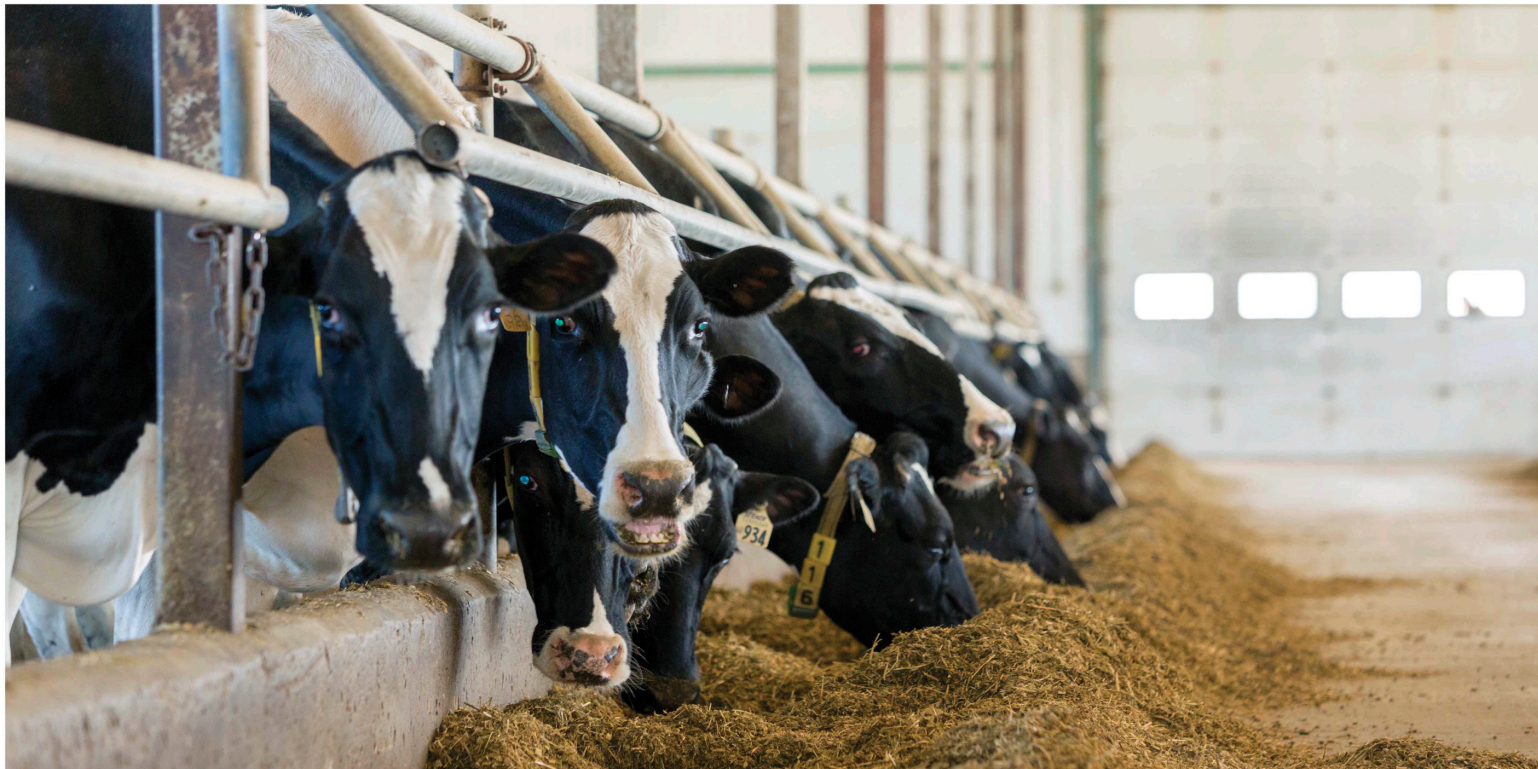


# Dairy Cost Study Alberta Benchmarks

Historical Reflection 2014-2018



Alberta Agriculture and Forestry, Government of Alberta  
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## Overview

This Dairy Cost Study, Alberta Benchmarks Historical Reflection document reports a five-year summary of the costs and returns of producing milk in Alberta.

