



# PLANNING FOR PROFIT



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

Apple Establishment Budget  
Slender Spindle 808  
Fall 1989

Agdex- 210-810

## Introduction

This budget estimates the direct income and expenses to establish one acre of apples on the Slender Spindle production system planted at a density of 808 trees/acre (1.5m x 3.3m spacing on M9). 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	(\$9,653)	<b>(\$9,653)</b>	(\$9,653)
2	(768)	<b>(488)</b>	2
3	(239)	481	1,741
4	420	1,620	3,720
5	1,074	2,754	5,694
6	1,134	2,934	6,084

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	(\$9,653)	(\$9,653)	(\$9,653)
2	(625)	(557)	(488)
3	155	319	481
4	1,076	1,349	1,620
5	1,991	2,373	2,754
6	2,116	2,526	2,934

**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	(\$9,653)	(\$9,653)	(\$9,653)
2	(1,171)	(1,171)	(488)
3	(1,154)	(471)	481
4	(422)	530	1,620
5	573	1,663	2,754
6	1,570	2,661	2,934

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.

Prepared by: H. George Geldart, P. Ag  
Farm Management Specialist  
Tree Fruits/Grapes/Special Crops  
Farm Management Branch  
Vernon

# APPLE ESTABLISHMENT BUDGET

## Slender Spindle 808 Trees/Acre

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>Income (\$/acre)</b>						
Yield (lb./acre)	0	7,000	18,000	30,000	42,000	45,000
Price (\$/lb.)	0.12	0.12	0.12	0.12	0.12	0.12
<b>Total Income</b>	<b>\$0</b>	<b>\$840</b>	<b>\$2,160</b>	<b>\$3,600</b>	<b>\$5,040</b>	<b>\$5,400</b>
<b>Costs (\$/acre)</b>						
<b>Crop Supplies and Services</b>						
Ground Preparation	300					
Replant Problem Trt.	200					
Trees (719 @ \$6.00) *	4,314	216				
Pollinizers (89 @ \$6.00) *	534	27				
Support System (808 posts @ \$1.75) *	1,414					
Irrigation System *	1,200					
Fertilizer/Nutrients	112	44	56	67	67	72
Pesticides	42	71	119	132	132	132
Mouse Guards	283					
Fuel Costs	426	207	253	208	168	234
Machine R&M	142	69	85	70	56	78
<b>Contract Labour</b>						
Planting/General	327	80	97	36	47	48
Pruning/Training	140	236	282	189	189	188
Thinning				141	141	141
<b>Harvesting</b>						
Picking (\$15/Bin)		131	338	563	788	844
Bin Hauling (\$3/Bin)		26	68	113	158	169
<b>Other</b>						
Fescue (5.4kg)	30					
Hive Rent	40	40	40	40	40	40
Tree/Crop Insurance	89	121	281	361	440	460
Irrigation Water	60	60	60	60	60	60
<b>Total Costs</b>	<b>\$9,653</b>	<b>\$1,328</b>	<b>\$1,679</b>	<b>\$1,980</b>	<b>\$2,286</b>	<b>\$2,466</b>
<b>Gross Margin</b>	<b>(\$9,653)</b>	<b>(\$488)</b>	<b>\$481</b>	<b>\$1,620</b>	<b>\$2,754</b>	<b>\$2,934</b>

\* 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.