

USING THE 2008 CROP BUDGETS

The relative profitability of crops can be difficult to determine when they are part of a longer-term rotation. Profits are easier to compare based on the net returns per rotation acre, which is the average profit or loss per acre, per year for a particular crop rotation.

Step 1. Adjust the Crop Budgets for the Crops to be Compared.

The crop budgets shown in this report are based on estimated costs and returns for each crop. The actual costs and returns on your own farm may be different. For example, the budget for direct seeded stubble canola assumes the use of a herbicide to control grassy weeds and volunteer grain. You may not have these weeds on the fields you are planning to seed. You may wish to change costs to suit the conditions on your own farm. The assumptions which were used to develop the budgets are listed on the back of this

report. A blank worksheet is provided to permit you to adjust the budgets for each crop in the rotations you are comparing.

Step 2. Calculate the Average Returns per Rotation Acre.

Use the table below to list the different rotations of crops and fallow which you are considering for your farm. Show the complete rotation from the first year to the last year. Use the adjusted crop budgets for your own farm to calculate the average return per rotation acre for various rotations.

Crop Rotation Returns

CROP ROTATION RETURNS	Example 1 Black Soil Zone			Rotation 1		Rotation 2		Rotation 3	
	Crop	Return over Total Expenses \$/acre	Return over Variable Expenses \$/acre	Crop	Return \$/acre	Crop	Return \$/acre	Crop	Return \$/acre
Year 1	Canola on Fallow	\$(12.94)	\$105.15						
Year 2	Spring Wheat Direct-Seeded	\$39.81	\$108.57						
Year 3	Lentil Direct-Seeded	\$18.31	\$94.37						
Year 4	CPS Direct-Seeded	\$37.17	\$105.94						
Year 5	Tillage Fallow								
Year 6									
Total Returns		\$82.35	\$414.03						
Total no. years in rotation		5	5						
Return per rotation acre		\$16.47	\$82.81						

In this example, both returns over total expenses and returns over variable expenses are calculated. If the average return is negative, then the rotation with the smallest negative return would be best. In this example, the tillage fallow expenses are included with the canola on fallow expenses.

CROP PRODUCTION COSTS MY FARM	USE THIS WORKSHEET TO ADJUST THE CROP BUDGETS TO YOUR FARM COSTS			
CROPS				
REVENUE PER ACRE				
A Estimated yield (bu./ac.; lb./ac.)				
B Estimated on-farm market price per bushel or per pound				
C Estimated Gross Revenue per acre (AxB)				
EXPENSES PER ACRE				
Variable Expenses per acre				
Seed				
Fertilizer: Nitrogen				
Phosphorus				
Sulphur and Other				
Chemical: Herbicides				
Insecticides/Fungicides				
Others				
Machinery Operating: Fuel				
Repair				
Custom Work and Hired Labour				
Crop Insurance Premium				
Utilities and Miscellaneous				
Interest on Variable Expenses				
D Total Variable Expenses per acre				
Other Expenses per acre				
Building Repair				
Property Taxes				
Insurance and Licences				
Machinery Depreciation				
Building Depreciation				
Machinery Investment				
Building Investment				
Land Investment				
E Total Other Expenses				
F Labour and Management*				
G Total Expenses per acre (D+E+F)				
H Summerfallow Expense				
I Total Rotational Expense (G+H)				
RETURNS PER ACRE				
Return over Variable Expenses (C-D)				
Return over Total Expenses (C-I)				
BREAK-EVEN YIELD PER ACRE (lb./ac. or bu./ac.)**				
To Cover Variable Expenses				
To Cover Total Expenses				
BREAK-EVEN PRICE (per bushel or per pound)**				
To Cover Variable Expenses				
To Cover Total Expenses				

* These budgets do not include an estimate for owner/operator labour and management. This value varies greatly and depends on both the farm manager's needs as well as the ability of the farm business to generate farm income. Farm managers need to determine their own actual labour and management cost and add it to total expenses.

** Returns per acre, break-even yields and prices for fallow seeded crops must include the previous year's fallow expenses.