

# AMS Factsheet

## UNDERSTANDING FARM GATE PRICE



The vast majority of Australian macadamia growers sell In shell (NIS) to processors. The NIS has a measurable amount of kernel contained within it, with the main driver for difference being varietal.

- **The amount of kernel contained in the NIS is referred to as Total Kernel Recovery (TKR), and is reported as a percentage.**  
For example, a 10g NIS with a 3.3g kernel inside it is referred to as having a 33% TKR.
- **The Total Kernel Recovery is further broken down into either:**
  - premium kernel recovery (PKR)
  - commercial kernel recovery (CKR) or
  - reject kernel recovery (RKR).
- **Growers are paid for premium and commercial kernel but not for reject kernel.**  
Consequently, premium kernel and commercial kernel are often grouped together as **Saleable Kernel Recovery (SKR)**. Industry data suggests an average breakdown of 97% SKR and 3% RKR. Using the example outlined above, the 10g NIS with a 33% TKR is further broken down to become 32.01% SKR and 0.99% RKR @ 10% moisture.

- **Generally, the higher the SKR and the lower the RKR, the higher the price the grower receives.**  
However, to provide a base point for pricing, the processors have traditionally offered prices to growers based on a nominal quality assessment, most commonly 33% SKR and 2% RKR @ 10% moisture.
- **Tree variety is the main driver affecting TKR, so it's important to understand the varieties on your orchard.**  
The difference is substantial, with some varieties ranging from 28% TKR through to 45% TKR. It is important to factor in that each variety has a predisposed TKR limit, with on-farm management having a minimal affect on TKR.
- **However, on-farm management does have a major affect on RKR.** This is because the main causes for RKR are management-related issues such as insect pest damage (spray coverage and timing) and harvesting and drying damage (harvesting regularity and drying facilities). Improved management practices can drastically reduce RKR. The first step to improve/reduce RKR for growers is to engage a professional pest and nutrition consultants.

To stay up-to-date with the latest industry information, [join the Australian Macadamia Society](https://australian-macadamias.org/industry).