



PLANNING FOR PROFIT



Province of British Columbia
Ministry of Agriculture, Fisheries and Food

Kiwifruit Establishment Budget Vancouver Island Spring 1992

Agdex 238 - 810

Introduction

This budget estimates the direct income and expenses to establish one acre of kiwifruit planted at a density of 290 plants/acre (approximately 15' by 10' spacing) and a ratio of five female plants to each male. 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 gross margin resulting from a change in projected market returns. (bold denotes target values)

Price/lb.	\$.75	\$1.00	\$1.25
Year			
4	(\$678)	(\$228)	\$222
(351)	1,449	3,249	6
(441)	2,259	4,959	
7	(571)	3,029	6,629
8	(542)	3,958	8,458
9	(733)	5,517	11,767

Market return is the most significant variable in assessing profit in establishing and producing kiwifruit. 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.

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
4	(\$341)	(\$284)	(\$228)
5	935	1,192	1,449
6	1,583	1,921	2,259
7	2,128	2,578	3,029
8	2,832	3,395	3,958
9	3,953	4,735	5,517

Timing - Projected margins are also affected by how soon young vines 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
4	(\$792)	(\$792)	(\$228)
5	(871)	(307)	1,449
6	(228)	1,528	2,259
7	1,449	2,180	3,029
8	2,259	2,950	3,958
9	3,029	3,879	5,517

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

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

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KIWIFRUIT ESTABLISHMENT BUDGET

Years to Full Production - 9

	Price	Unit	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Yield (lbs.)			0	0	0	1,800	7,200	10,800	14,400	18,000	25,000
Total Income	\$1.00	lb.	\$0	\$0	\$0	\$1,800	\$7,200	\$10,800	\$14,400	\$18,000	\$25,000
Costs (\$/acre)											
Plants*	\$13.00	each	\$0	\$3,770	\$377	\$0	\$0	\$0	\$0	\$0	\$0
Hedging Plants*	4.00	each	0	680	68	0	0	0	0	0	0
Cover Crop & Drill Rental	1.05	lb.	0	56	0	0	0	0	0	0	0
Trellis*			0	4,500	0	0	0	0	0	0	0
Irrigation System*			0	2,800	0	0	0	0	0	0	0
34 - 0 - 0	.34	kg	0	17	116	116	116	116	116	116	116
0 - 45 - 0	.44	kg	0	0	0	32	32	32	32	32	32
0 - 0 - 60	.30	kg	0	0	0	18	18	18	18	18	18
Lime	.09	kg	79	0	79	0	79	0	79	0	79
Roundup	14.30	litre	29	29	29	29	29	29	29	29	29
Fuel Costs			5	40	15	15	16	14	16	17	19
Machinery R & M			0	17	17	17	17	17	17	17	17
Custom Land Preparation			210	0	0	0	0	0	0	0	0
Planting/Pruning	5.50	hour	0	110	121	165	412	550	825	1,100	1,650
Weeding	5.50	hour	0	165	220	110	110	55	55	55	55
Picking	.03	lb.	0	0	0	54	216	324	432	540	750
Packing	1.25	carton	0	0	0	321	1,200	1,929	2,571	3,214	4,464
Cartons	1.20	carton	0	0	0	308	1,152	1,851	2,468	3,085	4,286
Cold Storage	1.50	carton	0	0	0	386	1,440	2,314	3,086	3,857	5,357
Marketing	.50	carton	0	0	0	128	480	771	1,028	1,286	1,786
Kiwifruit Association Levy	.15	carton	0	0	0	39	144	231	309	386	535
Irrigation & Water			0	290	290	290	290	290	290	290	290
Total Costs			\$323	\$12,474	\$1,332	\$2,028	\$5,751	\$8,541	\$11,371	\$14,042	\$19,483
Gross Margin			(\$323)	(\$12,474)	(\$1,332)	(\$228)	\$1,449	\$2,259	\$3,029	\$3,958	\$5,517

* 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.