



PLANNING FOR PROFIT



BRITISH COLUMBIA Ministry of Agriculture and Food

Apricot - Establishment Central Leader - 150 Trees/Acre Okanagan Valley Spring 1999

Agdex 214 - 810

Introduction

This budget estimates the direct income and expenses to establish one acre of apricots planted at a density of 150 trees/acre (approximately 18' x 16' 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 BC Ministry of Agriculture 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	\$0.30	\$0.47	\$0.60
Year			
3	(\$538)	(\$155)	\$137
4	151	1,069	1,771
5	1,040	2,723	4,010
6	1,438	3,504	5,083
7	1,664	3,959	5,714
8	1,664	3,959	5,714

Market return is the most significant variable in assessing profit in establishing and producing apricots. Price alters the budget's **Projected Contribution Margins**. It is important to obtain as much information on potential market returns when developing a budget for your own situation. Quality 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 contribution margins.

Prod'n Year	-20%	-10%	Target
3	(\$187)	(\$59)	(\$155)
4	993	1,301	1,069
5	2,585	3,149	2,723
6	3,334	4,026	3,504
7	3,770	4,539	3,959
8	3,770	4,539	3,959

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	(\$682)	(\$682)	(\$155)
4	(682)	(155)	1,069
5	(155)	1,069	2,723
6	1,069	2,723	3,504
7	2,723	3,504	3,959
8	3,504	3,959	3,959

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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APRICOT ESTABLISHMENT BUDGET

Central Leader - 150 Trees/Acre

Spring 1999

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Income (\$/acre)								
Yield (lb/acre)	0	0	2,500	6,000	11,000	13,500	15,000	15,000
Price (\$/lb)	\$0.47	\$0.47	\$0.47	\$0.47	\$0.47	\$0.47	\$0.47	\$0.47
Total Income (90% Marketable Fruit)	\$0	\$0	\$1,058	\$2,538	\$4,653	\$5,711	\$6,345	\$6,345
Costs (\$/acre)								
Trees 7/16" whip	\$984	\$33	\$0	\$0	\$0	\$0	\$0	\$0
34 - 0 - 0	18	35	35	35	35	35	35	35
MgSO ₄	6	11	11	11	11	11	11	11
ZnSO ₄	0	22	22	22	22	22	22	22
Granubor	0	11	0	0	11	0	0	0
11 - 52 - 0	2	0	0	0	0	0	0	0
Heat N Seal	57	0	0	0	0	0	0	0
Peat	76	0	0	0	0	0	0	0
Roundup (2X)	40	40	40	40	40	40	40	40
Captan	0	0	5	20	20	20	20	20
APM	0	0	31	31	31	31	31	31
Endosulphan	0	0	28	28	28	28	28	28
Endosulphan (2X)	6	6	6	6	6	6	6	6
Ziram	0	0	40	40	40	40	40	40
Fixed Copper	0	18	36	36	36	36	36	36
Rodent Control	25	25	25	25	22	22	22	22
Dormant Oil	0	0	70	70	70	70	70	70
Fuel, Oil & Lube	109	60	73	73	73	73	73	73
Machinery R & M	229	229	229	229	229	229	229	229
Ground Preparation	1,000	0	0	0	0	0	0	0
Survey & Stake, Planting	90	0	0	0	0	0	0	0
Painting Trunks	60	0	0	0	0	0	0	0
Pruning, Training	100	125	125	190	250	300	375	375
Thinning	0	0	85	203	375	502	540	540
Picking/Hauling	0	0	172	234	430	526	585	585
Employment Expenses	63	7	19	31	53	66	75	75
Hive Rental	0	0	60	60	60	60	60	60
Irrigation & Instllation	2,000	60	60	60	60	60	60	60
Crop Insurance	0	0	23	23	23	23	23	23
Total Costs	(\$4,925)	(\$682)	\$1,213	\$1,469	\$1,930	\$2,207	\$2,386	\$2,386
Contribution Margin	(\$4,925)	(\$682)	(\$155)	\$1,069	\$2,723	\$3,504	\$3,959	\$3,959

This information is provided as a guideline only. Projected yields indicate average production. 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.