

2015/16 Average Packing Charges for Florida Fresh Citrus

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A survey of Florida fresh citrus packers was conducted in April 2016 to collect data on their packing charges during the 2015/16 season. A total of sixteen packinghouses participated in the survey, seven from the Interior region and nine from the Indian River region. The average of their responses was computed to obtain the estimates presented below. It is worth noting such estimates correspond to packing charges, not packing costs.

Starting with last season report (2014/15) two changes were made relative to previous reports based on comments from the industry. First, unlike in previous reports, Industry Assessments and Sales Charges are itemized separately from Packing Charges. Second, previous reports made a distinction between Domestic and Exported Grapefruit. However, as the result of a focus group with packers in 2015 it became evident that the packing charges for both domestic and exports are the same; any difference between the two is an up-charge related to enhanced packaging. Therefore, we present a single category for Grapefruit charges.

The average packing charges by citrus varieties are shown in Table 1, and are expressed in dollars per 4/5 bushel carton. For grapefruit, the 2015/16 average Packing Charge, Industry Assessment and Sales Charge were \$4.747, \$0.270, and \$ 0.548 per carton, respectively, while for oranges, the charges per carton were \$5.014, \$0.204, and \$0.548. For temples and tangelos the charges were \$5.304, \$0.207, and \$0.548 per carton, respectively, and for tangerines they were \$6.207, \$0.204, and \$0.548 per carton.

Table 1 also shows the estimated average charges for Drenching, Packinghouse Eliminations, and Hauling charge for Eliminations from packinghouses to processors. These charges are presented in dollars per box. For grapefruit, the charges for Drenching, Packinghouse Eliminations, and Hauling were \$0.211, \$0.747, and \$0.566 per box, respectively. For oranges, those charges were \$0.213, \$0.789, and \$0.557 per box, respectively. The charges for temples and tangelos were \$0.213, \$0.813, and \$0.645 per box, respectively. And, for tangerines such charges were \$0.210, \$0.876, and \$0.676, respectively.

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Table 2 provides a comparison of the 2015/16 packing charges to those of 2008/09-2014/15. To make the estimates comparable across seasons — given the changes introduced last season that were discussed above — the 2015/16 Packing Charge, Industry Assessment, and Sales Charge were added together. Also, the figures for grapefruit in seasons 2008/09 to 2011/12 correspond to the category presented as domestic grapefruit in previous reports.

Table 3 presents packers' responses for each charge category organized as follows:

- Column 1: shows the average values of the responses for each listed charge
- Column 2: shows the value of the standard deviation of the responses for each listed charge
- Columns 3 and 4: obtained by subtracting and adding column 2 from column 1, respectively.

The objective of those calculations is to provide a range for the different charges without disclosing individual packers' data. Thus, for example, the average Packing Charge for Grapefruit is \$4.747 per carton. Taking into account that the standard deviation across responses for that charge is \$0.715 per carton, a proxy for a minimum (maximum) is given by a lower (upper) bound of \$4.031 (\$5.462) per carton.

Tables 1, 2 and 3 summarize the current packing charges for Florida fresh citrus and provide a comparison to historical values. The usefulness of these estimates resides in that they provide the basis for computing on-tree prices from delivered-in prices, which in turn are useful for computing growers' economic returns. The Florida citrus industry currently faces the challenges imposed by citrus greening: decreasing yields and production, lower quality and fruit size, and higher tree mortality rates; all of which have resulted in increased cost of production. As a consequence of the decrease in the state's supply of fresh citrus, the number of packinghouses has decreased in recent years. Thus, the estimates in this report document the changes in packing charges as the industry adapts to remain profitable.

Additional information on citrus budgeting and cost analysis, harvesting charges, and more can be obtained by contacting your County Extension Citrus Agent or by going to the UF/IFAS EDIS website: www.edis.ifas.ufl.edu or UF/IFAS CREC Economics Extension website: www.crec.ifas.ufl.edu/extension/economics.

References

Singerman, A. 2014/15 Average Packing Charges for Florida Fresh Citrus. University of Florida-IFAS, Citrus Research and Education Center, Lake Alfred, FL.

Table 1. Estimated Average Packing Charges for Florida Citrus, 2015/16

	Grapefruit	Oranges	Temples/ Tangelos	Tangerines
	-----\$ per Carton -----			
Packing Charge ¹	4.747	5.014	5.304	6.207
Industry Assessment ²	0.270	0.204	0.207	0.204
Sales Charge	0.548	0.548	0.548	0.548
Total	5.565	5.767	6.060	6.958
	-----\$ per Box -----			
Drenching Charge	0.211	0.213	0.213	0.210
Packinghouse Elimination Charge	0.747	0.789	0.813	0.876
Hauling Charge for Eliminations	0.566	0.557	0.645	0.676

¹Packing Charges include the following items:

1. Materials including labels/PLUs (Price look-up codes).
2. Includes supervisor/foreman labor, grading, shipping and general labor. Includes payroll taxes (FICA), workers' compensation, insurance, etc.
3. Other direct packing costs include: fruit treating; power, lights and water; repair/maintenance; miscellaneous supplies; etc.
4. Indirect packing costs include such items as: insurance-fire and casualty; taxes and licenses, depreciation and rent.
5. General and Administrative (G&A) costs include: office personnel (FICA, with compensation); packinghouse and general manager; office supplies; telephone; etc.

