



PLANNING FOR PROFIT



Province of British Columbia
Ministry of Agriculture, Fisheries and Food
Hon. Larry Chalmers, Minister

Apple Establishment
Slender Spindle
990 Trees/Acre
Okanagan Valley
Spring 1991

Agdex 211 - 810

Introduction

This budget estimates the direct income and expenses to establish one acre of apples planted at a density of 990 trees/acre (approximately 4'6" x 8' spacing). It is 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 business. A complete set of planning forms is available from any district office of the B.C. Ministry of Agriculture, Fisheries and Food.

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.	\$.10	\$.12	\$.20
Year			
1	(\$13,285)	(\$13,285)	(\$13,285)
2	(295)	(85)	555
3	385	785	2,385
4	1,235	1,835	4,235
5	1,940	2,740	5,940

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, strain and variety are just some factors to consider.

Production Sensitivity

Level - The table below shows the results of a 10 and 20 percent reduction in target production levels on per acre gross margins.

Prod'n. Year	-20%	-10%	Target
1	(\$13,285)	(\$13,285)	(\$13,285)
2	(290)	(210)	(85)
3	395	590	785
4	1,250	1,545	1,835
5	1,960	2,350	2,740

Timing - Projected margins are also affected by how soon 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	(\$13,285)	(\$13,285)	(\$13,285)
2	(955)	(955)	(85)
3	(1,165)	(335)	785
4	(260)	860	1,835
5	790	1,765	2,740

These margins demonstrate the importance of obtaining early production on intensive plantings.

Projected yields and timing are affected by fruit quality, horticultural practices, location and weather.

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APPLE ESTABLISHMENT BUDGET

Slender Spindle - 990 Trees/Acre

	Year 1	Year 2	Year 3	Year 4	Year 5
Income (\$/acre)					
Yield (lb/tree)	0	9	20	30	40
Yield (lb/acre)	0	8,500	20,000	30,000	40,000
Price (\$/lb.)	\$0.12	\$0.12	\$0.12	\$0.12	\$0.12
Total Income	\$0	\$1,020	\$2,400	\$3,600	\$4,800
Costs (\$/acre)					
Crop Supplies & Services					
Feathered Trees*	\$5,725	\$0	\$0	\$0	\$0
Pollenizers* & Cover Crop	720	0	0	0	0
Support System*	2,230	0	0	0	0
Irrigation System* & Installation	1,200	0	0	0	0
Nitrogen	30	35	35	2	20
Foliar Sprays	15	15	30	30	30
Pest Monitoring	0	60	60	60	60
Pest Control	430	90	100	105	110
Chemical Thinning	0	10	35	35	15
Hive Rental	0	40	40	40	40
Irrigation Water	50	50	50	50	50
Crop Insurance	0	75	175	260	345
Fuel, Oil & Lube	520	215	270	225	225
Machinery R & M	175	70	90	75	75
Contract Labour					
Ground Prep, Replant Test & Treat	500	0	0	0	0
Survey & Stake, Plant, Install Support	1,550	0	0	0	0
Pruning, Training	140	295	280	190	190
Picking	0	160	375	565	750
Hauling	0	30	75	110	150
Total Costs	\$13,285	\$1,145	\$1,615	\$1,765	\$12,060
Gross Margin	(\$13,285)	(\$85)	\$785	\$1,835	\$2,740

*May be a capital item. This information is provided as a guideline only. Projected yields indicate 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, Fisheries and Food.