

AgriProfit\$ Cost & Returns Profiles

Dryland Swath Grazing Southern Alberta

(Fescue Grassland, Mixed Grassland & MoistMixed Grassland) 30-July-12



griProfit\$ Cost & Returns Profiles give an insight into the productive and economic performance of Alberta cereal, oilseed, forage and grazing crops, reported by soil or grass-type zone.

These benchmark include AgriProfit\$ field obervations from the period of 2008 – 2010. Averaging over a 3 year span smoothes out extremes in prices, yields and expenses. This gives a better reflection of the crops' intermediate term

> costs and profit potential.

Regional average performance for the crop is compared to a "top third" management grouping. Fields included in the top management group are drawn from the lowest cost third, as rated by total production cost per unit of output for that crop, in that area, for each of the years.

In addition to the 3year summary table, a range of charts are included to highlight field level variability in key cost and returns tallies. This further emphasizes the need for producers to know and use their own crop unit costs in managing their businesses.

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For further

or.

Jason Wood Crops Economist (jason.wood@gov.ab.ca)

Crop: Dryland Swath Grazing	Agri Duofit Coot & Datuma Buofiles									
Zone: Southern Alberta	AgriProfit\$ Cost & Returns Profiles									
(A) 1. Crop Sales 106.96 113.78 22.41 20. 6. Other Revenues 9.91 15.91 2.08 2. Gross Return 116.87 129.69 24.48 23. (B) 1. Seed 10.94 10.09 2.29 1. 2. Fertilizer 24.05 18.27 5.04 3. 3. Chemicals 9.97 6.89 2.09 1. 4. Crop Insurance Premiums 6.25 6.16 1.31 1. 5. Trucking & Marketing 0.00 0.00 0.00 0.00 6. Fuel 4.57 4.28 0.96 7. Irrigation Fuel & Electricity 0.00 0.00 0.00 0.00 8. Repairs - Machinery 0.86 0.83 0.18 0. 9. Repairs - Buildings 0.62 0.73 0.13 0. 10. Utilities & Misc. Expenses 0.81 0.65 0.17 0. 11. Custom Work & Specialized Labour 14.49 10.14 3.03 1. 12. Operating Interest Paid 0.11 0.13 0.02 0. 13. Paid Labour & Benefits 0.78 0.41 0.16 0. 14. Unpaid Labour 1.16 1.59 0.24 0. Variable Costs 74.60 60.16 15.63 10. (C) 1. Cash/Share Rent & Land Lease 4.32 0.00 0.91 0. 2. Taxes, Water Rates, Lic. & Insurance 2.00 2.23 0.42 0. 3. Equip. & Bldg. a) Depreciation 1.47 1.31 0.31 0. 4. Paid Capital Interest Paid 0.17 0.14 0.04 0. 4. Paid Capital Interest 0.5 70. Cash Costs (B+C-B14-C3) 82.69 62.90 17.32 11. Return to Unpaid Labour (A-E+B14) 32.71 65.48 6.85 11. Return to Investment (K)e 7.15 63.90 6.61 11. Return to Investment (K)e 7.15 63.90 6.61 11. Return to Investment (K)e 7.15 63.90 6.61 11. Return on Investment (K)e 7.15 63.90 6.61 11. Return on Investment (K)e 7.15 6.84 6.85 11. Return to Investment (K)e 7.15 6.30 1.456 Management 7.15 6.15 6.15 6.15 6.15 6.15 6.15 6.15 6				•		•				
