

**Northern Alberta**  
**2016 Dairy Cost Study - Business Analysis**  
**15 Participants**  
**Table 1 Dairy Enterprise Costs and Returns**

	TOTAL ENTERPRISE	PER COW	PER HL SOLD	PERCENT FROM INCOME
<b>INCOME:</b>				
MILK SALES	1,098,114.35	6,562.22	79.59	
POOL ADJUSTMENTS (+ -)	438.15	2.62	.03	
MISCELLANEOUS RECEIPTS	6,597.88	39.43	.48	
NET CATTLE SALES ( + - )	102,810.22	614.38	7.45	
NET INVENTORY CHANGE ( + - )	11,721.93	70.05	.85	
<b>GROSS INCOME -----</b>	<b>1,219,682.52</b>	<b>7,288.70</b>	<b>88.40</b>	<b>100.00</b>
<b>EXPENSES:</b>				
GRAIN	74,291.57	443.96	5.38	
COMPLETE FEED	122,651.90	732.96	8.89	
SUPPLEMENT	50,959.08	304.53	3.69	
MINERALS & VITAMINS	7,738.59	46.24	.56	
ROUGHAGE	172,027.58	1,028.02	12.47	
PROCESSING COSTS	10,256.51	61.29	.74	
<b>TOTAL FEED COSTS -----</b>	<b>437,925.23</b>	<b>2,617.00</b>	<b>31.74</b>	<b>35.90</b>
BEDDING AND SUPPLIES	39,003.03	233.08	2.83	
BREEDING	16,671.44	99.63	1.21	
VET. AND MEDICINE	30,961.24	185.02	2.24	
MILK HAULING	47,973.33	286.68	3.48	
PRODUCER'S FEES	29,237.99	174.72	2.12	
UTILITIES	21,224.08	126.83	1.54	
FUEL, OIL, LUBE	14,281.55	85.35	1.04	
BLDG. & MACH. REPAIRS	39,825.64	237.99	2.89	
MISCELLANEOUS	62,368.04	372.70	4.52	
<b>TOTAL OTHER VARIABLE COSTS ----</b>	<b>301,546.34</b>	<b>1,802.01</b>	<b>21.85</b>	<b>24.72</b>
HIRE LABOUR	64,489.84	385.38	4.67	
FAMILY LABOUR	103,304.60	617.34	7.49	
<b>TOTAL LABOUR COSTS -----</b>	<b>167,794.44</b>	<b>1,002.72</b>	<b>12.16</b>	<b>13.76</b>
<b>TOTAL VARIABLE COSTS</b>	<b>907,266.01</b>	<b>5,421.73</b>	<b>65.75</b>	<b>74.39</b>
RENT	5,563.64	33.25	.40	
TAXES AND INSURANCE	24,096.15	144.00	1.75	
DEPRECIATION	132,255.55	790.35	9.59	
INTEREST ( CAP.DEBT)	31,531.89	188.43	2.29	
<b>TOTAL CAPITAL COSTS -----</b>	<b>193,447.23</b>	<b>1,156.02</b>	<b>14.02</b>	<b>15.86</b>
<b>TOTAL PRODUCTION COSTS</b>	<b>1,100,713.24</b>	<b>6,577.75</b>	<b>79.77</b>	<b>90.25</b>
CONTRIBUTION MARGIN (\$)	312,416.51	1,866.97	22.64	
RETURN TO EQUITY (\$)	118,969.28	710.95	8.62	9.75
MILK PRICE			79.62	
INVENTORY ADJUSTMENT			8.78	
RETURN TO EQUITY (%)			7.48	
AVERAGE CAP. DEBT INTEREST RATE (%)			3.38	

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Table 2 Statement of Investment**

<u>LAND BUILDINGS &amp; EQUIPMENT</u>	AGE	DEPRECIATION	DAIRY INVESTMENT
DAIRY BUILDINGS	12.21	62,330.07	<b>1,548,342.30</b>
POWER MACHINERY	9.12	19,525.33	128,641.64
DAIRY EQUIPMENT	11.01	36,161.14	144,561.07
OTHER EQUIPMENT	9.83	14,239.02	59,724.74
<b>TOTAL EQUIPMENT</b>	<b>10.04</b>	<b>69,925.49</b>	<b>332,927.46</b>
LAND			90,346.67
SUPPLIES			17,733.90
<b>** SUBTOTAL **</b>		<b>132,255.55</b>	<b>1,989,350.32</b>

<u>DAIRY LIVESTOCK</u>	--- BEGIN YEAR ---		--- END OF YEAR ---		AVERAGE
	NUMBER	VALUE	NUMBER	VALUE	VALUE
COWS	169.87	351,875.79	170.27	352,704.38	352,290.08
BRED HEIFERS	43.47	86,933.33	46.13	92,266.67	89,600.00
OPEN HEIFERS	54.27	65,120.00	58.00	69,600.00	67,360.00
HEIFER CALVES	67.47	20,240.00	70.13	21,040.00	20,640.00
BULL CALVES	16.20	2,430.00	18.07	2,710.00	2,570.00
BULLS	.87	1,300.00	.87	1,300.00	1,300.00
<b>** SUBTOTAL **</b>	<b>352.13</b>	<b>527,899.12</b>	<b>363.47</b>	<b>539,621.05</b>	<b>533,760.08</b>

