



PLANNING FOR PROFIT



Province of British Columbia
Ministry of Agriculture, Fisheries and Food

Canola
Creston
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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 Statement**.

Key Factors Affecting Profit

	Target
Yield	45 bushels/acre
Price	\$5.00 - \$9.00/bushel

Canola varieties used are either Polish or Argentine. Polish varieties typically mature a few days earlier than Argentine. Argentine varieties may yield up to ten percent more than Polish varieties.

Canola production requires good management skills. Weed control, fertilization, seedbed preparation and seeding require close attention. Canola must be monitored closely for insect infestations and insecticides applied if economic thresholds occur. Swathing and combining must be carried out at the optimum time to minimize field losses and maximize yield.

The Canola Council of Canada has an excellent grower's manual available to producers.

Marketing Alternatives

Most canola produced is marketed to Canbra Foods in Lethbridge. Up to one-third of anticipated production can be forward contracted to Canbra, enabling producers to lock in a price. Once the crop is in the bin, any portion of it may be contracted for delivery to Canbra over the following year, with some pricing options. Canbra will also, for six months, finance seed and pesticides used for growing canola. U.S. canola processors are also becoming more active in the Pacific Northwest and may provide marketing options in the future.

Cash Flow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc			34*						33			33
%Exp			60		20		20					

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

Rules of Thumb

Machinery Investment	<\$1,100/acre
Direct Expenses % of Income	50 - 60%

The above indicators are provided for comparison purposes. They are set out as potential targets for canola production.

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