



PLANNING FOR PROFIT



BRITISH COLUMBIA

Ministry of Agriculture and Food

Sweet Cherry - Establishment
574 Trees/Acre
Okanagan Valley
Spring 1999

Agdex 213 - 810

Introduction

This budget estimates the direct income and expenses to establish one acre of sweet cherries planted at a density of 574 trees/acre (approximately 5' x 15' spacing). It is intended to assist producers in evaluating the financial requirements of the establishment period. This density requires new management practices and as trees mature removal of every 2nd tree may be required.

A total farm financial analysis should be completed in order to determine the impact of a new planting on the total farm business. A complete set of planning forms are available from any BCMAF district office.

Price Sensitivity

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

Price/lb	\$1.00	\$1.20	\$1.30
Year			
3	(\$786)	(\$531)	(\$404)
4	730	1,410	1,750
5	4,127	5,912	6804
6	7,450	10,170	11,530
7	8933	12,078	13,650

Proceed with Caution! Cherry prices are volatile and depend on many factors largely out of the farmers control such as total acres planted, weather conditions and overseas markets.

Varieties of interest as of 1999 are 'Sweetheart', 'Lapin', and 'Sylvia'. These varieties have large fruit and firm texture, good shelf life and dark red colour preferred by the market place.

It is important to obtain as much information on market alternatives and returns when developing a budget. Variety, quality and yield are just some factors to consider.

Production Sensitivity

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

Prod'n. Year	-20%	-10%	Target
3	(\$837)	(\$761)	(\$531)
4	594	798	1,410
5	3,770	4,305	5,912
6	6,906	7,722	10,170
7	8,304	9,247	12,078

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
3	(\$1,182)	(\$1,182)	(\$531)
4	(1,182)	(531)	1,410
5	(531)	1,410	5,912
6	1,410	5,912	10,170
7	5,912	10,170	12,078

These margins demonstrate the importance of obtaining early production on sweet cherry plantings. Projected yields and timing are affected by operator's skill level, graft quality, horticultural practices, location and weather.

Contact: HELMUT ARNDT, P.Ag.
 Horticultural Agrologist
 Kelowna
 GEORGE GELDART, P.Ag.
 Business Management Specialist
 Vernon

Prepared by: MARGARET MURPHY
 Contractor

SWEET CHERRY ESTABLISHMENT BUDGET

Years to Full Production - 7

Spring 1999

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Income (\$/acre)							
Yield (lb/tree)	0	0	2.5	7	18	28	32
Yield (lb/acre)	0	0	1,500	4,000	10,500	16,000	18,500
Price (\$/lb)	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Total Income (85% Marketable Fruit)	0	0	\$1,530	\$4,080	\$10,710	\$16,320	\$18,870
Costs (\$/acre)							
Ground preparation, survey, stake & planting	\$7,632	0	0	0	0	0	0
34 - 0 - 0	36	36	36	19	19	19	19
Zinc sulphate	0	0	22	22	22	22	22
MgSO ₄	24	24	24	12	12	12	12
Boron	8	8	8	8	8	8	8
20 - 20 - 20	8	8	0	0	0	0	0
Gramoxone	135	0	0	0	0	0	0
Roundup	0	40	40	40	40	40	40
Dipel	0	0	48	48	48	48	48
CaCl	0	0	0	22	22	22	22
Diazinon	0	27	27	27	27	27	27
Lagon	0	0	20	20	20	20	20
Malathion	0	0	48	48	48	48	48
Captan	0	0	17	33	33	33	33
Kumulus	0	30	20	20	20	20	20
Benlate	0	0	28	28	28	28	28
Rovral	0	0	114	114	114	114	114
Activol	0	0	198	198	198	198	198
Agrol	0	0	2	2	2	2	2
Rodent Bait Meal	22	22	22	22	22	22	22
Pruning/training	380	600	580	580	760	580	580
Painting trunks	217	0	0	0	0	0	0
Picking/Yarding in/Hauling out	0	0	339	882	2,713	4,164	4,773
Payroll Expense	30	30	46	73	174	237	268
Fuel, Oil & Lube	103	66	72	78	95	112	116
Machinery R & M	229	229	229	229	229	229	229
Irrigation	60	60	60	60	60	60	60
Hive Rental	0	0	60	60	60	60	60
Crop Insurance	0	0	0	23	23	23	23
Total Costs	\$8,941	\$1,182	\$2,061	\$2,670	\$4,798	\$6,150	\$6,792
Contribution Margin	(\$8,941)	(\$1,182)	(\$531)	\$1,410	\$5,912	\$10,170	\$12,078

This information is provided as a guideline only. Target yields and prices indicate average production and quality. An individual crop plan should be developed by each producer. Planning forms may be obtained from your local office of the BC Ministry of Agriculture and Food.