

# AgriProfit\$ Cost & Returns Profiles

## Dryland Spring Wheat Brown Soils

16-July-12

**AgriProfit\$  
Benchmarks**

**A** *AgriProfit\$* 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.

This benchmark includes *AgriProfit\$* crop observations 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' average unit production costs and profit potential.

Regional average performance for the crop is compared to a "top third" management group. 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.

The 3-year summary table, and a range of frequency charts (over) highlight field level variability in key cost and returns tallies.

This emphasizes further the need for producers to know and use their own crop unit costs in managing their businesses.

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<b>AgriProfit\$ Cost &amp; Returns Profiles</b>					
<b>Crop: Dryland Spring Wheat</b>		<b>Total</b>	<b>Top 1/3rd</b>	<b>Total</b>	<b>Top 1/3rd</b>
<b>Zone: Brown Soils</b>		<b>-- \$ / Acre --</b>		<b>-- \$ / Bushel --</b>	
(A) 1.	Crop Sales	204.15	237.62	5.97	5.86
6.	Other Revenues	37.23	18.79	1.09	0.46
	<b>Gross Return</b>	<b>241.38</b>	<b>256.41</b>	<b>7.06</b>	<b>6.32</b>
(B) 1.	Seed	9.52	8.43	0.28	0.21
2.	Fertilizer	31.33	29.10	0.92	0.72
3.	Chemicals	21.96	18.99	0.64	0.47
4.	Crop Insurance Premiums	11.14	8.94	0.33	0.22
5.	Trucking & Marketing	6.21	3.93	0.18	0.10
6.	Fuel	10.88	10.48	0.32	0.26
7.	Irrigation Fuel & Electricity	0.00	0.00	0.00	0.00
8.	Repairs - Machinery	11.17	9.36	0.33	0.23
9.	Repairs - Buildings	2.60	2.38	0.08	0.06
10.	Utilities & Misc. Expenses	8.93	9.15	0.26	0.23
11.	Custom Work & Specialized Labour	2.21	2.26	0.06	0.06
12.	Operating Interest Paid	1.66	0.35	0.05	0.01
13.	Paid Labour & Benefits	4.95	4.20	0.14	0.10
14.	Unpaid Labour	6.90	8.15	0.20	0.20
	<b>Variable Costs</b>	<b>129.45</b>	<b>115.72</b>	<b>3.79</b>	<b>2.85</b>
(C) 1.	Cash/Share Rent & Land Lease	15.61	3.03	0.46	0.07
2.	Taxes, Water Rates, Lic. & Insurance	4.75	5.19	0.14	0.13
3.	Equip. & Bldg. a) Depreciation	20.22	19.86	0.59	0.49
	b) Lease Payments	1.09	0.56	0.03	0.01
4.	Paid Capital Interest	11.80	9.34	0.35	0.23
	<b>Total Capital Costs</b>	<b>53.47</b>	<b>37.98</b>	<b>1.56</b>	<b>0.94</b>
(D)	<b>Cash Costs (B+C-B14-C3)</b>	<b>155.80</b>	<b>125.70</b>	<b>4.56</b>	<b>3.10</b>
(E)	<b>Total Production Costs (B+C)</b>	<b>182.92</b>	<b>153.71</b>	<b>5.35</b>	<b>3.79</b>
(F)	<b>Gross Margin (A-D)</b>	<b>85.59</b>	<b>130.70</b>	<b>2.50</b>	<b>3.22</b>
	<b>Return to Unpaid Labour (A-E+B14)</b>	<b>65.36</b>	<b>110.85</b>	<b>1.91</b>	<b>2.73</b>
	<b>Return to Investment (A-E+C4)</b>	<b>70.26</b>	<b>112.04</b>	<b>2.05</b>	<b>2.76</b>
	<b>Return to Equity (A-E)</b>	<b>58.46</b>	<b>102.70</b>	<b>1.71</b>	<b>2.53</b>
	<b>Return on Investment (%)</b>	<b>7.7</b>	<b>9.9</b>		
	<b>Total Investment (\$/acre)</b>	<b>915</b>	<b>1,135</b>		
	<b>Management</b>				
	Average field size (acres)	141.3	148.0		
	Number of Observations	84	28		
	Yield (Bushels/acre)	34.20	40.57		
	Expected Price (\$/Bushel)	5.97	5.86		

\* Cost and returns profiles include/combine all tenure types ... own, rented & leased.

\*\* Top 1/3rd selection criteria: Low Total Production Cost / Bushel

Descriptive Statistics: Spring Wheat Production - Total Group

Crop: Dryland Spring Wheat  
Zone: Brown Soils

	Quartiles		Group Average	CV (%)
	Low	High		
Price (\$/Bushel)	5.21	6.87	5.97	18.4
Yield (Bushel/Acre)	25.94	41.96	34.20	32.9
----- \$ / Acre -----				
Gross Revenue	200.00	280.00	241.38	23.9
Seed, Fert, Chem	46.49	62.78	62.81	36.9
Oth. Variable Costs	105.36	146.25	66.64	47.3
Fixed Costs	31.23	67.58	53.47	52.5
Total Production Costs	142.61	223.95	182.92	29.1
Total Cash Costs	119.06	187.76	155.80	33.5
Gross Margin	19.25	133.36	85.59	91.6
Return to Equity	(11.39)	103.85	58.46	137.1

