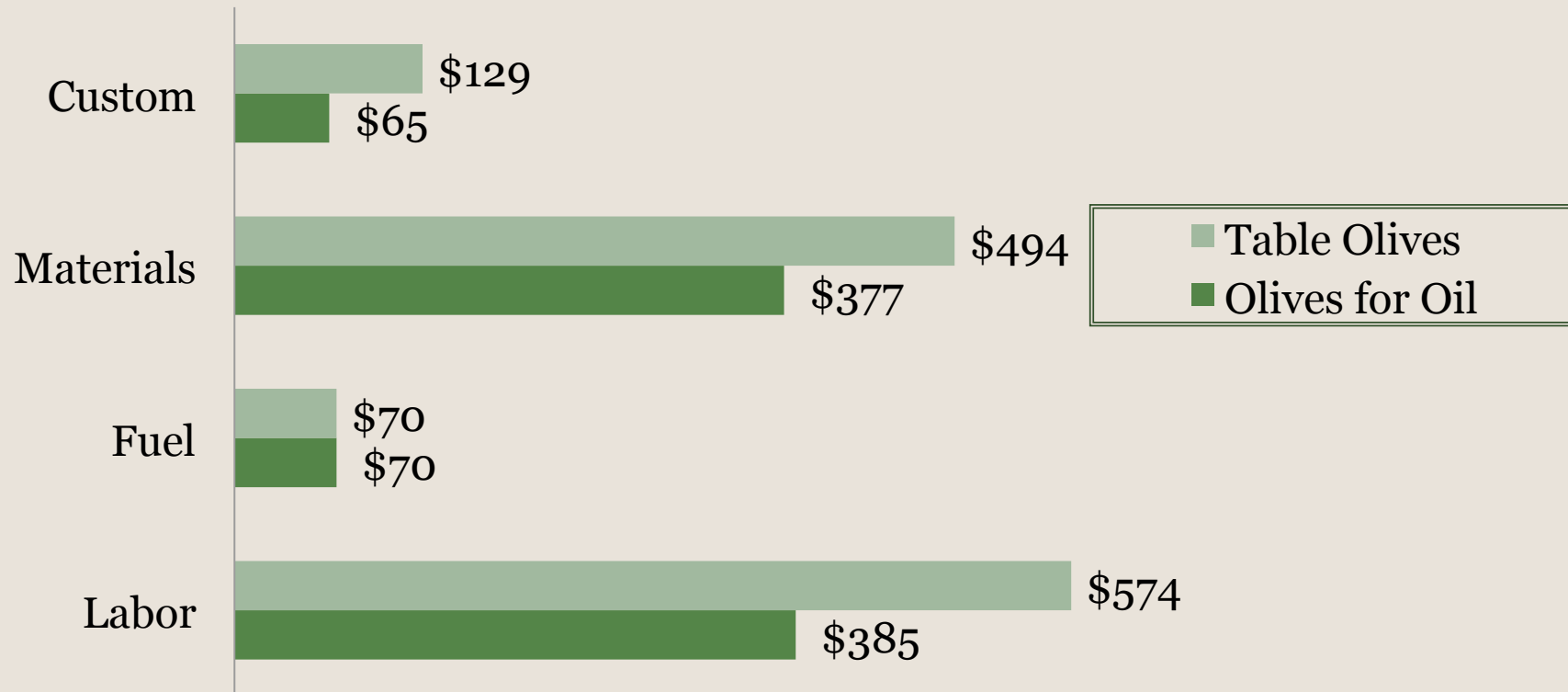


Table Olives and Olives for Oil

Cultural costs per acre



Table - \$1,267 <> Oil - \$897



Producing Table Olives

Calendar of operations

| Operation | Month(s) |
|--------------------------------|-----------------|
| Prune and sucker trees | March |
| Disease control | March |
| Irrigate and fertilize | April - October |
| Thinning spray (every 2 years) | May |
| Weed control, spot spray | June, September |
| Insect control & monitoring | June - October |
| Harvest | October |
| Disease control | October |
| Strip spray weeds | October |

Table Olives

Prune, sucker, and shred prunings



| Operation | Months | Labor | Fuel & lube | Total |
|----------------|--------|-------|-------------|-------|
| Prune & sucker | March | \$430 | | \$430 |
| Shred prunings | March | \$5 | \$5 | \$ 10 |
| Total | | \$435 | \$5 | \$440 |

Table Olives

Weed control detail (\$ per acre)



| Operation | Labor | Materials | Fuel, lube, and repairs | Total |
|------------------|-------------|-------------|-------------------------|-------------|
| Mow middles 6X | \$25 | | \$26 | \$51 |
| Strip spot spray | 5 | \$21 | 4 | 30 |
| Fall strip spray | 4 | 8 | 4 | 16 |
| Total | \$34 | \$29 | \$34 | \$97 |

| Operation | Month | Materials |
|---------------------|--------------------|-------------------|
| Mow middles 6X | April - September | |
| Strip spot spray 2X | June and September | Roundup |
| Fall strip spray | October | Princep, KarmexDF |

Table Olives – Expected Yields and Prices



- Expected yield range: 3.5 – 6.5 tons per acre
- Expected price range: \$675 - \$1,075 per ton

