



# PLANNING FOR PROFIT



Province of British Columbia  
Ministry of Agriculture and Fisheries  
Hon. John Savage, Minister

Apple Establishment Budget  
Central Leader 382  
Fall 1989

Agdex- 210-810

## Introduction

This budget estimates the direct income and expenses to establish one acre of apples on the Central Leader production system planted at a density of 382 trees/acre (2.3m x 4.5 m spacing). Tree spacing depends on soil type, rootstock, variety vigor, and training system.

These numbers are intended to assist producers in evaluating the financial requirements of the establishment period. A total farm financial analysis should be completed in order to determine the impact of a new planting on the total orchard business. A complete set of planning forms are available from any BCMAF district office.

## Price Sensitivity

The following table shows the impact on gross margin resulting from a change in projected market returns. (bold denotes target values)

Price/lb.	0.08	0.12	0.19
Year			
1	(\$5,132)	<b>(\$5,132)</b>	(\$5,132)
2	(854)	<b>(854)</b>	(854)
3	(755)	<b>(635)</b>	(425)
4	(637)	<b>(397)</b>	23
5	(200)	<b>360</b>	1,340
6	183	<b>1,143</b>	2,823
7	395	<b>1,595</b>	3,695
8	674	<b>2,074</b>	4,524

Market return is the most significant variable in assessing profit in establishing and producing apples. Price alters the budget's projected gross margins. It is important to obtain as much information on potential market returns when developing a budget for your own situation. Quality, size, strain, and variety are just some factors to consider.

## Production Sensitivity

**Level-** The table below shows the results of a 10% and 20% reduction in target production levels on per acre gross margins (@ \$0.12/lb).

Prod'n. Year	-20%	-10%	Target
1	(\$5,132)	(\$5,132)	<b>(\$5,132)</b>
2	(854)	(854)	<b>(854)</b>
3	(694)	(665)	<b>(635)</b>
4	(505)	(451)	<b>(397)</b>
5	106	234	<b>360</b>
6	707	925	<b>1,143</b>
7	1,051	1,324	<b>1,595</b>
8	1,438	1,755	<b>2,074</b>

**Timing-** Projected margins are also affected by how soon young trees come into production. The table below summarizes the impacts of delaying target production by 1 and 2 years.

Delay Year	2 Yr.	1 Yr.	Target
1	(\$5,132)	(\$5,132)	<b>(\$5,132)</b>
2	(854)	(854)	<b>(854)</b>
3	(928)	(928)	<b>(635)</b>
4	(941)	(648)	<b>(397)</b>
5	(618)	(367)	<b>360</b>
6	(493)	234	<b>1,143</b>
7	142	1,051	<b>1,595</b>
8	1,074	1,618	<b>2,074</b>

These margins demonstrate the importance of obtaining early production on intensive plantings. Projected yields and timing are affected by tree quality, management, location, and weather.

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# APPLE ESTABLISHMENT BUDGET

## Central Leader 382 Trees/Acre

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
<b>Income (\$/acre)</b>								
Yield (lb./acre)	0	0	3,000	6,000	14,000	24,000	30,000	35,000
Price (\$/lb.)	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12
<b>Total Income</b>	\$0	\$0	\$360	\$720	\$1,680	\$2,880	\$3,600	\$4,200
<b>Costs (\$/acre)</b>								
<b>Crop Supplies and Services</b>								
Ground Preparation	300							
Replant Problem Trt.	200							
Trees (340 @ \$6.00)/5% Replacement *	2,040	102						
Pollinizers (42 @ \$6.00) *	252	13						
Irrigation System *	1,200							
Fertilizer/Nutrients	36	17	29	29	29	34	34	34
Pesticides	42	71	119	132	132	132	132	132
Mouse Guards	134							
Fuel Costs	314	198	235	179	133	208	277	290
Machine R&M	104	66	78	59	44	69	92	97
<b>Contract Labour</b>								
Planting/General	198	80	97	36	47	48	48	48
Pruning/Training	140	150	194	200	220	240	240	188
Thinning				130	130	130	130	141
<b>Harvesting</b>								
Picking (\$15/Bin)			56	113	263	450	563	656
Bin Hauling (\$3/Bin)			11	23	53	90	113	131
<b>Other</b>								
Rescue (5.4kg)	30							
Hive Rent	40	40	40	40	40	40	40	40
Tree/Crop Insurance	42	57	76	116	169	236	276	309
Irrigation Water	60	60	60	60	60	60	60	60
<b>Total Costs</b>	\$5,132	\$854	\$995	\$1,117	\$1,320	\$1,737	\$2,005	\$2,126
<b>Gross Margin</b>	(\$5,132)	(\$854)	(\$635)	(\$397)	\$360	\$1,143	\$1,595	\$2,074

\* May be a capital item. This information is provided as a guideline only. Target yield indicates above average production. An individual crop plan should be developed by each producer. Planning forms may be obtained from your local office of the B. C. Ministry of Agriculture and Fisheries.