



PLANNING FOR PROFIT



BRITISH COLUMBIA Ministry of Agriculture,
Fisheries and Food

**Creeping Red Fescue
Underseeded to Canola
Peace Region
Fall 1996**

Agdex 127-810

Introduction

This budget estimates the direct income and expenses over the six year crop cycle on one acre of straight-seeded creeping red fescue. These numbers are only intended to assist producers in evaluating the basic financial requirements over this period. The **Contribution Margin** must provide funds for interest, overhead and other direct expenses as well as a return for living expenses, loan repayment and investment. A total farm financial analysis should be completed in order to determine the impact of this enterprise on the total farm business. A complete set of planning forms is available from any BCMAFF district office.

Price and Production Sensitivity

The following table shows the impact on **Contribution Margin** in the seventh year resulting from a change in projected market returns and yields.

PRICE \$/lb.	Yield lbs. per acre			
	200	400	600	800
.30	39.75	99.75	159.75	219.75
.46	71.75	163.75	255.75	347.75
.60	99.75	219.75	339.75	459.75
.75	129.75	279.75	429.75	579.75

Yields depend on good soil moisture in the spring and fall as well as adequate fertilizer. It is necessary to rotate and rejuvenate stands after one or two years because of the incidence of stem eyespot disease which decreases yield.

Certified seed command a \$.05/lb. premium but price levels are dependent on the American and European grass seed market.

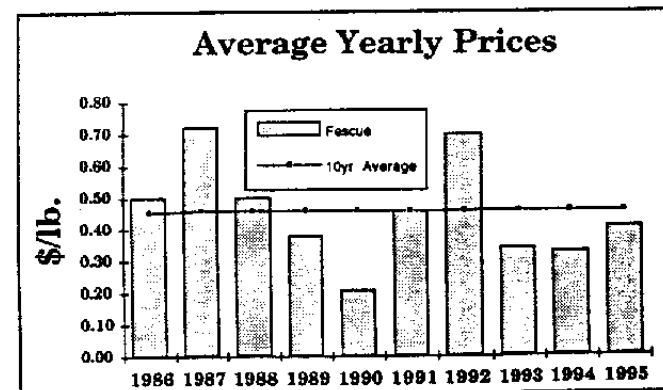
Buildings and Machinery

The following table shows the current market value of buildings and machinery used in the production of creeping red fescue.

Buildings and Machinery Current Market Value Total Farm Size - 2,500 Acres	
Buildings	\$ 59,000
Power Machinery	222,000
Field Machinery	84,000
Tools	<u>15,000</u>
Total	\$380,000

Marketing Alternatives

Fescue seed is generally sold through local elevators or directly to seed companies. Creeping Red Fescue is a substitute for Kentucky Bluegrass so its price is dependent on the Bluegrass supply and demands and is affected by housing and golf course starts.



Contact:

HARVEY GLASIER, P. Ag., MBA
Farm Management Specialist
Dawson Creek
or your District Office

BUDGET FOR FESCUE UNDER-SEEDED WITH CANOLA

Years of Production - 7

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Income							
Creeping Red Fescue	Yield 400						
	Price \$0.46	\$0.00	\$184.00	\$184.00	\$0.00	\$184.00	\$184.00
Canola	Yield 25	Price 9.00	0.00	0.00	0.00	0.00	0.00
Total Income		\$225.00	\$184.00	\$184.00	\$0.00	\$184.00	\$184.00
Direct Expenses							
Fescue Seed	Quantity 2	Price \$1.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Canola Seed	Quantity 7	Price 1.09	\$7.64				
Fertilizers							
46-0-0	Quantity 170	Price .17	28.90	0.00	0.00	0.00	0.00
12-51-0	Quantity 60	Price .22	13.20	0.00	0.00	0.00	0.00
20-0-0-24	Quantity 50	Price .12	6.00	0.00	0.00	0.00	0.00
0-0-62	Quantity 10	Price .08	.80	0.00	0.00	0.00	0.00
34-0-0	Quantity 150	Price .15	22.50	22.50	0.00	22.50	0.00
Herbicide							
Post	Quantity .445	Price 31.00	13.80	0.00	0.00	0.00	0.00
Ally	Quantity 3.0	Price 1.52	4.57	0.00	0.00	4.57	0.00
2,4-D	Quantity .45	Price 4.65	2.09	0.00	0.00	2.09	0.00
Fuel Costs							
Machinery R & M			11.00	3.00	6.50	10.00	3.00
Trucking			9.00	4.00	7.00	9.00	7.00
Crop Insurance			1.70	0.00	0.00	0.00	0.00
Building R & M			10.68	0.00	0.00	-0.00	0.00
			1.25	1.25	1.25	1.25	1.25
Total Direct Expense		\$106.07	\$32.84	\$41.82	\$20.25	\$32.84	\$41.82
Contribution Margin		\$118.93	(\$32.84)	\$142.18	\$163.75	(\$32.84)	\$142.18
							\$163.75

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 office of the B. C. Ministry of Agriculture, Fisheries and Food.