Table Olives

Costs per ton at varying yields

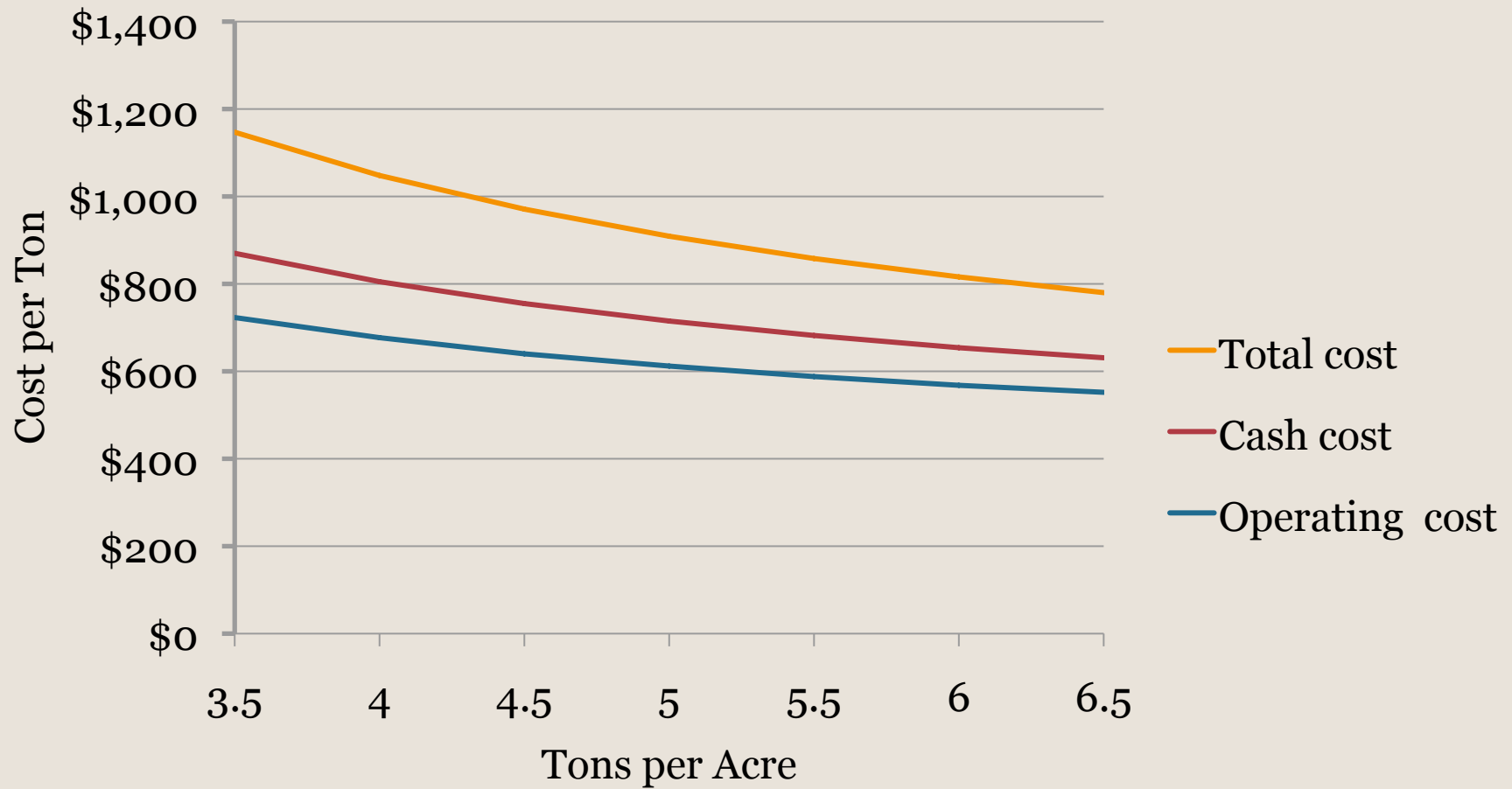


Table Olives

