



PLANNING FOR PROFIT



Province of British Columbia
Ministry of Agriculture, Fisheries and Food

Hazelnut Establishment Fraser Valley Summer 1993

Agdex 242 - 810

Introduction

This budget estimates the direct income and expenses to establish one acre of hazelnuts planted at a density of 134 plants/acre (approximately 18' by 18' spacing). The budget 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.	\$.70	\$.78	\$.90
Year			
2	(\$760)	(\$760)	(\$760)
4	(200)	(200)	(200)
6	(120)	(85)	(40)
8	(75)	0	105
10	160	315	530
12	230	440	730

Market return is the most significant variable in assessing profit in establishing and producing hazelnuts. 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 of the 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
2	(\$760)	(\$760)	(\$760)
4	(200)	(200)	(200)
6	(110)	(95)	(85)
8	(50)	(25)	0
10	210	260	315
12	300	370	440

Timing - Projected margins are also affected by how soon young 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	(\$760)	(\$760)	(\$760)
4	(200)	(200)	(200)
6	(185)	(200)	(85)
8	(140)	(85)	0
10	(5)	210	315
12	305	485	440

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

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

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HAZELNUT ESTABLISHMENT BUDGET

Years to Full Production - 12

Price	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
X-Lg & Lg (lbs/ac)\$\$.90/lb.	0	0	0	0	0	300 lb	450 lb	675 lb	1,125 lb	1,405 lb	1,875 lb	1,875 lb
Sm & Med (lbs/ac)\$\$.45/lb.	0	0	0	0	0	100 lb	150 lb	225 lb	375 lb	470 lb	625 lb	625 lb
Total Income	\$0	\$0	\$0	\$0	\$0	\$315	\$470	\$705	\$1,175	\$1,470	\$1,960	\$1,960
Establishment Costs												
Plants* \$4.50/plant	\$0	\$605	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grass Seed 40.00/acre	0	0	40	0	0	0	0	0	0	0	0	0
Sunscald Protection	0	5	5	0	0	0	0	0	0	0	0	0
<u>Fertilizers & Chemicals</u>												
46 - 0 - 0 .34/kg	0	0	45	60	60	60	70	70	75	75	85	85
Solubor 1.83/litre	0	0	5	5	5	5	5	5	5	5	5	5
Lime 45.00/MT	45	0	0	0	45	0	0	45	0	0	0	45
Pest & Weed Control	25	5	75	50	50	50	50	50	50	50	50	50
Fuel Costs	20	20	20	20	20	20	20	20	20	20	20	20
Machinery R & M	60	60	60	60	60	60	60	60	60	60	60	60
<u>Contract & Custom Work</u>												
Planting .50/tree	0	65	0	0	0	0	0	0	0	0	0	0
Tissue Analysis	0	0	5	5	5	5	5	5	5	5	5	5
Harvesting .10/lb.	0	0	0	0	0	40	60	90	150	190	250	250
Processing & Marketing.40/lb.	0	0	0	0	0	160	240	360	600	750	1,000	1,000
Total Costs	\$150	\$760	\$255	\$200	\$245	\$400	\$510	\$705	\$965	\$1,155	\$1,475	\$1,520
Contribution Margin	(\$150)	(\$760)	(\$185)	(\$200)	(\$245)	(\$85)	(\$40)	\$0	\$210	\$315	\$485	\$440

* 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.