The Dairy Cost Study is an annual program offered to dairy farmers undertaken by the Economics and Competitiveness Branch of Agriculture and Forestry. Participants on the Dairy Cost Study provide information on the costs and returns of producing milk at their farm. This report represents the aggregated results and consists of a series of tables with historic provincial average data showing revenues and selected costs for the past five years.

The value of looking at historical results of cost of production is to better understand fluctuations in the farm business. Profitability can vary widely from year to year. Each year is different and is dependent on the relationships between costs (weather conditions, prices of feed, value of livestock, competitive marketplace, unexpected repairs, etc.) as well as the producer's financial situation. One tends to remember particularly positive years or negative years. Keeping annual records and then looking at them in a longer timeframe makes businesses proactive in managing periods of flux.

Farm ID#: Alberta Average

FARM REVENUE, EXPENSES AND NET INCOME: 2014 TO 2018 (total dollars)

Year	2014 total \$\$	2015 total \$\$	2016 total \$\$	2017 total \$\$	2018 total \$\$	5 Yr Avg. total \$\$
<b>REVENUE</b>	\$	\$	\$	\$	\$	\$
Milk Sales	997,108.53	1,084,127.51	1,184,941.88	1,215,184.68	1,277,643.56	1,151,796.92
Other Cash Revenue	63,109.74	99,496.02	83,010.16	76,025.73	61,141.41	76,310.02
Inventory Change	13,174.90	18,655.69	11,527.77	34,443.21	26,206.71	20,777.79
<b>Total Revenue</b>	<b>1,073,393.17</b>	<b>1,202,279.22</b>	<b>1,279,479.81</b>	<b>1,325,653.62</b>	<b>1,364,991.68</b>	<b>1,248,884.73</b>
<b>EXPENSES</b>						
Grain	48,221.08	59,841.84	75,157.04	64,376.18	82,769.32	66,115.89
Roughage	140,088.09	186,820.07	193,991.51	156,135.15	207,932.20	177,608.06
Other Feeds	195,489.29	219,577.11	226,327.06	248,265.40	275,011.71	233,113.17
<b>Total Feed Costs</b>	<b>383,798.46</b>	<b>466,239.02</b>	<b>495,475.61</b>	<b>468,776.73</b>	<b>565,713.23</b>	<b>476,837.12</b>
Variable Costs	247,340.37	268,745.31	313,170.01	305,979.04	331,362.20	293,322.06
Hired Labour	43,151.84	43,396.19	50,921.22	56,430.61	56,608.69	50,101.71
Capital Costs (cash)	40,570.84	47,539.88	52,857.68	52,302.54	50,224.79	49,031.04
<b>Grand Total Cash Costs</b>	<b>714,861.51</b>	<b>825,920.40</b>	<b>912,424.52</b>	<b>883,488.92</b>	<b>1,003,908.91</b>	<b>869,291.93</b>
Depreciation	107,983.48	116,429.70	147,706.46	137,012.71	143,764.76	130,611.48
Family Labour	113,126.02	118,330.26	119,916.42	129,714.54	138,020.58	123,821.56
<b>Total NonCash Costs</b>	<b>221,109.50</b>	<b>234,759.96</b>	<b>267,622.88</b>	<b>266,727.25</b>	<b>281,785.34</b>	<b>254,433.04</b>
<b>Grand Total Expenses</b>	<b>935,971.01</b>	<b>1,060,680.36</b>	<b>1,180,047.40</b>	<b>1,150,216.17</b>	<b>1,285,694.25</b>	<b>1,123,724.97</b>
<b>NET FARM INCOME</b>	<b>137,422.16</b>	<b>141,598.86</b>	<b>99,432.41</b>	<b>175,437.45</b>	<b>79,297.43</b>	<b>125,159.76</b>

