



# PLANNING FOR PROFIT



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

## Apple Establishment Budget Slender Spindle 1,210 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 1,210 trees/acre (1.1m x 3.0m spacing). 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	(\$13,526)	<b>(\$13,526)</b>	(\$13,526)
2	(871)	<b>(455)</b>	273
3	57	<b>1,137</b>	3,027
4	672	<b>2,152</b>	4,742
5	1,068	<b>2,868</b>	6,018

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	(\$13,526)	(\$13,526)	(\$13,526)
2	(658)	(556)	(455)
3	646	891	<b>1,137</b>
4	1,481	1,817	<b>2,152</b>
5	2,051	2,460	<b>2,868</b>

**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	(\$13,526)	(\$13,526)	(\$13,526)
2	(1,469)	(1,469)	(455)
3	(1,317)	(303)	<b>1,137</b>
4	(195)	1,245	<b>2,152</b>
5	1,234	2,141	<b>2,868</b>

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 1,210 Trees/Acre

Year	Year 1	Year 2	Year 3	Year 4	Year 5 (Full Production)
<b>Income (\$/acre)</b>					
Yield (lb./acre)	0	10,400	27,000	37,000	45,000
Price (\$/lb.)	0.12	0.12	0.12	0.12	0.12
<b>Total Income</b>	<b>\$0</b>	<b>\$1,248</b>	<b>\$3,240</b>	<b>\$4,440</b>	<b>\$5,400</b>
<b>Costs (\$/acre)</b>					
<b>Crop Supplies and Services</b>					
Ground Preparation	300				
Replant Problem Trt.				200	
Trees (1,077 @ \$6.00) *	6,462	323			
Pollinizers (133 @ \$6.00) *	798	40			
Support System (1,210 posts @ \$1.75) *	2,118				
Irrigation System *	1,200				
Fertilizer/Nutrients	172	44	56	67	67
Pesticides	42	71	119	132	132
Mouse Guards	424				
Fuel Costs	593	213	271	226	226
Machine R&M	200	72	90	76	76
<b>Contract Labour</b>					
Planting/General	614	131	157	36	47
Pruning/Training	140	293	282	189	189
Thinning				141	141
Harvesting					
Picking (\$15/Bin)		195	506	694	844
Bin Hauling (\$3/Bin)		39	101	139	169
Other					
Rescue (5.4kg)	30				
Hive Rent	40	40	40	40	40
Tree/Crop Insurance	133	182	421	488	541
Irrigation Water	60	60	60	60	60
<b>Total Costs</b>	<b>\$13,526</b>	<b>\$1,703</b>	<b>\$2,103</b>	<b>\$2,288</b>	<b>\$2,532</b>
<b>Gross Margin</b>	<b>(\$13,526)</b>	<b>(\$455)</b>	<b>\$1,137</b>	<b>\$2,152</b>	<b>\$2,868</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.