

PLANNING FOR PROFIT



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

Agdex 216 - 810

Prune Establishment Central Leader - 290 Trees/Acre Okanagan Valley Spring 1991

Introduction

This budget estimates the direct income and expenses to establish one acre of prunes planted at a density of 290 trees/acre (approximately 10' x 15' 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.	\$.07	\$.08	\$.15
Year			
2	(\$400)	(\$400)	(\$400)
3	(645)	(615)	(485)
4	(405)	(330)	180
5	(75)	75	1,125
6	225	445	1,985
7	550	850	2,950

Market return is the most significant variable in assessing profit in establishing and producing prunes. 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 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
2	(\$400)	(\$400)	(\$400)
3	(645)	(635)	(625)
4	(410)	(370)	(330)
5	(90)	(10)	75
6	200	325	445
7	515	680	850

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	(\$400)	(\$400)	(\$400)
3	(735)	(735)	(625)
4	(735)	(625)	(330)
5	(625)	(330)	75
6	(330)	75	445
7	75	445	850

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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PRUNE ESTABLISHMENT BUDGET

Central Leader - 290 Trees/Acre

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Income (\$/acre)							
Yield (lb./tree)	0	0	7	25	52	76	103
Yield (lb./acre)	0	0	2,000	7,250	15,000	22,000	30,000
Price (\$/lb.)	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08
Total Income	\$0	\$0	\$160	\$580	\$1,200	\$1,760	\$2,400
Costs (\$/acre)							
Crop Supplies & Services							
Finished Seedling Trees*	\$1,695	\$0	\$0	\$0	\$0	\$0	\$0
Cover Crop	10	0	0	0	0	0	0
Irrigation System* & Installation	1,200	0	0	0	0	0	0
Nitrogen	10	20	40	40	40	40	40
Foliar Sprays	0	0	5	5	5	5	5
Herbicide	40	40	80	80	80	80	80
Insecticide	0	35	80	80	80	80	80
Rodent Control	100	0	0	0	0	0	0
Hive Rental	0	0	40	40	40	40	40
Irrigation Water	80	80	80	80	80	80	80
Fuel, Oil & Lube	80	80	160	160	160	160	160
Machinery R & M	60	60	120	120	120	120	120
Contract Labour							
Ground Preparation	300	0	0	0	0	0	0
Survey & Stake, Planting	210	0	0	0	0	0	0
Pruning, Training	75	85	130	130	155	175	210
Picking	0	0	40	140	290	425	580
Hauling	0	0	10	35	75	110	155
Total Costs	\$3,860	\$400	\$785	\$910	\$1,125	\$1,315	\$1,550
Gross Margin	(\$3,860)	(\$400)	(\$635)	(\$330)	\$75	\$445	\$850

*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.