Costs per ton at varying yields

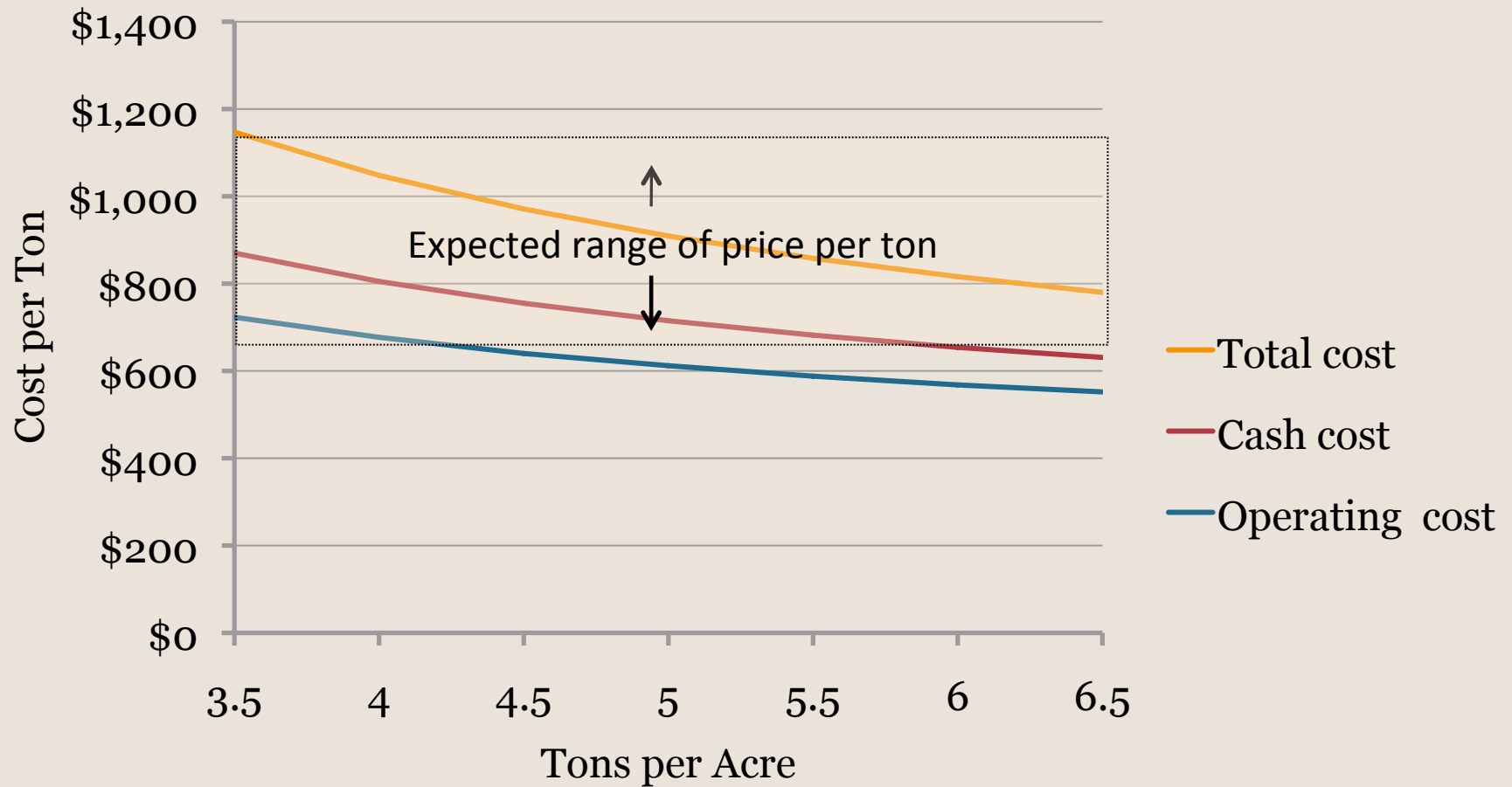
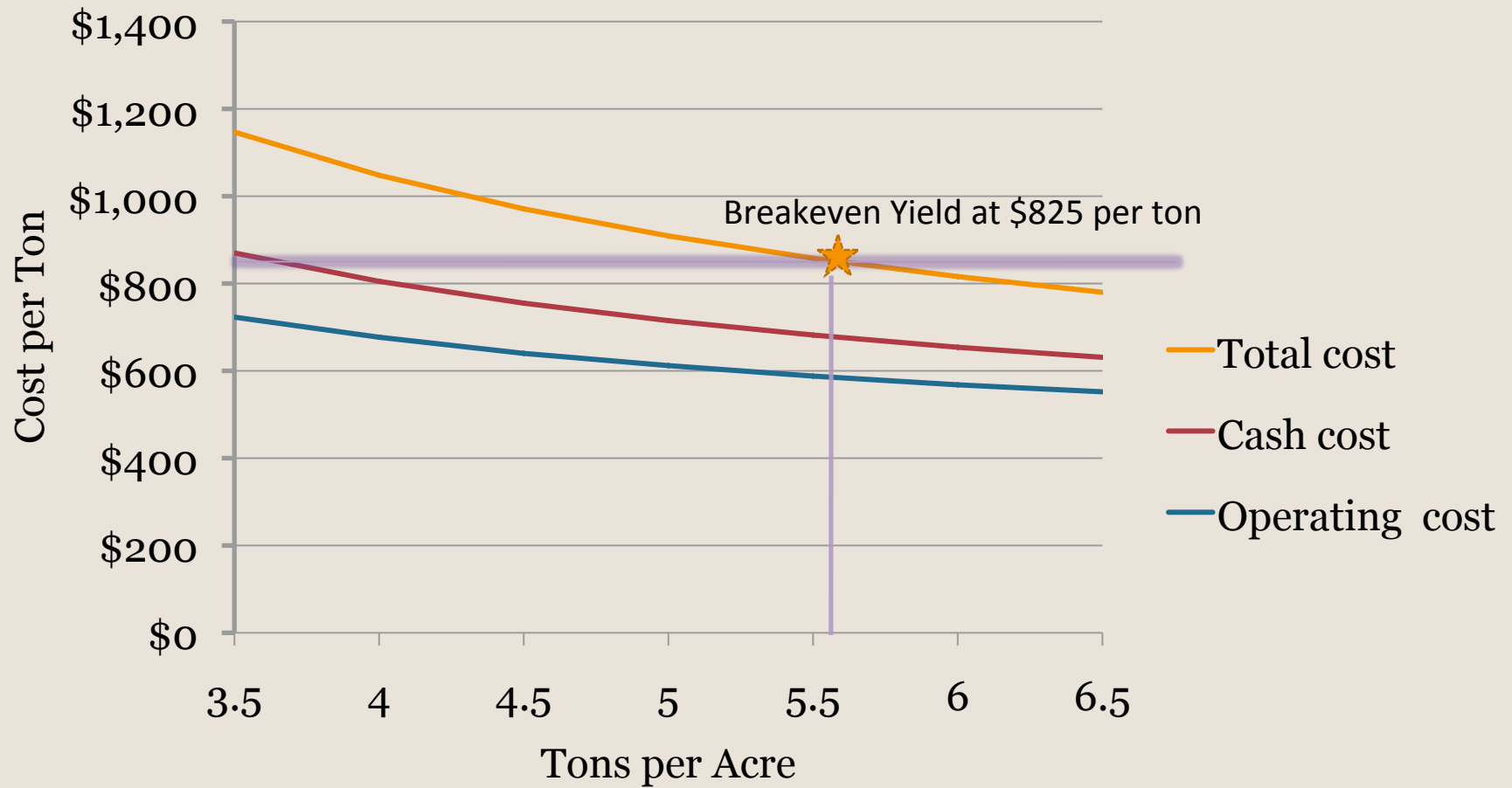