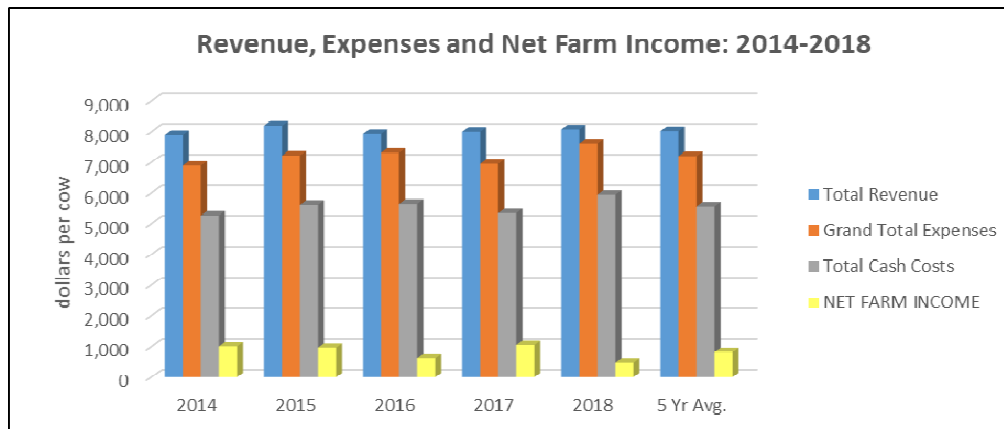
ANNUAL HIGHLIGHTS: 2014 TO 2018

Year	2014	2015	2016	2017	2018	5 Yr Avg.
Herd Size	136	146	161	165	169	155
Total Milk Sales (hL)	12158.42	13490.11	14974.2	15271.87	16107.72	14400.46
Production per Cow (litres/yr)	9206.63	9477.69	9520.86	9480.05	9794.44	9500.07
Avg. Butterfat Test (%)	3.98	4.03	4.07	4.15	4.19	4.08
Milk Price	82.09	80.61	79.16	79.61	79.41	80.18
Total Person Equivalents	2.88	2.98	3.34	3.45	3.52	3.23

Farm ID#: Alberta Average

FARM REVENUE, EXPENSES AND NET INCOME: 2014 TO 2018 (per cow)

Year	2014 per cow	2015 per cow	2016 per cow	2017 per cow	2018 per cow	5 Yr Avg. per cow
<b>REVENUE</b>	\$	\$	\$	\$	\$	\$
Milk Sales	7,337.46	7,389.81	7,348.65	7,338.81	7,561.79	7,398.50
Other Cash Revenue	464.41	678.20	514.80	459.14	361.87	494.17
Inventory Change	96.95	127.16	71.49	208.01	155.11	131.64
<b>Total Revenue</b>	<b>7,898.82</b>	<b>8,195.17</b>	<b>7,934.94</b>	<b>8,005.96</b>	<b>8,078.77</b>	<b>8,024.31</b>
<b>EXPENSES</b>						
Grain	354.85	407.90	466.10	388.78	489.87	421.97
Roughage	1,030.87	1,273.43	1,203.08	942.94	1,230.66	1,140.75
Other Feeds	1,438.55	1,496.72	1,403.61	1,499.33	1,627.66	1,495.15
<b>Total Feed Costs</b>	<b>2,824.27</b>	<b>3,178.05</b>	<b>3,072.79</b>	<b>2,831.05</b>	<b>3,348.19</b>	<b>3,057.87</b>
Variable Costs	1,820.12	1,831.86	1,942.18	1,847.88	1,961.18	1,881.47
Hired Labour	317.54	295.80	315.80	340.80	335.04	321.13
Capital Costs (cash)	298.55	324.05	327.80	315.87	297.26	315.10
<b>Grand Total Cash Costs</b>	<b>5,260.48</b>	<b>5,629.76</b>	<b>5,658.57</b>	<b>5,335.60</b>	<b>5,941.67</b>	<b>5,575.57</b>
Depreciation	794.62	793.63	916.03	827.45	850.88	837.11
Family Labour	832.46	806.58	743.68	783.38	816.88	796.95
<b>Total NonCash Costs</b>	<b>1,627.08</b>	<b>1,600.21</b>	<b>1,659.71</b>	<b>1,610.83</b>	<b>1,667.76</b>	<b>1,634.06</b>
<b>Grand Total Expenses</b>	<b>6,887.56</b>	<b>7,229.97</b>	<b>7,318.28</b>	<b>6,946.43</b>	<b>7,609.43</b>	<b>7,209.63</b>
<b>NET FARM INCOME</b>	<b>1,011.26</b>	<b>965.20</b>	<b>616.66</b>	<b>1,059.53</b>	<b>469.34</b>	<b>814.68</b>



