AGRI-FACTS
Practical Information for Alberta's Agriculture Industry

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Cost and Returns Budget for Straight Seeded Creeping Red Fescue

This budget estimates the direct income and expenses over the life of a creeping red fescue stand, on one acre of creeping red fescue. These numbers are only intended to assist producers in evaluating the basic financial requirements over this period.

The *Budget Margin* must provide funds for interest, overhead and other indirect expenses as well as a return for living, loan repayment and investment. A total farm financial analysis should be completed to determine the impact of this enterprise on the total farm business.

Assumptions

The following assumptions for field operations were assumed in deriving these costs:

Year 1 – Establishment

Prev. fall	1. Pre-harvest glyphosate for perennial weed control
May	2. HD and a light duty cultivation
	3. Seed fescue (with grass seed attachment on drill)
	4. Harrow pack
June	5. Spray 2,4-D/Banvel
	6. Spray Poast
Aug/Sept	7. Mow
	8. Broadcast fertilizer

Year 2 – Production

May	1. Spray Ally/Venture
July	2. Swath
Aug	3. Combine/truck/augers
	4. Bale (zero net cost)[2]
Sept	5. Mow
Oct	6. Broadcast fertilizer

[2] Assumption that returns for baling aftermath will cover costs.

Year 3 – Production

May	1. Spray Refine Extra/Assure
July	2. Swath
Aug	3. Combine/truck/augers
	4. Bale (zero net cost)

Year 4 – Rejuvenate (field is either rotated back to annual crops or rejuvenated)

May	1. Plow
	2. Roll
	3. Float
Aug	4. Spray Banvel/2,4-D
	5. Mow
Oct	6. Broadcast fertilizer

Year 5 – Production

May	1. Spray Ally/Venture
July	2. Swath
Aug	3. Combine/truck/augers
	4. Bale (zero net cost)
Sept	5. Mow
Oct	6. Broadcast fertilizer

Year 6 – Production

May	1. Spray Refine Extra/Assure
July	2. Swath
Aug	3. Combine/truck/augers
	4. Bale (zero net cost)
Sept	5. Plow

Price and production sensitivity

The following table shows the impact on **Budget Margin** in the established stand (Year 5) resulting from a change in projected market returns and yields.

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Table 1. Price and yield sensitivity

Price	Yields: lbs. per acre			
$/lb	200	400	600	800
0.20	-7.30	32.70	72.70	112.70
0.30	12.70	72.70	132.70	192.70
0.40	32.70	112.70	192.70	272.70
0.50	52.70	152.70	252.70	352.70
0.60	72.70	192.70	312.70	432.70
0.70	92.70	232.70	372.70	512.70
0.80	112.70	272.70	432.70	592.70

Certified seed usually commands a $.05/lb premium over common, but overall price levels depend on the American and European grass seed market.

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Table 2. Per acre costs and returns for straight seeded creeping red fescue – 6 years of production

					Year 1 Establishment	Year 2 Production	Year 3 Production	Year 4 Rejuvenate	Year 5 Production	Year 6 Production	Six Year Average Returns
				Yield		325	325		325	325	
				Price		0.50	0.50		0.50	0.50	
TOTAL INCOME				$/acre		**162.50**	**162.50**		**162.50**	**162.50**	**108.33**
DIRECT EXPENSES (per acre)											
		Quantity	Price	Unit							
Seed:	Fescue Seed	2	$2.25	/lb	4.50						
Fertilizer:	11-51-0	19	$0.19	/lb	3.58						
	20-0-0-24	20	$0.12	/lb	2.45						
	0-0-62	12	$0.10	/lb	1.23						
	34-0-0 *	150	$0.12	/lb	18.04	18.04		18.04	18.04		
Chemicals:	Banvel (litre)		$32.60	/litre	7.99			7.99			
	2,4-D (litre)		$5.99	/litre	2.70			2.70			
	Poast (litre)	0.13	$89.61	/litre	11.65						
	Roundup (litre)	1	$8.99	/litre	8.99						
	Ally (gm)		$1.70	/gm		5.10			5.10		
	Assure (litre)		$41.25	/litre			12.38			12.38	
	Venture (kg)		$70.31	/kg		14.06			14.06		
	Refine Extra (gm)		0.67	/gm			5.36			5.36	
Equipment operating & maint.					14.19	10.11	10.11	16.39	10.11	14.69	
TOTAL DIRECT EXPENSES					**75.30**	**47.30**	**27.84**	**45.11**	**47.30**	**32.43**	**45.88**
Budget MARGIN					**-75.30**	**115.20**	**134.66**	**-45.11**	**115.20**	**130.07**	**62.45**

* A blend of N,P,K,S is sometimes used instead of straight Nitrogen

This information is provided as a guideline only. Projected yields indicate above average production. An individual crop plan should be developed by each producer. Planning forms may be obtained from your local Government Agriculture Office in Alberta or British Columbia.

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