Table Olives

Costs per ton at varying yields



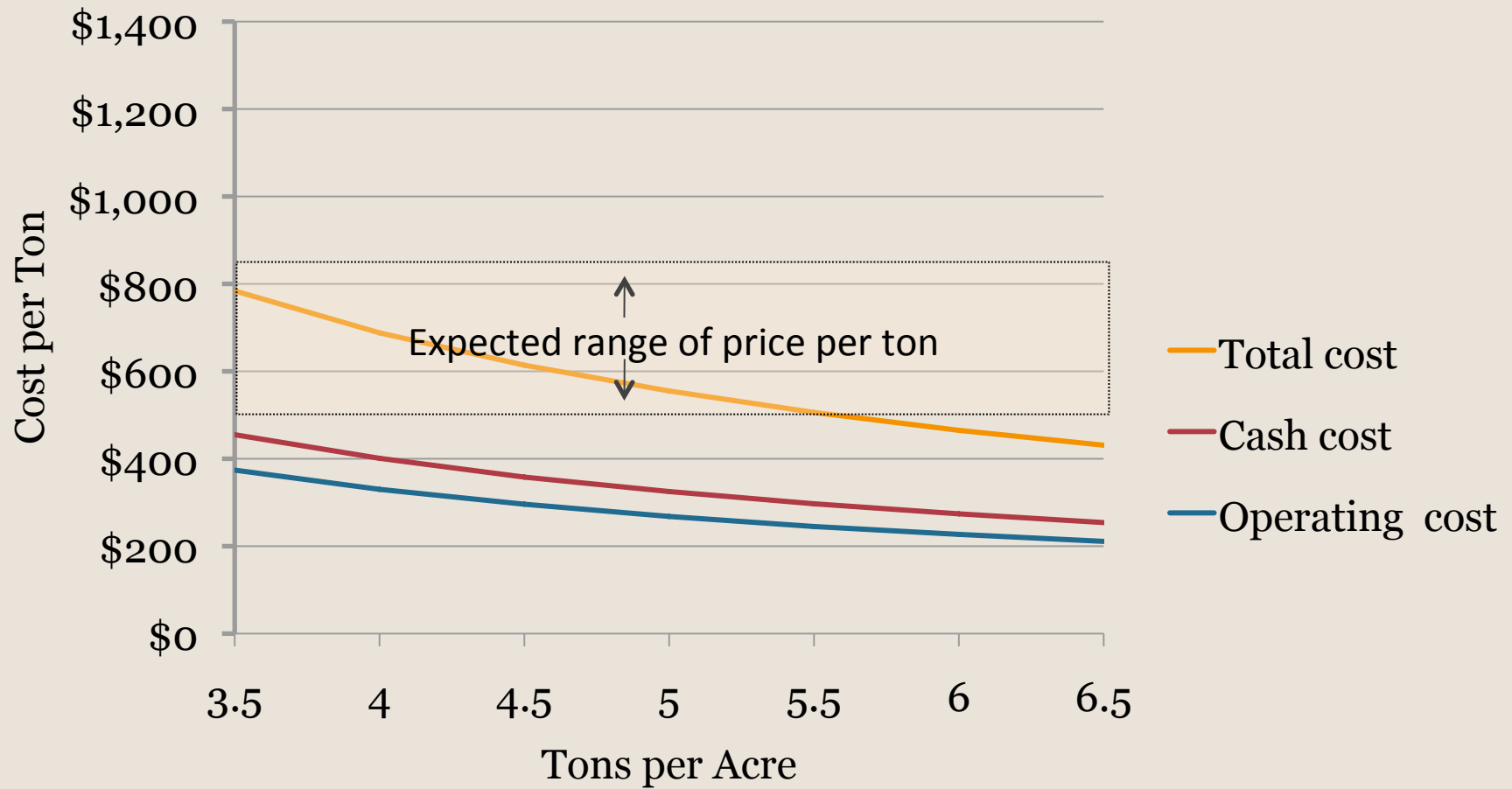
Olives for Oil - Expected yields and prices



- Marketable production begins in the 3rd year
 - Year 3, 84 gallons per acre (2 tons fresh fruit)
 - Year 4, 189 gallons per acre (4.5 tons fresh fruit)
 - Year 5 and after, 210 gallons per acre (5 tons fresh fruit)
- Expected yield range: 3.5 – 6.5 tons per acre
(147 – 273 gallons per acre)
- Expected price range: \$378 - \$630 per ton
\$9 – \$15 per gallon