Farm ID#: Alberta Average

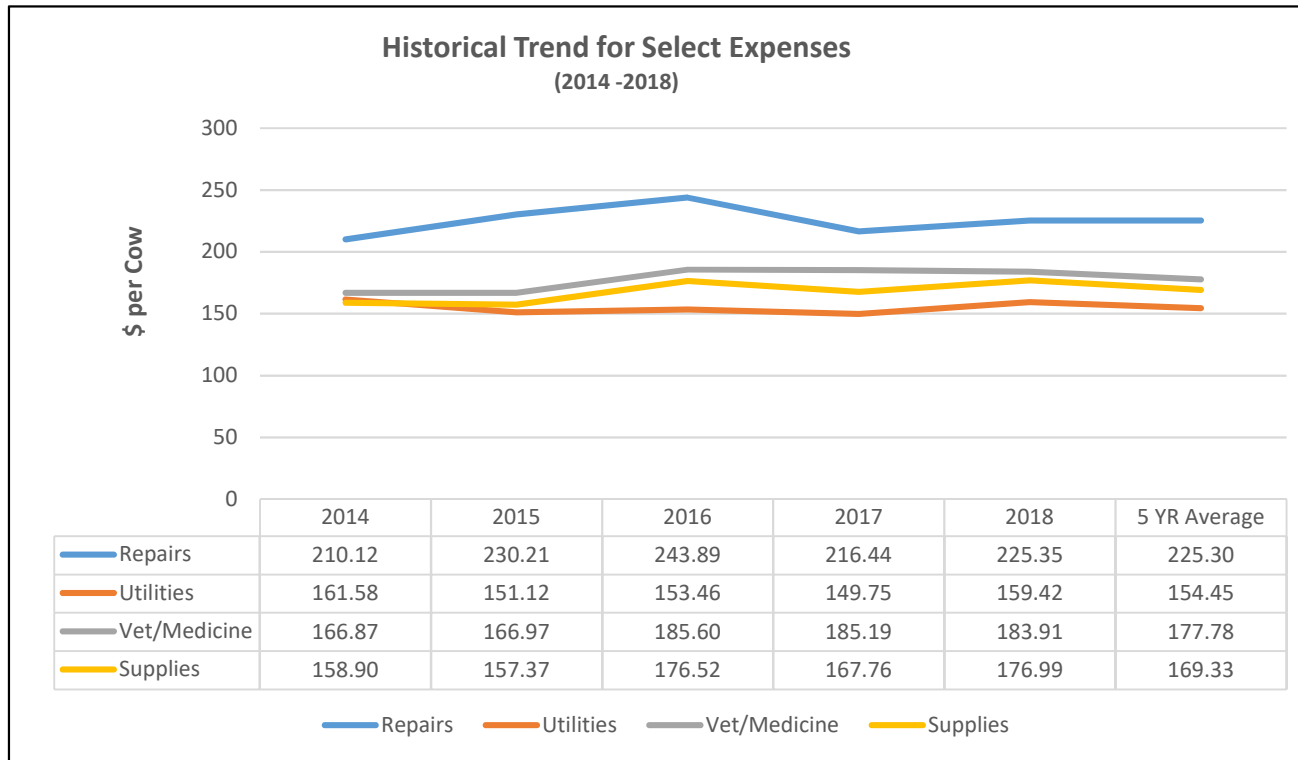
FARM REVENUE, EXPENSES AND NET INCOME: 2014 TO 2018 (per hL sold)

