



# Cost and Returns Budget for Certified Timothy Seed Production Underseeded to Barley

This budget estimates the direct income and expenses over a five-year life of a timothy stand on one acre. These numbers are only intended to assist producers in evaluating the basic financial requirements over this five-year 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 affect of this enterprise on the total farm business.

## Assumptions

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

### Year 1 – Establishment

- Previous fall** 1. Pre-harvest Glyphosate for perennial weed control.
- May** 2. Cultivation
- 3. Seed barley and timothy (with grass seed attachment on drill)
- June** 4. Spray Avenge/Buctril M
- July** 5. Swath
- August** 6. Combine/Truck/Augers
- 7. Bale (zero net cost)<sup>1</sup>
- Aug/Sept** 8. Broadcast fertilizer

### Year 2 – Production

- May** 1. Spray MCPA amine/Lontrel
- July** 2. Swath
- August** 3. Combine/Truck/Augers
- 4. Bale (zero net cost)<sup>1</sup>
- October** 5. Broadcast fertilizer

### Year 3 – Production

- May** 1. Spray MCPA amine/Lontrel
- July** 2. Swath
- August** 3. Combine/Truck/Augers
- 4. Bale (zero net cost)
- October** 5. Broadcast fertilizer

**Year 4 and 5 – Production** (same as Year 3)

**Year 5 – Add breaking cost**

## Price and production sensitivity

The following table (Table 1) shows the affect on **budget margin** in the established stand (Year 3) resulting from a change in projected market returns and yields.

**Table 1. Price and yield sensitivity**

Price \$/lb	Yields: lbs. Per acre				
	100	200	300	400	500
0.20	-41.90	-21.90	-1.90	18.10	38.10
0.30	-31.90	-1.90	28.10	58.10	88.10
0.40	-21.90	18.10	58.10	98.10	138.10
0.50	-11.90	38.10	88.10	138.10	188.10
0.60	-1.90	58.10	118.10	178.10	238.10
0.70	8.10	78.10	148.10	218.10	288.10
0.80	18.10	98.10	178.10	258.10	338.10

## Marketing alternatives

Common or certified Climax timothy seed is generally sold to local elevators or seed companies. Some seed companies have production contracts for proprietary varieties.

<sup>1</sup> Assumption that returns for baling aftermath will cover costs

The prices on these contracts are generally based on the price of Climax. The price of common timothy will fluctuate greatly. Certified seed usually commands a large premium over common seed. Growing certified seed has an additional cost for field inspection.

Figure 1 shows historical yearly average prices over the last ten years for common timothy and the last five years price for certified Climax timothy.

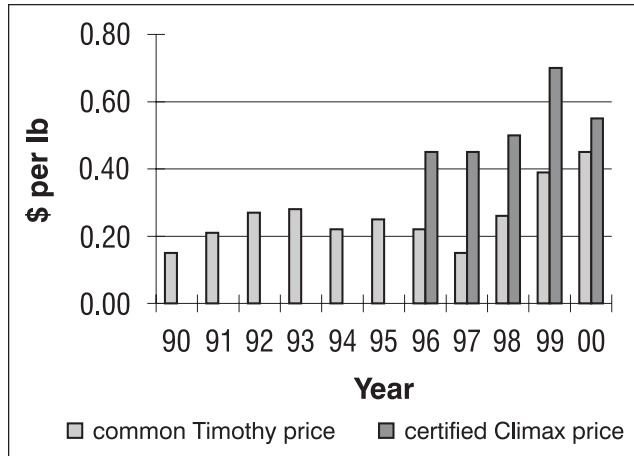


Figure 1. Common timothy and certified Climax – average yearly prices

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**Table 2. Per acres costs and returns for certified timothy seed production underseeding to barley**

			Establish	Year 2	Year 3	Year 4	Year 5	Five Year Average
	Barley	Price Unit	75					
	Certified Timothy	1.65 Bus		150	300	300	300	
		0.50 lb						
<b>TOTAL INCOME</b>			<b>123.75</b>	<b>75.00</b>	<b>150.00</b>	<b>150.00</b>	<b>150.00</b>	<b>129.75</b>
<b>DIRECT EXPENSES</b>								
		Quantity						
		Price Unit						
Seed: Timothy Seed		1.5	5.25					1.05
Barley		2	11.60					2.32
Fertilizer: 82-0-0		75	14.46					2.89
11-51-0		60/40	11.30	7.53	7.53	7.53		6.78
34-0-0		176/220	21.16	24.77	24.77	24.77		19.09
Chemicals: Avenge (litre)		1.7	19.14					3.83
Buctril M (litre)		0.4	6.08					1.22
Glyphosate (litre)		1	8.99					1.80
Lontrel (litre)		0.115		15.28	15.28	15.28	15.28	12.22
MCPA Amine (litre)		0.35		2.17	2.17	2.17	2.17	1.73
Crop Inspection Fee <sup>1</sup>				3.68	3.68	3.68	3.68	2.94
Equipment operating & maint.			14.23	8.48	8.48	8.48	21.07	12.15
<b>TOTAL DIRECT EXPENSES</b>			<b>112.21</b>	<b>61.90</b>	<b>61.90</b>	<b>61.90</b>	<b>42.20</b>	<b>68.03</b>
<b>BUDGET MARGIN</b>			<b>11.54</b>	<b>13.10</b>	<b>88.10</b>	<b>88.10</b>	<b>107.80</b>	<b>61.72</b>

<sup>1</sup> Fee based on 160 acres of crop