Olives for Oil

Costs per ton at varying yields



External Cost Factors



Interest rates

Machinery costs

Autos and tractors

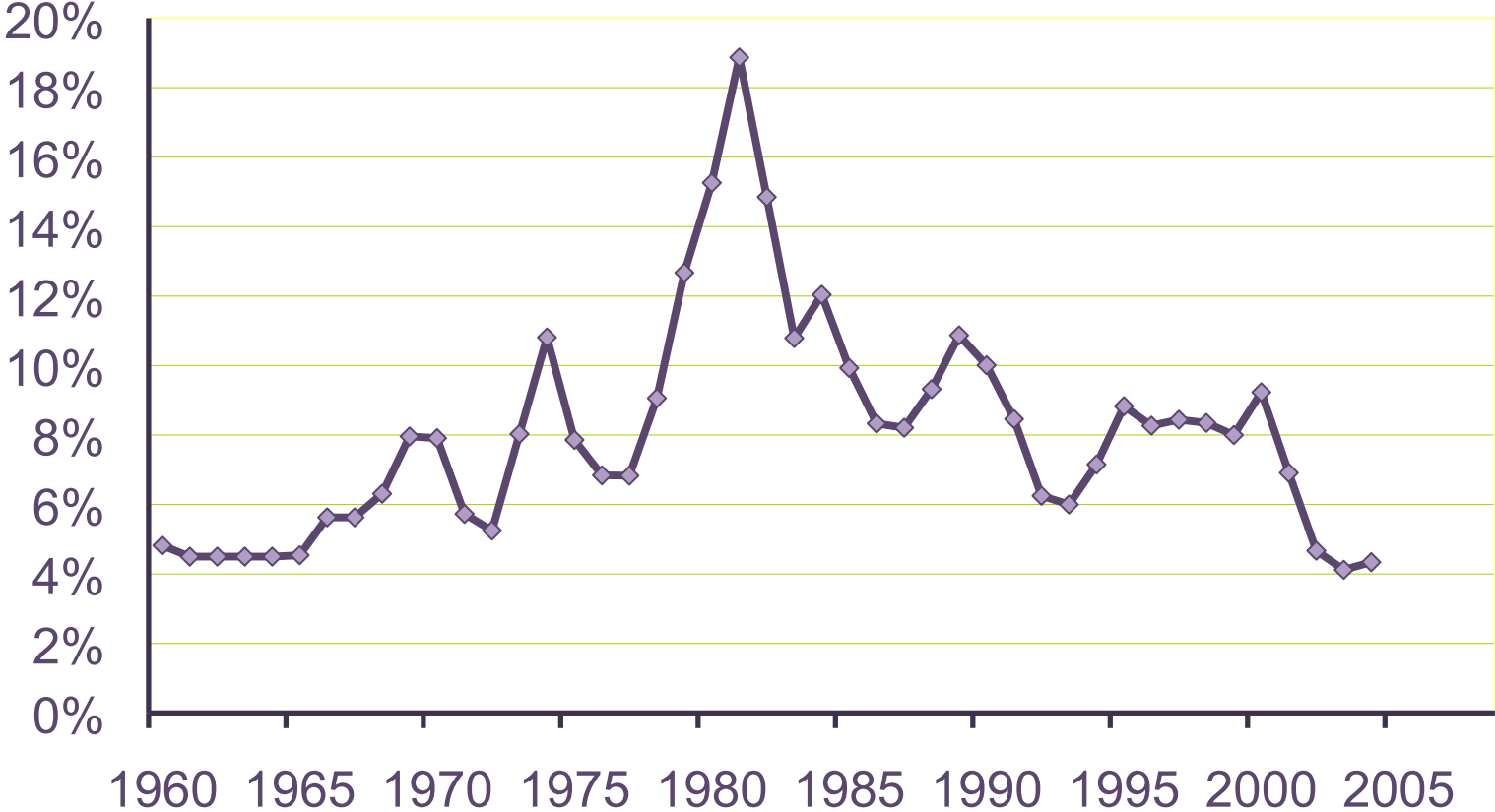
Labor

Fuel

Ag chemicals

