



PLANNING FOR PROFIT



Province of British Columbia
Ministry of Agriculture, Fisheries and Food

Asparagus Irrigated, North Okanagan Spring 1994

Agdex 250.1 - 810

Introduction

This budget estimates the direct income and expenses to establish one acre of asparagus planted at a density of 11,000 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 is available from any BCMAFF district office.

Price Sensitivity

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

Price/lb.	\$1.05	\$1.15	\$1.25
Year			
1	(\$28)	(\$28)	(\$28)
(1,939)	(1,939)	(1,939)	
3	(180)	(180)	(180)
4	161	221	281
681	831	981	
6	1,289	1,539	1,789
7	1,273	1,523	1,773

Market return is the most significant variable in assessing profit in establishing and producing asparagus. 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. 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	(\$28)	(\$28)	(\$28)
2	(1,939)	(1,939)	(1,939)
3	(180)	(180)	(180)
4	87	154	221
5	498	665	831
6	984	1,262	1,539
7	968	1,246	1,523

Timing - Projected margins are also affected by how soon crowns 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
1	(\$28)	(\$28)	(\$28)
2	(1,939)	(1,939)	(1,939)
3	(180)	(180)	(180)
4	(229)	(229)	221
5	(294)	156	831
6	114	789	1,539
7	773	1,539	1,523

These margins demonstrate the importance of obtaining timely production on plantings. Projected yields and timing are affected by variety, crown quality, horticultural practices, location, and weather.

Contact: JOHN PRICE, P.Ag.
Interior Vegetable Specialist
Vernon
LORNE OWEN, P.Ag.
Farm Management Specialist

ASPARAGUS ESTABLISHMENT BUDGET

Years to Full Production - 7

				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Yield										
Asparagus - lbs.				0	0	0	600	1,500	2,500	2,500
Total Income										
Asparagus - Direct Market				0	0	0	\$690	\$1,725	\$2,875	\$2,875
Establishment Costs										
	Quantity	Price	Unit							
Crowns*	11,000	\$.145	each	0	\$1,595	0	0	0	0	0
<u>Fertilizers & Chemicals</u>										
46 - 0 - 0	90	.35	kg	0	32	32	32	32	32	32
11 - 51 - 0	50	.4	kg	0	22	22	22	22	22	22
Roundup		9.90	litre	12	0	6	6	6	6	6
Sencor	.9	84.00	litre	0	0	75	75	0	75	75
Simazine	1.4	12.80	kg	0	0	0	0	18	0	0
Malathion	2	6.40	litre	0	0	13	13	13	13	13
Zineb 80 WP	2.6	9.62	kg	0	0	0	0	25	25	25
Fuel, Oil & Lube Costs				3	6	3	15	31	31	31
Machinery R & M				13	26	13	66	131	132	132
<u>Contracts & Custom Work*</u>										
Planting & Hand Weeding				0	258	16	0	16	0	16
Picking				0	0	0	240	600	1,000	1,000
Total Direct Expenses				\$28	\$1,939	\$180	\$469	\$894	\$1,336	\$1,352
Contribution Margin				(\$28)	(\$1,939)	(\$180)	\$221	\$831	\$1,539	\$1,523
*Includes UIC, CPP etc.										

*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.