

Ngā Mahi a Wai Māori

Northland Water Storage and Use Project



Growing Citrus

- The three major citrus crops currently grown in Northland are lemons, mandarins and oranges.
- Citrus grows best in a sub-tropical climate with warm summers and frost-free winters.
- Irrigation is essential in both the establishment stage and to maximise yields in the Northland climate.
- At present most of the New Zealand citrus crop is sold on the local market with exports being timed to meet windows of opportunity in foreign markets.
- Citrus is quite slow to reach its mature yields and takes a relatively long time to reach a positive cash flow and to reach the payback period for the initial development costs.
- The development of a citrus orchard will have a very positive impact on the local population.

Citrus Growing Requirement

The three major citrus crops currently grown in Northland are lemons, mandarins and oranges.

Citrus grow best in a sub-tropical climate with warm summers and frost-free winters. Accumulated summer heat is necessary to produce the required high sugar levels and the desired skin thickness. Cool temperatures are required before harvest to achieve the desired colouration of the fruit. Citrus can be grown successfully across a wide range of soil types with the main requirement being excellent drainage. Irrigation is essential in both the establishment stage and to maximise yields in the Northland climate.

There is a very comprehensive guide to establishing and growing citrus titled "Growing Citrus in New Zealand-A practical guide" which is available on the Citrus New Zealand website.



The Investment Outlook

The industry in New Zealand is managed by the levy-funded grower organisation Citrus New Zealand which has as its vision to be a progressive, collaborative consumer-led industry. Its prime mission is to defend and extend the core business of a mature domestic market and its secondary mission is to create a viable export market. Its priorities are to develop a customer-centric focus for the industry in the domestic market, investigate new export markets, and develop existing export markets to achieve \$18 - \$20m export earnings by 2023. Most of the New Zealand citrus crop is currently sold on the local market with exports being timed to meet windows of opportunity in foreign markets when either the local producers or other exporters are unable to meet the demand.

Possible Financial Returns

The following financial information should be regarded as indicative only. It has been compiled from The AgriBusiness Group data, which has been updated to reflect the current situation regarding pricing and is available from the Citrus New Zealand website. Individual orchard performance can vary considerably from the average expectations shown here, and the information shown does not include the cost of the land.

The financial returns that can be achieved with citrus production are primarily made by maximising the orchard yield and maximising the size grades of the fruit. The larger the size grade, the higher the price received.

Citrus orchard financial performance

	Oranges	Mandarin	Lemons
Development Costs (\$/ha)	32,000	34,500	28,000
Years to mature yield.	10	10	9
Mature Yield (T / ha)	50	40	50
Income(\$/ha)	29,000	41,600	55,000
Expenditure(\$/ha)	16,500	20,500	22,500
Cash Surplus(\$/ha)	12,500	21,100	32,500
Years to positive cash flow.	6	6	5
Payback Period	12	12	9

The information in this table indicates that the development cost of the orchards is similar and that they are all quite slow to reach their mature yields.

Each variety takes a relatively long time to reach a positive cash flow and to reach the payback period for the initial development costs.

Social and Environmental

The development of a citrus orchard will have a very positive impact on local employment, with between two and three permanent staff required for every 10 hectares planted and more seasonal labour required for pruning, picking and packing.

While significantly different to traditional livestock farming, and typically requiring a reliable water source for irrigation, the environmental footprint of citrus is relatively low.

Possible means of affordability of the investment.

The traditional farmer may feel daunted by the initial cost of developing a citrus orchard and the skills required to make it work at optimum productivity. Other than upskilling yourself, alternatives to transition to irrigated horticulture and realise the potential of your land include:

- contracting a turnkey orchard developer;
- forming a joint venture partnership;
- leasing your land to another operator; or
- selling the land to an orchard developer.

Sources of Information

- Citrus New Zealand <https://www.citrus.co.nz/>
- Your local horticultural consultant.

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