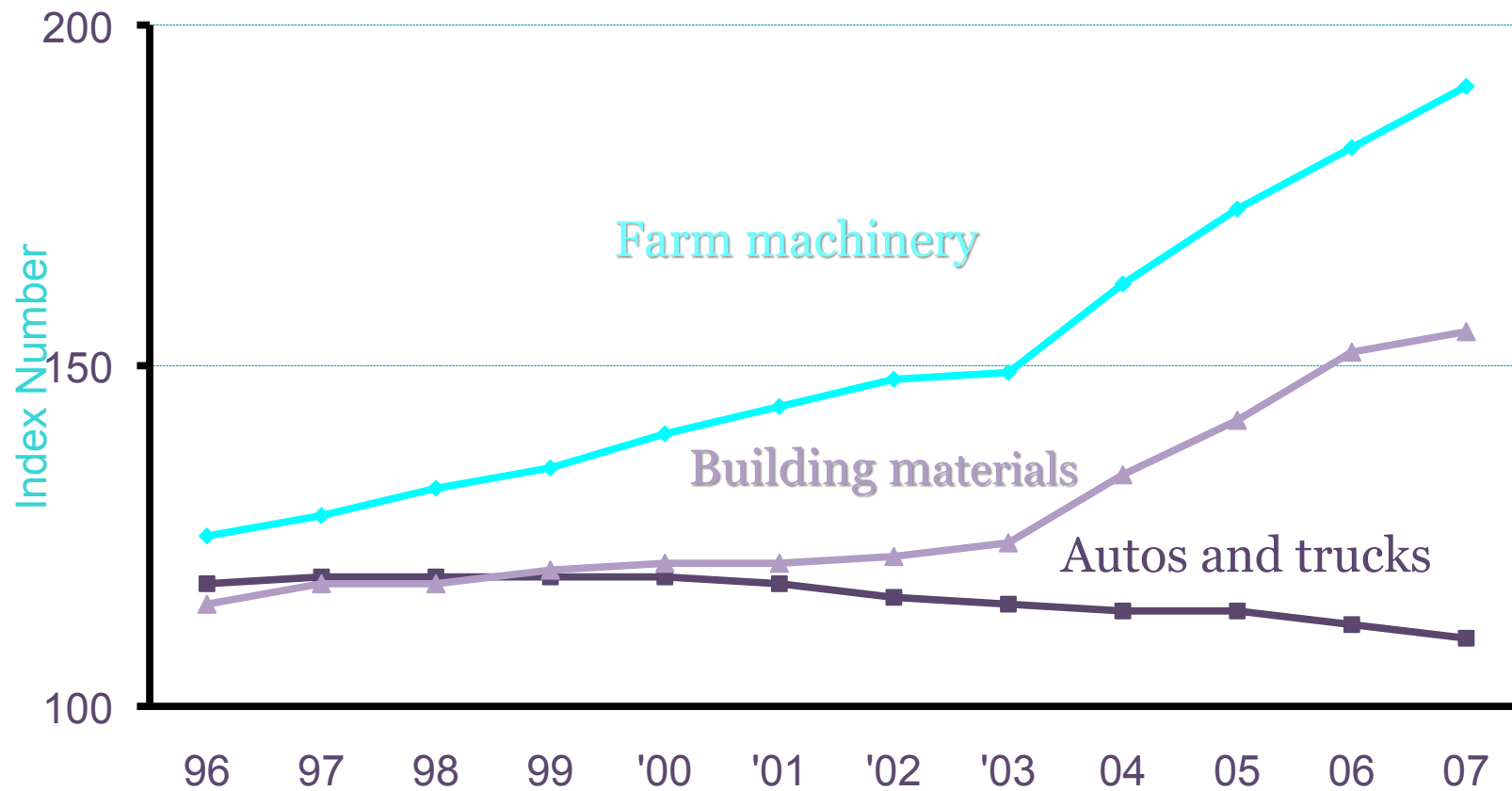
Cost of living

Prime Interest Rate



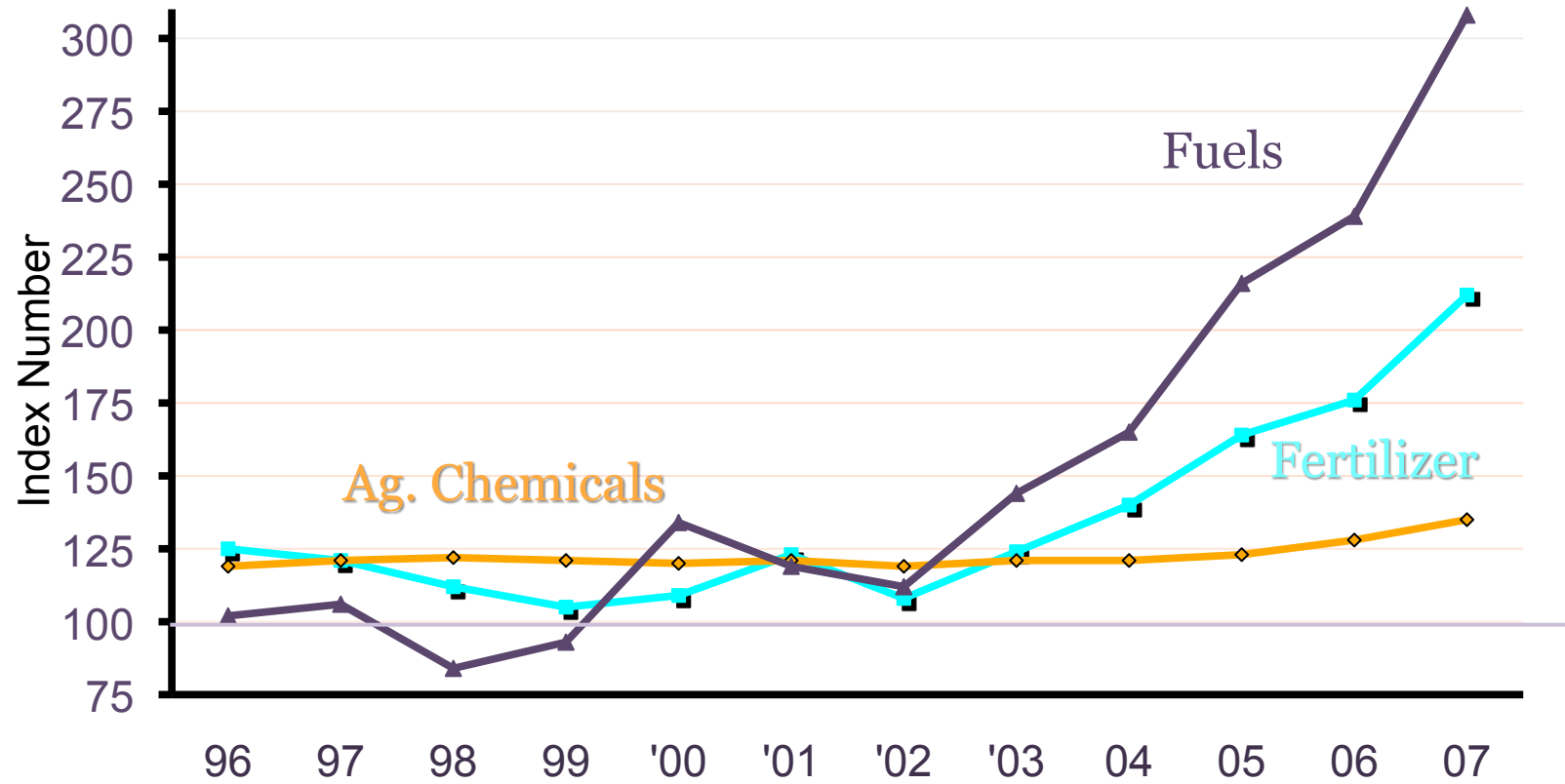
Indexes of prices paid by US farmers

1990-1992 = 100



