



PLANNING FOR PROFIT



Province of British Columbia
Ministry of Agriculture, Fisheries and Food

Oat Barley Silage
Bulkley Valley
Summer 1994

Agdex 120 - 810

Introduction

The planning process provides producers with the opportunity to look at their operation as a group of distinct enterprises. Alternative enterprises should be evaluated on the basis of **Contribution Margin**, taking into consideration resource constraints, market opportunity, risk and uncertainty.

The **Contribution Margin** must provide funds for interest, overhead and other indirect expenses as well as a return for living expenses, loan repayment and investment. These items should be included in the overall farm plan which will include a **Projected Income Statement** and **Projected Cash Flow Budget**.

Key Factors Affecting Profit

	Target
Quality	63% T.D.N. 10% Crude Protein
Quantity	4 - 5 tons/acre

Forage yields are affected primarily by the supply of nutrients and the availability of moisture to the crop. Seeding should occur prior to May 15th. Forage quality is affected most by the stage of maturity at harvest. Barley should be in the dough stage while oats should be in the milk stage. Proper handling and storage will maintain as much of that quality as possible for feeding. Irrigation will enhance seed germination and yields.

Marketing Alternatives

Limited opportunities exist to market silage. The majority of the crop is produced for consumption on the farm. Farm operations would realize income when forage is transferred to a livestock enterprise.

Cash Flow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc	15	15	15	10						15	15	15
%Exp					20	10	10	30		30		

The above information indicates the timing of monthly flow of funds included in the contribution margin only. A complete **Projected Cash Flow** should include indirect expenses, capital sales and purchases, loans and personal expenses.

Labour Times

Land Preparation	45 - 60 min./acre
Seeding	15 - 20 min./acre
Fertilizing	8 - 10 min./acre
Harvesting	2 - 3 hours/acre

The above indicators are based on the actual field time with the equipment complement used in this budget, which is assumed to be in top operating condition. Individual operators may vary from this depending on equipment size, land and operator expertise.

Contact: DAVE RIENDEAU, P.Ag.
District Agriculturist
Smithers
ROGER KEAY, P.Ag.
Farm Management Branch
Kamloops

OAT BARLEY SILAGE

Target Yield - 4.0 Tons/acre

Contribution Margin 1 Acre of Oat Barley Silage Bulkley Valley

Total Income

	Yield	Price	Unit	Income
Oat Barley Silage	4.0	\$25.00	ton	\$100.00

Direct Expenses

	Quantity	Price	Unit	Expense
--	----------	-------	------	---------

Seed

Oat Seed	22	\$.29	kg	\$6.25
Barley Seed	22	.22	kg	4.90

Fertilizer

17 - 20 - 0	100	.13	lb.	13.40
-------------	-----	-----	-----	-------

Crop Supplies and Service

Silo Cover	4	.15	ton	.60
Silage Additive	4	3.50	ton	14.00

Machinery Costs

Land Preparation				9.25
Seeding				4.80
Fertilizing				1.60
Harvesting				18.95
Trucking				2.70

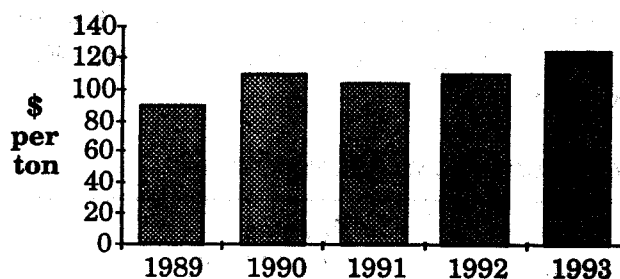
Total Direct Expenses **\$76.45**

Contribution Margin **\$23.55**

Buildings & Machinery Replacement Cost Total Crop Acreage - 250 Acres

Buildings	\$50,000
Power Machinery	33,000
Field Equipment	58,500
Harvest Equipment	40,500
Vehicles	<u>18,000</u>
Total	\$200,000

Alfalfa Hay Prices



Contribution Margin - Sensitivity Analysis

The table below lists the changes to contribution margin as yield of silage changes and price received varies.

Price \$/ton	Yield Tons per Acre			
	2	3	4	5
15.00	(46)	(31)	(16)	(1)
20.00	(36)	(16)	4	24
25.00	(26)	(1)	24	49
35.00	(6)	29	64	99

This information is provided as a guideline only. Target yield indicates above average production. An individual crop plan should be developed by each producer. Planning forms may be obtained from your local office of the B. C. Ministry of Agriculture, Fisheries and Food.