



PLANNING FOR PROFIT



Province of British Columbia
Ministry of Agriculture, Fisheries and Food

Strawberry Establishment Budget Vancouver Island Summer 1995

Agdex 232 - 810

Introduction

This budget estimates the direct income and expenses to establish one acre of strawberries planted at a density of 8,712 plants/acre (approximately 1' by 4' 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 target values)

Price/lb.	\$1.50	\$1.75	\$2.00
Year			
1	(\$1,186)	(\$1,186)	(\$1,186)
2	(1,712)	(1,462)	(1,212)
3	3,928	4,928	5,928
4	11,168	13,668	16,168
5	6,480	7,980	9,480

Market return is the most significant variable in assessing profit in establishing and producing strawberries. 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. Year	-20%	-10%	Target
1	(\$1,186)	(\$1,186)	(\$1,186)
2	(1,755)	(1,608)	(1,462)
3	3,758	4,343	4,928
4	10,743	12,205	13,668
5	6,225	7,103	7,980

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

Delay Year	1 Yr.	Target
1	(\$1,186)	(\$1,186)
2	(2,925)	(1,462)
3	541	4,928
4	4,893	13,668
5	13,830	7,980

These margins demonstrate the seriousness of delaying production by one year on a crop with only 4 production years. Projected yields and timing are affected by plant quality, horticultural practices, location and spring weather.

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STRAWBERRY ESTABLISHMENT BUDGET

Production Cycle Length - 5 Years

				Year 1	Year 2	Year 3	Year 4	Year 5
U-Pick Yield		Price	Unit					
		\$1.50	lb.	0	500	2,000 lbs.	5,000 lbs.	3,000 lbs.
Ready Picked Yield		2.00	lb.	0	500	2,000 lbs.	5,000 lbs.	3,000 lbs.
Total Income				\$0	\$1,750	\$7,000	\$17,500	\$10,500
Establishment Costs	Quantity	Price	Unit					
Plants*	8,712	\$0.075	each	\$0	\$653	\$0	\$0	\$0
Trickle Irrigation*				0	1,400	0	0	0
<u>Fertilizers & Chemicals</u>								
4 - 18 - 25	175	.40	kg	0	70	70	70	70
34 - 0 - 0	45	.41	kg	0	18	18	18	18
Devrinol	3.75	32.40	kg	122	122	122	122	0
Roundup	2.5	14.40	litre	36	0	0	0	0
Princep 9T	1.8	13.39	kg	0	24	24	24	24
Rovral	.8	89.98	kg	0	72	72	72	72
Captan 50W	.8	9.67	kg	0	8	8	8	8
Ridomil	1.5	69.93	litre	0	0	105	105	105
Diazinon 50 EC	1.2	14.38	litre	0	17	17	17	17
Fuel Costs				10	86	68	83	66
Machinery R & M				18	175	138	158	135
Picking Labour		.50	lb.	0	250	1,000	2,500	1,500
Contract & Custom Work				1,000	0	0	0	0
Rentals (Outhouses & Hives)				0	150	150	150	150
Irrigation & Water				0	100	100	100	100
Marketing Association Membership				0	30	30	30	30
Cartons		.75	10 lbs.	0	37	150	375	225
Total Costs				\$1,186	\$3,212	\$2,072	\$3,832	\$2,520
Contribution Margin				(\$1,186)	(\$1,462)	\$4,928	\$13,668	\$7,980

* 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.