



# PLANNING FOR PROFIT

BRITISH COLUMBIA Ministry of Agriculture and Food

## Gala Apples - Establishment Slender Spindle - 1,210 Trees/Acre Okanagan Valley Spring 1999

Agdex 211 - 810

### Introduction

This budget estimates the direct income and expenses to establish one acre of apples planted at a density of 1,210 trees/acre (approximately 3' x 10' 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 and Food.

### Price Sensitivity

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

Price/lb	\$0.25	<b>\$0.29</b>	\$0.33
Year			
2	(\$1,097)	<b>(\$873)</b>	(\$682)
3	1,194	<b>1,715</b>	2,163
4	2,889	<b>3,744</b>	4,480
5	3,583	<b>4,586</b>	5,450
6	4,144	<b>5,260</b>	6,219
7	4,279	<b>5,468</b>	6,492

Market return is the most significant variable affecting profit in establishing and producing apples. 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, strain, variety and market channel 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 contribution margins.

Prod'n Year	-20%	-10%	Target
2	(\$1,143)	(\$1,008)	<b>(\$873)</b>
3	1,087	1,401	<b>1,715</b>
4	2,712	3,228	<b>3,744</b>
5	3,374	3,980	<b>4,586</b>
6	3,913	4,586	<b>5,260</b>
7	4,032	4,750	<b>5,468</b>

**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
2		(\$19,263)	<b>(\$873)</b>
3	(\$19,263)	(873)	<b>1,715</b>
4	(873)	1,715	<b>3,744</b>
5	1,715	3,744	<b>4,586</b>
6	3,744	4,586	<b>5,260</b>
7	4,586	5,260	<b>5,468</b>

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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# GALA ESTABLISHMENT BUDGET

## Slender Spindle - 1,210 Trees/Acre

Spring 1999

Income (\$/acre)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Yield (lb/acre)	0	6,000	14,400	23,000	27,000	30,000	32,000
Yield (lb/acre shipped)	0	5,700	13,300	21,850	26,560	28,500	30,400
Price (\$/lb) Fcy & better 91%	\$0.293	0.293	0.293	0.293	0.293	0.293	0.293
<b>Total Income</b>	<b>\$0</b>	<b>\$1,520</b>	<b>\$3,546</b>	<b>\$5,826</b>	<b>\$6,839</b>	<b>\$7,599</b>	<b>8,105</b>
<b>Direct Costs (\$/acre)</b>							
Trees 5/8" feathered	\$9,365	\$243	\$0	\$0	\$0	\$0	\$0
Ground Preparation	1,000	0	0	0	0	0	0
Survey, Stake, Plant, Support System	3,408	0	0	0	0	0	0
Painting Trunks	480	0	0	0	0	0	0
Fumigation	100	0	0	0	0	0	0
Peat	605	0	0	0	0	0	0
Heal N Seal	28	0	0	0	0	0	0
Rodent Bait Meal	22	22	22	22	22	22	22
11 - 52 - 0	37	0	0	0	0	0	0
34 - 0 - 0	0	38	38	38	38	38	38
Zinc Sulphate	0	22	22	22	22	22	22
MgSO <sub>4</sub>	6	6	11	11	11	11	11
Urea (45 - 0 - 0)	4	0	0	0	0	0	0
20 - 20 - 20	8	9	0	0	0	0	0
Boron	0	3	3	3	3	3	3
ATS	0	11	11	11	11	11	11
Roundup	101*	91	91	91	91	91	91
Malathion	0	61	0	0	0	0	0
Nova	0	106	106	106	105	106	106
Kumulus	44	33	33	33	31	33	33
Captan	0	0	37	37	37	37	37
Dipel	97	194	48	48	48	48	48
APM	0	92	92	92	92	92	92
Gramoxone	137	0	0	0	0	0	0
Hive Rental	0	120	60	60	60	60	60
Irrigation System & Water	2,060	60	60	60	60	60	60
Crop Insurance	0	12	12	12	12	12	12
Fuel, Oil & Lube	179	96	86	76	80	80	94
Machinery R & M	170	170	170	170	170	170	170
Pruning, Training	700	800	500	500	550	550	800
Picking/Yarding In/Bin	0	135	315	518	608	675	720
Hauling Out/Bin	0	38	70	115	135	150	160
Payroll expenses	59	48	44	57	65	69	84
<b>Total Costs</b>	<b>\$19,263</b>	<b>\$2,393</b>	<b>\$1,831</b>	<b>\$2,082</b>	<b>\$2,253</b>	<b>\$2,339</b>	<b>\$2,637</b>
<b>Contribution Margin</b>	<b>(\$19,263)</b>	<b>(\$873)</b>	<b>\$1,715</b>	<b>\$3,744</b>	<b>\$4,586</b>	<b>\$5,260</b>	<b>\$5,468</b>
* Fall before							

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.