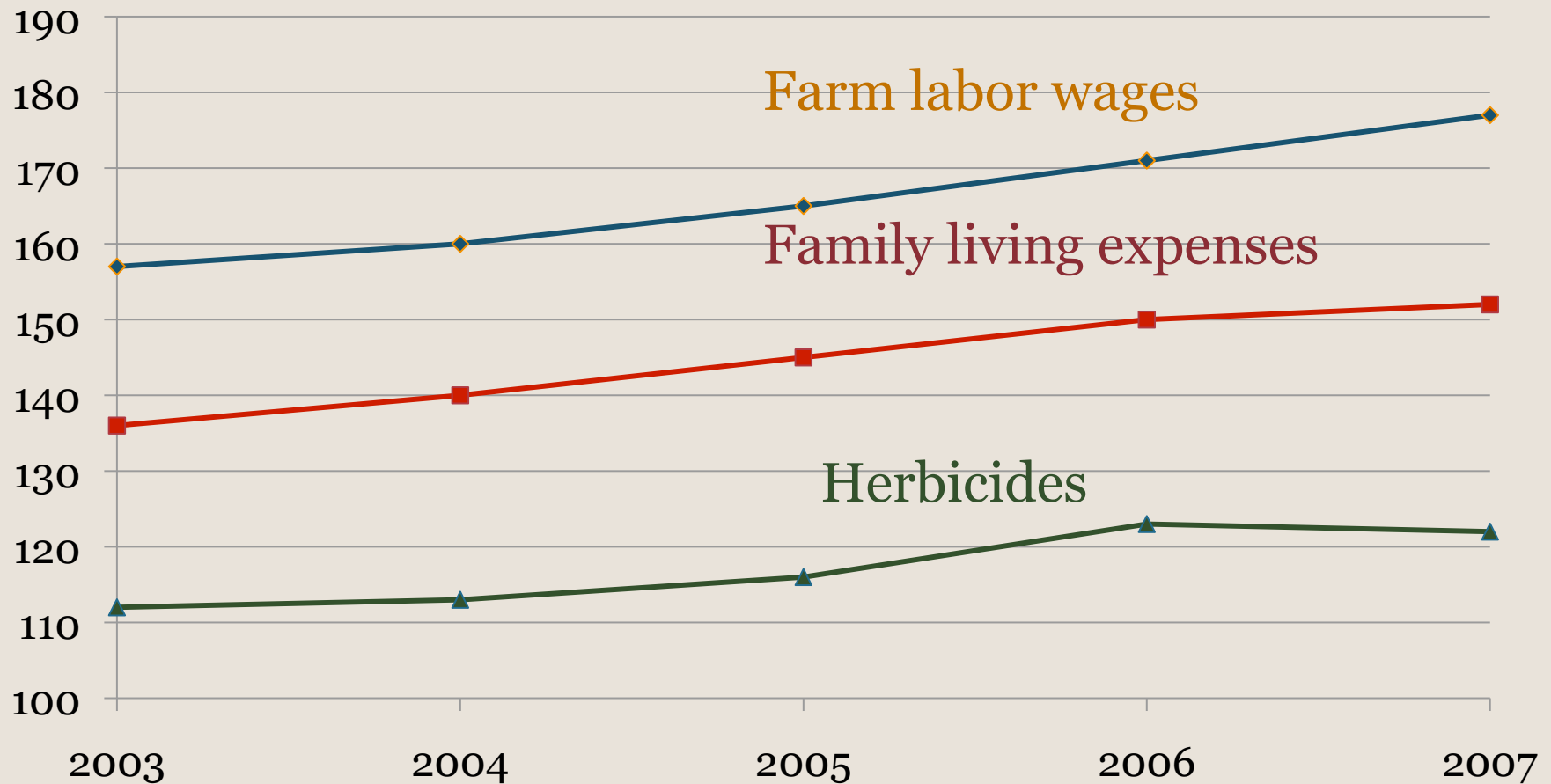
Source: National Agricultural Statistical Service, USDA.

Indexes of prices paid *by* US farmers 1990-1992 = 100



Source: National Agricultural Statistical Service, USDA.