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3. Chemicals 9.97 6.89 2.09 1. 4. Crop Insurance Premiums 6.25 6.16 1.31 1. 5. Trucking & Marketing 0.00 0.00 0.00 0.00 0.00 6. Fuel 4.57 4.28 0.96 0. 7. Irrigation Fuel & Electricity 0.00 0.00 0.00 0.00 0.8. Repairs - Machinery 0.86 0.83 0.18 0.9 Repairs - Buildings 0.62 0.73 0.13 0.13 0.10 Utilities & Misc. Expenses 0.81 0.65 0.17 0.11 Custom Work & Specialized Labour 14.49 10.14 3.03 1. 12. Operating Interest Paid 0.11 0.13 0.02 0.13 Paid Labour & Benefits 0.78 0.41 0.16 0.11 0.13 0.02 0.13 Paid Labour & Benefits 0.78 0.41 0.16 0.11 0.10 0.10 0.10 0.10 0.10 0.1						3.33				
4. Crop Insurance Premiums 5. Trucking & Marketing 6. Fuel 7. Irrigation Fuel & Electricity 9. 0.00 9. 0.00 9. 0.00 0.00 0.00 0.00						1.26				
5. Trucking & Marketing	_					1.12				
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7. Irrigation Fuel & Electricity 0.00 0.00 0.00 0.00 8. Repairs - Machinery 0.86 0.83 0.18 0. 9. Repairs - Buildings 0.62 0.73 0.13 0. 10. Utilities & Misc. Expenses 0.81 0.65 0.17 0. 11. Custom Work & Specialized Labour 14.49 10.14 3.03 1. 12. Operating Interest Paid 0.11 0.13 0.02 0. 13. Paid Labour & Benefits 0.78 0.41 0.16 0. 14. Unpaid Labour 1.16 1.59 0.24 0. Variable Costs 74.60 60.16 15.63 10. (C) 1. Cash/Share Rent & Land Lease 4.32 0.00 0.91 0. 2. Taxes, Water Rates, Lic. & Insurance 2.00 2.23 0.42 0. 3. Equip. & Bldg. a) Depreciation 1.47 1.31 0.31 0. b) Lease Payments 0.17 0.14 0.04 0. 4. Paid Capital Interest 2.76 1.95 0.58 0. Total Capital Costs 10.72 5.63 2.25 1. (D) Cash Costs (B+C-B14-C3) 82.69 62.90 17.32 11. (E) Total Production Costs (B+C) 85.32 65.79 17.87 12. (F) Gross Margin (A-D) 34.18 66.79 7.16 12. Return to Unpaid Labour (A-E+B14) 32.71 65.48 6.85 11. Return to Investment (A-E+C4) 34.31 65.85 7.19 12. Return on Investment (Sacre) 1,805 1,456 1. Management Average field size (acres) 123.0 125.4		<u> </u>				0.78				
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11. Custom Work & Specialized Labour 12. Operating Interest Paid 13. Paid Labour & Benefits 14. Unpaid Labour 15. Cash/Share Rent & Land Lease 16. Taxes, Water Rates, Lic. & Insurance 17. Paid Capital Interest 18. Paid Capital Costs 19. Cash Costs 10. Cash Costs (B+C-B14-C3) 10. Cash Costs (B+C-B14-C3) 10. Cash Ratign (A-D) 10. Cash Ratign (A-D) 10. Return to Unpaid Labour (A-E+B14) 10. Return to Investment (%) 10. Cash Costs (P/C-B14-C4) 10. Cash Costs (B+C-B14-C5) 11. Cash Costs (B+C-B14-C5) 12. Cash Costs (B+C-B14-C5) 13. Cash Costs (B+C-B14-C3) 14. Cash Costs (B+C-B14-C3) 15. Cash Costs (B+C-B14-C3) 16. Cash Costs (B+C-B14-C3) 17. Cash Costs (B+C-B14-C3) 17. Cash Costs (B+C-B14-C3) 18. Cash Costs (B+C-B14-C3) 19. Cas	10.		0.81	0.65	0.17	0.12				
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14. Unpaid Labour Variable Costs 74.60 60.16 15.63 10. (C) 1. Cash/Share Rent & Land Lease 2.00 2. Taxes, Water Rates, Lic. & Insurance 3. Equip. & Bldg. a) Depreciation b) Lease Payments 4. Paid Capital Interest 2.76 1.95 Cash Costs (B+C-B14-C3) Equip. Cash Costs (B+C-B1		· ·	0.11		0.02	0.02				
