



PLANNING FOR PROFIT



Province of British Columbia
Ministry of Agriculture, Fisheries and Food

Raspberry Establishment Budget Vancouver Island Summer 1995

Agdex 237 - 810

Introduction

This budget estimates the direct income and expenses to establish one acre of raspberries planted at a density of 1,750 plants/acre (approximately 2.5' by 9' 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 are available from any BCMAFF district office.

Price Sensitivity

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

Price/lb.	\$2.00	\$2.25	\$2.50
Year			
1	(\$1,392)	(\$1,392)	(\$1,392)
2	(3,849)	(3,849)	(3,849)
3	3,908	4,658	5,408
4	8,688	10,188	11,688
5	13,904	16,154	18,404

Market return is the most significant variable in assessing profit in establishing and producing raspberries. 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 percent reduction in target production levels on per acre contribution margins.

Prod'n.	-20%	-10%	Target
Year			
1	(\$1,392)	(\$1,392)	(\$1,392)
2	(3,849)	(3,849)	(3,849)
3	3,498	4,078	4,658
4	7,868	9,028	10,188
5	12,675	14,414	16,154

Timing - Projected margins are also affected by how soon young canes come into production. The table below summarizes the impact of delaying target production by 1 year.

Delay	1 Yr.	Target
Year		
1	(\$1,392)	(\$1,392)
2	(3,849)	(3,849)
3	(828)	4,658
4	4,504	10,188
5	10,469	16,154

These margins demonstrate the importance of obtaining timely production on raspberry plantings.

Projected yields and timing are affected by cane quality, horticultural practices, location and weather.

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RASPBERRY ESTABLISHMENT BUDGET

Years to Full Production - 5

				Year 1	Year 2	Year 3	Year 4	Year 5
U-Pick Yield	\$2.00	lb.		0	0	1,500 lbs.	3,000 lbs.	4,500 lbs.
Ready Picked Yield	2.50	lb.		0	0	1,500 lbs.	3,000 lbs.	4,500 lbs.
Total Income				\$0	\$0	\$6,750	\$13,500	\$20,250
Establishment Costs	Quantity	Price	Unit					
Plants*	1750	\$.35	each	\$0	\$613	\$0	\$0	\$0
Trickle Irrigation*				0	1,400	0	0	0
Posts & Wires*				0	1,100	0	0	0
10-16-18		.46	kg	0	60	126	126	126
Lime	2	120.50	ton	241	0	0	241	0
Devrinol	3.75	32.40	kg	122	122	122	0	0
Gramoxone	3	20.95	litre	0	0	63	63	63
Princep 9T	1	13.39	kg	0	0	13	13	13
Goal	1	47.95	litre	0	0	48	48	48
Captan WP	1.5	9.67	kg	0	0	15	15	15
Ridomil	2.2	69.93	litre	0	0	154	154	154
Diazinon 50 EC	.4	14.38	litre	0	0	6	6	6
Fuel Costs				8	59	76	91	74
Machinery R & M				21	100	125	145	122
Picking Labour		.50	lb.	0	0	750	1,500	2,250
Contract & Custom Work				1,000	295	0	0	0
Rentals (Beehives & Outhouses)				0	0	150	150	150
Irrigation & Water				0	100	100	100	100
Marketing		3% of sales		0	0	232	435	638
Cartons		.75	10 lb.	0	0	112	225	337
Total Costs				\$1,392	\$3,849	\$2,092	\$3,312	\$4,096
Contribution Margin				(\$1,392)	(\$3,849)	\$4,658	\$10,188	\$16,154

* 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, Fisheries and Food.