Year	2014 per hL sold	2015 per hL sold	2016 per hL sold	2017 per hL sold	2018 per hL sold	5 Yr Avg. per hL sold
<b>REVENUE</b>	\$	\$	\$	\$	\$	\$
Milk Sales	82.01	80.36	79.13	79.57	79.32	80.08
Other Cash Revenue	5.19	7.37	5.54	4.98	3.79	5.36
Inventory Change	1.08	1.38	0.77	2.26	1.63	1.42
<b>Total Revenue</b>	<b>88.28</b>	<b>89.11</b>	<b>85.44</b>	<b>86.81</b>	<b>84.74</b>	<b>86.86</b>
<b>EXPENSES</b>						
Grain	3.97	4.44	5.02	4.22	5.14	4.56
Roughage	11.52	13.85	12.96	10.22	12.91	12.33
Other Feeds	16.08	16.28	15.11	16.26	17.08	16.17
<b>Total Feed Costs</b>	<b>31.57</b>	<b>34.57</b>	<b>33.09</b>	<b>30.70</b>	<b>35.13</b>	<b>33.06</b>
Variable Costs	20.34	19.92	20.91	20.04	20.57	20.35
Hired Labour	3.55	3.22	3.40	3.70	3.51	3.48
Capital Costs (cash)	3.34	3.52	3.53	3.42	3.12	3.41
<b>Grand Total Cash Costs</b>	<b>58.80</b>	<b>61.23</b>	<b>60.93</b>	<b>57.86</b>	<b>62.33</b>	<b>60.30</b>
Depreciation	8.88	8.63	9.86	8.97	8.93	9.06
Family Labour	9.30	8.77	8.01	8.49	8.57	8.63
<b>Total NonCash Costs</b>	<b>18.18</b>	<b>17.40</b>	<b>17.87</b>	<b>17.46</b>	<b>17.50</b>	<b>17.69</b>
<b>Grand Total Expenses</b>	<b>76.98</b>	<b>78.63</b>	<b>78.80</b>	<b>75.32</b>	<b>79.83</b>	<b>77.99</b>
<b>NET FARM INCOME</b>	<b>11.30</b>	<b>10.48</b>	<b>6.64</b>	<b>11.49</b>	<b>4.91</b>	<b>8.87</b>

DEFINITIONS

Other Cash Revenue	WMP adjustment, colostrum sales, BSE payments, net cattle sales
Inventory Change	value of closing livestock inventory less opening value of livestock inventory
Other Feeds	supplement, calf feed, milk replacer, salt, minerals, vitamins
Capital Costs (Cash Expense)	rent, leases, taxes, insurance, licences, capital interest
Variable Costs	"other" variable costs plus feed processing costs
Net Farm Income (\$)	gross income less total production costs (also called return to equity)
5 Yr Avg.	Straight average of the past five years (differences due to depth of rounding numbers)

**HISTORICAL TREND FOR SELECT EXPENSES: 2014 TO 2018 (\$ per Cow)**



**ANNUAL OBSERVATIONS**

- 2014 hay prices remain high; milk price stable; cattle prices on the rise
- 2015 cow sale values are higher due to higher beef market values; extra income from cattle sales; seeing investment in farm improvements
- 2016 continual growth in demand for milk; request for higher butterfat %; multiple quota increases and incentive days; high feed prices
- 2017 demand for milk continues; new Class 7 price effective February; feed prices decline; investment seen in livestock
- 2018 interprovincial hauling charge came into effect Sept, 2018; utilities increased 39% from 2017 according to Farm Input Prices; unprecedented high hay prices