<b>TOTAL DAIRY INVESTMENT</b> -----	<b>2,523,110.40</b>
CAPITAL LOANS	932,774.31
OPERATOR EQUITY	1,590,336.09
INVESTMENT PER COW	15,077.85
DEBT/CAPITAL RATIO	.37
CAPITAL TURNOVER ( YR )	2.07

<u>HERD SIZE</u>	Average	Median
NUMBER OF DAIRY COWS	167.34	109.25
NUMBER OF ANIMAL UNITS	267.03	170.17
DRY COWS ( % )	23.62	
CALF CROP ( % )	100.04	
PASTURE PER COW ( AC. )	.20	

<u>CATTLE SALES &amp; PURCHASES</u>	NUMBER SOLD	SELLING PRICE	NUMBER PURCHASED	PURCHASE PRICE
COWS	42.00	1,467.32	.67	1,990.00
BRED HEIFERS	8.33	2,261.79	.13	2,350.00
OPEN HEIFERS	5.47	2,614.63	.00	.00
HEIFER CALVES	.53	339.38	.20	876.04
BULL CALVES	48.80	194.24	.00	.00
BULLS	.40	1,407.75	.13	2,750.00
<b>TOTAL VALUE</b>		<b>104,992.10</b>		<b>2,181.87</b>

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**Table 3 Labour and Management**

**LABOUR**

	HOURS	VALUE	HOURLY RATE
OPERATOR LABOUR	2,583.43	54,252.10	21.00
HIRED LABOUR	3,318.92	64,489.84	19.43
FAMILY UNPAID LABOUR	2,373.67	49,052.50	20.67
<b>TOTAL</b>	<b>8,276.02</b>	<b>167,794.44</b>	<b>20.27</b>
RETURN TO FAMILY LABOUR	9.55		
MAN EQUIVALENTS	3.31		
LABOUR HOURS PER COW	49.46		
YEARS FARMING	24.97		

**MILK PRODUCTION**

	HL.	% OF TOTAL	VALUE	AVERAGE PRICE / HL
MILK SALES	13,797.86	97.08	1,098,114.35	79.59
OTHER MILK PRODUCED	415.12	2.92		
<b>TOTAL</b>	<b>14,212.98</b>	<b>100.00</b>		

**AVERAGE COMPONENT PRICES (\$ / KG)**

BUTTERFAT TEST	4.13 KG / HL	11.83
PROTEIN	3.38 KG / HL	3.66
L.O.S.	5.72 KG / HL	3.35
MILK PRODUCTION PER COW	8,493.53 LITRES / YEAR	

**QUOTA INFORMATION**

TPQ HOLDINGS	143.60 KG / DAY
TPQ PRICE	37,846.26 \$ / KG / DAY
CREDIT PRICE	9.41 \$ / KG

**MANAGEMENT FACTORS**

COST PER HL	79.77
MILK/FEED (KG) RATIO	2.00 LITRES
MILK/LABOUR (HR) RATIO	171.74 LITRES
MILK/CAPITAL (\$) RATIO	.56 LITRES

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Table 4 Feed Report**

<u>CONCENTRATES</u>	--- PURCHASED ---		--- HOMEGROWN---	
	QUANTITY (TONNES)	PRICE	QUANTITY (TONNES)	PRICE
OATS	.00	.00	.00	.00
BARLEY	211.55	186.89	96.46	159.80
WHEAT	.00	.00	.00	190.49
MIXED GRAIN	.00	.00	.00	.00
BREW GRAIN (DRY EQ. )	13.67	320.95		
BEET PULP	9.79	216.31		
OTHER PURCHASED	39.98	321.09		
DAIRY RATION	219.72	529.79		
CALF FEED	8.37	541.40		
MILK REPLACER	.49	3,474.21		
SUPPLEMENT	102.54	489.51		
MOLASSES	2.36	325.04		
SALT	2.46	568.44		
MINERALS & VITAMINS	4.89	1,297.47		
<b>SUBTOTAL -----</b>	<b>615.81</b>	<b>240,226.71</b>	<b>96.46</b>	<b>15,414.43</b>
<u>ROUGHAGE</u>				
ALFALFA HAY	99.77	219.60	77.12	156.34
ALFALFA PELLETS	.00	.00		
STRAW FED	15.19	65.67	2.78	54.90
GREENFEED	.00	.00	.00	.00
SILAGE/HAYLAGE (DRY EQ.)	443.50	133.08	560.99	138.85
<b>SUBTOTAL -----</b>	<b>558.46</b>	<b>81,925.47</b>	<b>640.88</b>	<b>90,102.11</b>
GRINDING & PROCESSING		10,256.51		
<b>GRAND TOTAL FEED COSTS -----</b>		<b>332,408.69</b>		<b>105,516.55</b>
BEDDING	175.10	71.55	77.80	59.14
AV. PRICE:	CONCENTRATE	358.91 \$/TONNE		
	ROUGHAGE	143.43 \$/TONNE		
FED PER COW:	CONCENTRATE	4.26 TONNES		
	ROUGHAGE	7.17 TONNES		
% HOME GROWN:	CONCENTRATE	13.54 %		
	ROUGHAGE	53.44 %		