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(E) Total Production Costs (B+C) 85.32 65.79 17.87 12. (F) Gross Margin (A-D) 34.18 66.79 7.16 12. Return to Unpaid Labour (A-E+B14) 32.71 65.48 6.85 11. Return to Investment (A-E+C4) 34.31 65.85 7.19 12. Return to Equity (A-E) 31.55 63.90 6.61 11. Return on Investment (%) 1.9 4.5 Total Investment (\$/acre) 1,805 1,456 Management Average field size (acres) 123.0 125.4		Total Capital Costs	10.72	5.63	2.25	1.03				
(E) Total Production Costs (B+C) 85.32 65.79 17.87 12. (F) Gross Margin (A-D) 34.18 66.79 7.16 12. Return to Unpaid Labour (A-E+B14) 32.71 65.48 6.85 11. Return to Investment (A-E+C4) 34.31 65.85 7.19 12. Return to Equity (A-E) 31.55 63.90 6.61 11. Return on Investment (%) 1.9 4.5 Total Investment (\$/acre) 1,805 1,456 Management Average field size (acres) 123.0 125.4	(D)	Cash Costs (B+C-B14-C3)	82.69	62.90	17.32	11.48				
(F) Gross Margin (A-D) 34.18 66.79 7.16 12. Return to Unpaid Labour (A-E+B14) 32.71 65.48 6.85 11. Return to Investment (A-E+C4) 34.31 65.85 7.19 12. Return to Equity (A-E) 31.55 63.90 6.61 11. Return on Investment (%) 1.9 4.5 Total Investment (\$/acre) 1,805 1,456 Management Average field size (acres) 123.0 125.4		,				12.01				
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Return to Investment (A-E+C4) 34.31 65.85 7.19 12. Return to Equity (A-E) 31.55 63.90 6.61 11. Return on Investment (%) 1.9 4.5 Total Investment (\$/acre) 1,805 1,456 Management Average field size (acres) 123.0 125.4	(F)	Gross Margin (A-D)	34.18	66.79	7.16	12.19				
Return to Equity (A-E) 31.55 63.90 6.61 11. Return on Investment (%) 1.9 4.5 Total Investment (\$/acre) 1,805 1,456 Management Average field size (acres) 123.0 125.4		Return to Unpaid Labour (A-E+B14)	32.71	65.48	6.85	11.95				
Return on Investment (%) 1.9 4.5 Total Investment (\$/acre) 1,805 1,456 Management Average field size (acres) 123.0 125.4		Return to Investment (A-E+C4)	34.31	65.85	7.19	12.02				
Total Investment (\$/acre) 1,805 1,456 Management Average field size (acres) 123.0 125.4		Return to Equity (A-E)	31.55	63.90	6.61	11.66				
Total Investment (\$/acre) 1,805 1,456 Management Average field size (acres) 123.0 125.4		Return on Investment (%)	1.9	4.5						
Average field size (acres) 123.0 125.4			1,805	1,456						
Average field size (acres) 123.0 125.4		Management								
- 3 ()		_	123.0	125.4						
Number of Observations 22 8				_						
Yield (AUMs/acre) 4.77 5.48			4.77	5.48						
Expected Price (\$/AUM) 22.41 20.77		,		20.77						
* Cost and returns profiles include/combine all tenure types ow ned, rented & leased.										

^{**} Top 1/3rd selection criteria: Low Total Production Cost / AUM

Descriptive Statistics: Swath Grazing Production - Total Group

Crop: Dryland Sw ath Grazing	Qua	rtiles	Group		
Zone: Southern Alberta	Low	High	Average	CV (%)	
Price (\$/AUM)	20.69	26.50	22.41	17.0	
Yield (AUM/Acre)	3.18	7.35	4.77	48.6	
	\$ / Acre				
Gross Revenue	81.88	186.35	116.87	48.6	
Seed, Fert, Chem	41.72	74.80	44.96	52.2	
Oth. Variable Costs	20.25	42.89	29.64	43.9	
Fixed Costs	5.23	11.72	10.72	144.2	
Total Production Costs	70.48	121.86	85.32	42.0	
Total Cash Costs	69.54	116.87	82.69	42.6	
Gross Margin	6.29	63.21	34.18	139.8	
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