



# PLANNING FOR PROFIT



BRITISH  
COLUMBIA

Ministry of Agriculture,  
Fisheries and Food

**Strawberry Establishment  
Fraser Valley  
Fall 1996**

**Agdex 232 - 810**

## Introduction

This budget estimates the direct income and expenses to establish one acre of strawberries planted at a density of 12,446 plants/acre (approximately 42" 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 are available from any BCMAFF district office.

## Price Sensitivity

The following table shows the effect of changes in the market returns on the profit of strawberry growing. (bold denotes target values)

Price/lb	\$0.60	<b>\$0.75</b>	\$0.90
Year			
1	(\$1,518)	<b>(\$1,518)</b>	(\$1,518)
2	(42)	<b>933</b>	1,758
3	376	<b>1,676</b>	2,776

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.

Fraser Valley strawberries are grown on a three year crop cycle and then are replanted.

## Production Sensitivity

**Level** - The table below shows the results of a 10 and 20 percent reduction in target yields on the profit of strawberry growing.

Prod'n Year	-20%	-10%	<b>Target</b>
1	(\$1,518)	(\$1,518)	<b>(\$1,518)</b>
2	487	710	<b>933</b>
3	1,082	1,379	<b>1,676</b>

**Timing** - Projected margins are also affected by how soon young plants come into production. The table below summarizes the impacts of delaying target production by 1 and 2 years.

Delay Year	2 Yr.	1 Yr.	<b>Target</b>
1	(\$1,518)	(\$1,518)	<b>(\$1,518)</b>
2	(776)	(776)	<b>933</b>
3	(776)	933	<b>1,676</b>

These margins demonstrate the importance of obtaining early production on intensive plantings.

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

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# STRAWBERRY ESTABLISHMENT BUDGET

## Production Cycle Length - 3 Years

		Price	Unit	Land Prep	Year 1	Year 2	Year 3
<b>Income</b>							
Fresh Strawberries		\$1.25	lb	\$0	\$0	\$1,875	\$2,250
Processed Strawberries		0.60	lb	0	0	2,700	3,600
<b>Total Income</b>				<b>\$0</b>	<b>\$0</b>	<b>\$4,575</b>	<b>\$6,100</b>
<b>Establishment Costs</b>							
	<b>Quantity</b>	<b>Price</b>	<b>Unit</b>				
Plants	12,446	\$0.065	each	\$0	\$809	\$0	\$0
10 - 16 - 18	230	0.49	kg	0	112	0	0
8 - 24 - 24	90	0.48	kg	0	0	43	43
18 - 18 - 18	70	0.50	kg	0	0	35	35
Roundup	2.50	9.95	litre	25	6	6	6
Devrinol	3.60	34.12	kg	0	0	123	123
Simazine	0.80	13.23	kg	0	11	11	11
Fusilade	0.60	52.38	litre	0	8	8	8
Thiodan	1.00	14.85	litre	0	15	15	15
Benlate	0.44	53.95	kg	0	24	24	24
Captan	1.20	13.62	kg	0	0	82	82
Furadan	0.65	35.88	litre	0	0	23	23
Ridomil	1.60	76.00	litre	0	0	122	122
Ronalin	0.80	123.00	kg	0	0	98	98
Fuel Costs				71	87	89	89
Machinery R & M				35	61	88	88
Planting/Set & Remove Runners	50.0	7.50	hour	0	375	0	0
Hand Weeding	0.0	7.50	hour	0	0	0	0
Picking Labour		0.35	lb	0	0	2,100	2,800
Supervisory Labour		7.50	hour	0	0	420	420
Soil Analysis				35	0	0	0
Irrigation & Water				0	10	10	10
Advertising				0	0	100	100
Cartons		0.16	lb	0	0	246	328
<b>Total Costs</b>				<b>\$166</b>	<b>\$,1518</b>	<b>3,642</b>	<b>\$4,424</b>
<b>Contribution Margin</b>				<b>(\$166)</b>	<b>(\$1,518)</b>	<b>\$933</b>	<b>\$1,676</b>

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 BC Ministry of Agriculture, Fisheries and Food.