Indexes of prices paid *by* US farmers 1990-1992 = 100



Source: NASS Agricultural Prices <http://www.nass.usda.gov/publications>

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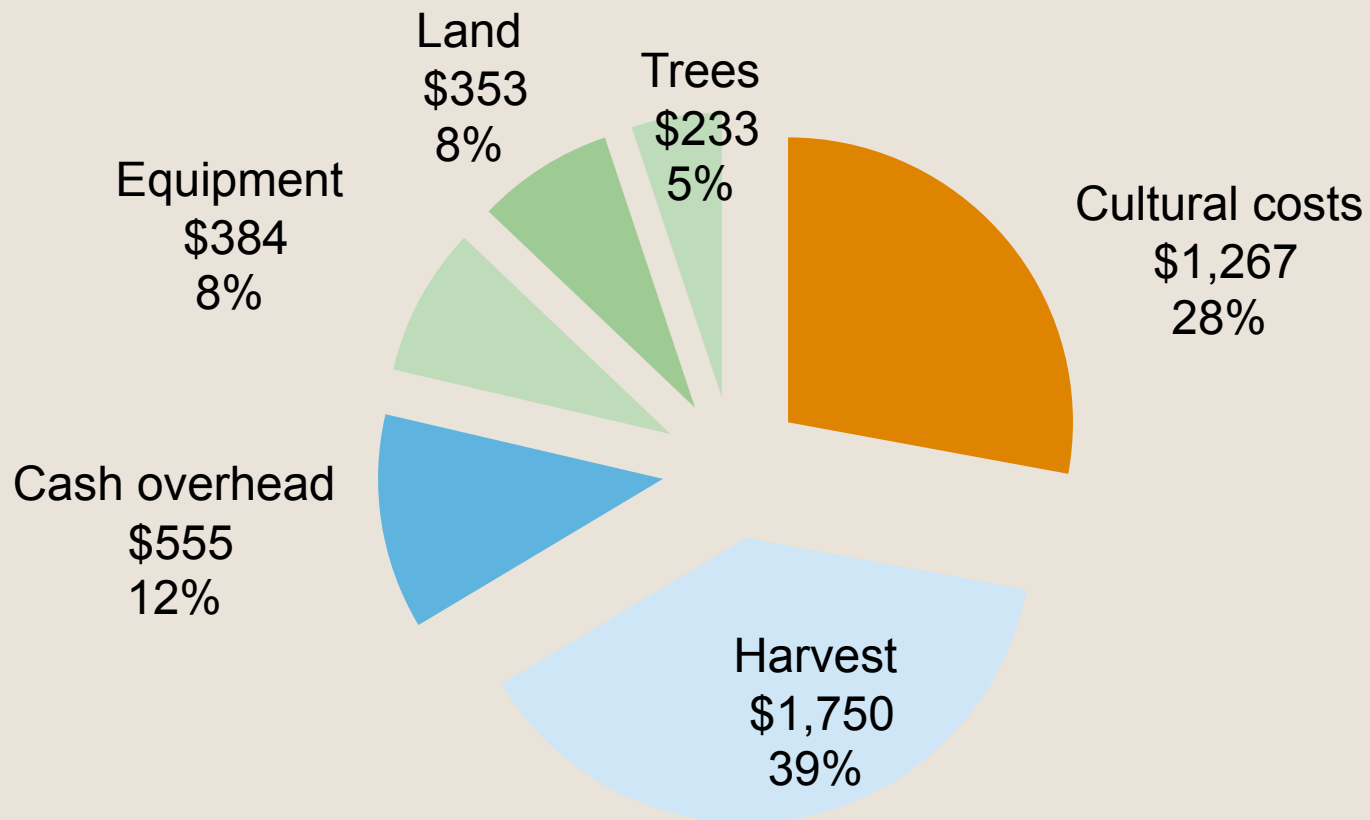
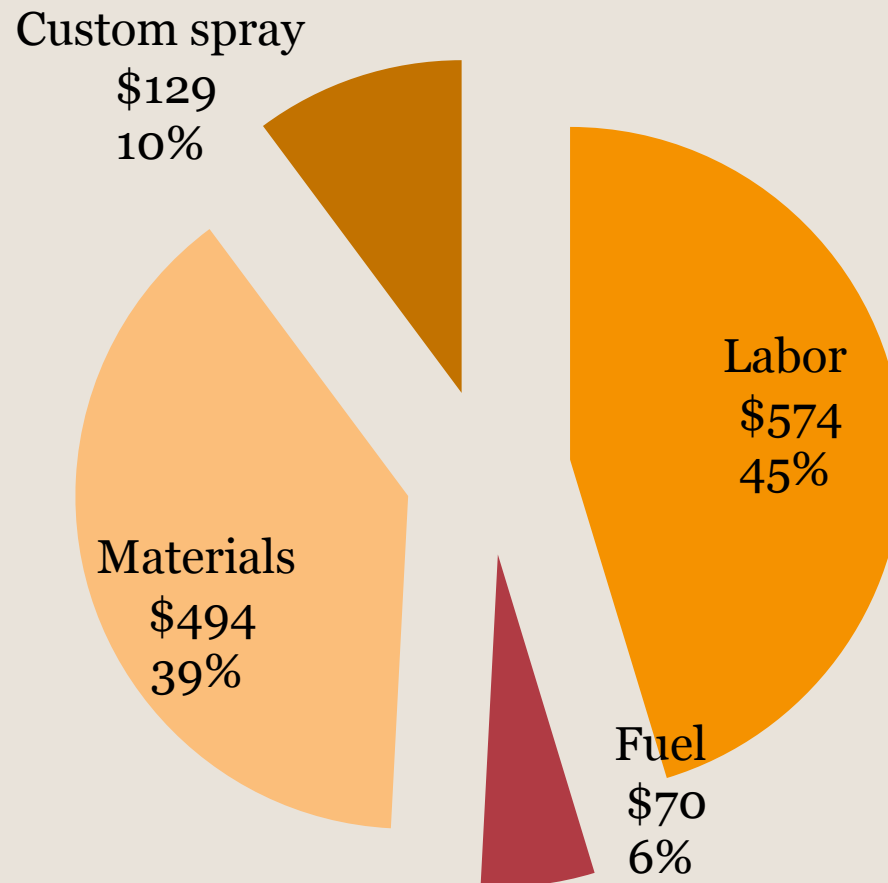


Table Olives

Cultural costs \$1,267 per acre



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