²Industry Assessment includes: Advertising taxes, Inspection fees, Florida Citrus Packers tax, and a Citrus Administrative Committee (CAC) tax.

Source:

Ariel Singerman and Marina Burani-Arouca, University of Florida-IFAS, Citrus Research and Education Center, Lake Alfred, FL, April 2016.

Table 2. Comparison of Average Packing Charges for Florida Citrus by Season

	Season	Grapefruit	Oranges	Temples/ Tangelos	Tangerines
		-----\$ per carton -----			
Total Packing Charge ¹	2015/16	5.565	5.767	6.060	6.958
	2014/15	5.362	5.525	5.774	6.666
	2011/12	4.907	5.241	5.451	6.336
	2010/11	4.654	5.071	5.486	6.105
	2009/10	4.730	5.065	5.252	6.054
	2008/09	4.495	4.886	5.088	6.116
		-----\$ per box -----			
Drenching Charge	2015/16	0.211	0.213	0.213	0.210
	2014/15	0.199	0.200	0.196	0.200
	2011/12	0.207	0.203	0.191	0.199
	2010/11	0.199	0.201	0.195	0.195
	2009/10	0.192	0.192	0.191	0.191
	2008/09	0.191	0.193	0.191	0.190
Packinghouse Elimination Charges	2015/16	0.747	0.789	0.813	0.876
	2014/15	0.663	0.678	0.703	0.702
	2011/12	0.654	0.680	0.687	0.718
	2010/11	0.676	0.706	0.744	0.777
	2009/10	0.649	0.675	0.712	0.710
	2008/09	0.656	0.675	0.709	0.749
Hauling Charge for Eliminations	2015/16	0.566	0.557	0.645	0.676
	2014/15	0.559	0.554	0.642	0.692
	2011/12	0.615	0.568	0.559	0.590
	2010/11	0.516	0.498	0.537	0.588
	2009/10	0.564	0.510	0.525	0.525
	2008/09	0.586	0.571	0.585	0.589

¹Total Packing Charges include Packing Charge, Industry Assessment, and Sales Charge as defined in Table 1.

Sources:

Ariel Singerman and Marina Burani-Arouca, University of Florida-IFAS, Citrus Research and Education Center, Lake Alfred, FL, April 2016.

Ariel Singerman, University of Florida-IFAS, Citrus Research and Education Center, Lake Alfred, FL, May 2015.

Ronald P. Muraro, University of Florida-IFAS, Citrus Research and Education Center, Lake Alfred, FL, September 2012.

Table 3. Average and Standard Deviation of Packing Charges for Florida Citrus, 2015/16

Grapefruit	(1)	(2)	(3)	(4)
	Average	Standard deviation	- 1 std.dev	+ 1 std.dev
-----\$ per Carton -----				
Packing Charge	4.747	0.715	4.031	5.462
Industry Assessment	0.270	0.049	0.220	0.319
Sales Charge	0.548	0.062	0.486	0.611
Total	5.565		4.738	6.391
-----\$ per Box -----				
Drenching Charge	0.211	0.028	0.183	0.239
Packinghouse Elimination Charge	0.747	0.412	0.335	1.159
Hauling Charge for Eliminations	0.566	0.144	0.421	0.710
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Oranges	Average	Standard deviation	- 1 std.dev	+ 1 std.dev
	-----\$ per Carton -----			
Packing Charge	5.014	0.514	4.501	5.528
Industry Assessment	0.204	0.059	0.145	0.263
Sales Charge	0.548	0.065	0.484	0.613
Total	5.767		5.129	6.404
-----\$ per Box -----				
Drenching Charge	0.213	0.028	0.186	0.241
Packinghouse Elimination Charge	0.789	0.506	0.283	1.295
Hauling Charge for Eliminations	0.557	0.162	0.395	0.720
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Temples/Tangelos	Average	Standard deviation	- 1 std.dev	+ 1 std.dev
	-----\$ per Carton -----			
Packing Charge	5.304	0.642	4.662	5.946
Industry Assessment	0.207	0.065	0.143	0.272
Sales Charge	0.548	0.065	0.484	0.613
Total	6.060		5.288	6.831
-----\$ per Box -----				
Drenching Charge	0.213	0.028	0.186	0.241
Packinghouse Elimination Charge	0.813	0.539	0.274	1.352
Hauling Charge for Eliminations	0.645	0.205	0.440	0.851

Table 3. Average and Standard Deviation of Packing Charges for Florida Citrus, 2015/16
(cont'd).

Tangerines	Average	Standard deviation	- 1 std.dev	+ 1 std.dev
-----\$ per Carton -----				
Packing Charge	6.207	0.520	5.687	6.726
Industry Assessment	0.204	0.066	0.138	0.270
Sales Charge	0.548	0.067	0.481	0.615
Total	6.958		6.305	7.612
-----\$ per Box -----				
Drenching Charge	0.210	0.026	0.184	0.236
Packinghouse Elimination Charge	0.876	0.693	0.183	1.569
Hauling Charge for Eliminations	0.676	0.231	0.446	0.907

Source:

Ariel Singerman and Marina Burani-Arouca, University of Florida-IFAS, Citrus Research and Education Center, Lake Alfred, FL, April 2016.