

Canola Cost-Return Budget in South Central Kansas



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Canola is a crop developed from rapeseed that produces high-quality oil that is low in saturated fat. The interest in canola production has increased in the United States in recent years. Most of the increased production has occurred in northern states where spring varieties of canola are planted. In Kansas, canola is a winter crop that can provide an alternative to wheat in crop rotations. Historically, canola production in Kansas has been low primarily due to the lack of varieties that survive the winter. Canola varieties that are winter hardy now exist, however, and acres are increasing as growers learn how to better manage the crop. Consequently, canola offers promise as an alternative crop in Kansas because of its high-quality oil and also because the livestock industry in Kansas provides a good outlet for canola meal.

Income Per Acre

Crop production costs per unit and net returns are highly dependent on yields. The following estimated budget includes three yield levels, which are intended to represent expected yields for land of varying quality for a given level of management. Comparing alternative expected yields can help producers analyze the profitability of crop enterprises on farmland tracts with varying yield potential. Land values and government payments have been adjusted for alternative yield levels in this budget. In customizing a budget to your farm, attention should be given to using land values representative of your farm's productive capacity as well farm-specific government payments.

Table 1. Production Inputs — Canola

Item	Yield Level (lbs)			
	1,500	2,000	2,000	
Seed, lbs	5	5	5	\$5.40/lb
Fertilizer:				
N (anhydrous)	30	40	50	\$0.44/lb
N	60	80	100	\$0.68/lb
P	20	25	30	\$0.80/lb
S	15	20	25	\$0.30/lb
Lime	500	500	500	\$0.01/lb
Herbicide				
Glyphosate	32.0	32.0	32.0	\$0.09/oz
+ Ammonium Sulfate	1.5	1.5	1.5	\$0.34/lb
Glyphosate	32.0	32.0	32.0	\$0.09/oz
+ Ammonium Sulfate	1.5	1.5	1.5	\$0.34/lb
Insecticide / Fungicide				
Warrior 1EC	0.025	0.025	0.025	\$248.20/gal

Price per hundredweight (cwt) represents an expected harvest price, accounting for government marketing loan price support levels. Because canola is a minor crop in south central Kansas the number of buyers will be limited. Thus,

Table 2. Machinery and Land Resources — Canola

Item	Yield Level (lbs)			Custom Rate
	1,500	2,000	2,500	
Tillage/Planting/Chemical Applications:				
Chisel	0	0	0	\$11.56/a
Disk	1	1	1	\$9.89/a
Field cultivate	1	1	1	\$9.49/a
Drill	1	1	1	\$12.36/a
Anhydrous application	1	1	1	\$10.89/a
Fertilizer application	0	0	0	\$5.36/a
Herbicide application	2	2	2	\$5.47/a
Insecticide / fungicide application	0	0	0	\$5.54/a
Harvest				
Base charge	1	1	1	\$26.09/a
Extra charge for yields exceeding	1300	1300	1300	\$0.003/lb
Hauling	1500	2000	2500	\$0.003/lb
Non-machinery labor	0.70	0.71	0.72	\$13.00/hr
Land charge/rent	\$49.60	\$62.00	\$74.40	
Interest on capital				6.5%

it is important that producers consider their marketing options before planting canola. Producers may want to consider forward contracting their canola to ensure they will have a market at harvest time.

Crop insurance was not included as an input expense in this budget because yields reflect an average of all years (good and bad). If crop insurance is included as an input expense, then an expected value for indemnity payments should be included in the returns section. Historically, crop insurance indemnity payments have typically exceeded premiums due to government subsidies.

Costs Per Acre

Production costs at the three yield levels are shown on lines 1 through 13. Kansas Custom Rates for specific field operations are used to represent fuel and labor costs as well as machinery repair, depreciation, and interest expenses. Table 1 identifies seed, fertilizer, herbicide, and insecticide requirements (rate and cost/unit) for canola. Herbicide requirements include both pre-crop and in-crop treatments. Table 2 outlines the machinery and land resources used for canola produced in a reduced tillage system.

COST-RETURN PROJECTION — CANOLA — SOUTH CENTRAL KANSAS

	Yield Level (lbs)			Your Farm
	1,500	2,000	2,500	
INCOME PER ACRE				
A. Yield per acre.....	1,500	2,000	2,500	_____
B. Price per cwt.....	\$ 22.00	\$ 22.00	\$ 22.00	_____
C. Net government payment.....	\$ 14.12	\$ 15.35	\$ 16.58	_____
D. Indemnity payments.....	\$ _____	\$ _____	\$ _____	_____
E. Miscellaneous income.....	\$ _____	\$ _____	\$ _____	_____
F. Returns/acre ((A × B) + C + D + E).....	\$ 344.12	\$ 455.35	\$ 566.58	_____
COSTS PER ACRE				
1. Seed.....	\$ 27.00	\$ 27.00	\$ 27.00	_____
2. Herbicide.....	6.78	6.78	6.78	_____
3. Insecticide / Fungicide.....	6.21	6.21	6.21	_____
4. Fertilizer and Lime.....	79.50	103.00	126.50	_____
5. Crop Consulting.....	_____	_____	_____	_____
6. Crop Insurance.....	_____	_____	_____	_____
7. Drying.....	_____	_____	_____	_____
8. Miscellaneous.....	7.50	7.50	7.50	_____
9. Custom Hire / Machinery Expense.....	80.31	81.82	83.34	_____
10. Non-machinery Labor.....	9.07	9.25	9.42	_____
11. Irrigation.....	_____	_____	_____	_____
a. Labor.....	_____	_____	_____	_____
b. Fuel and Oil.....	_____	_____	_____	_____
c. Repairs and Maintenance.....	_____	_____	_____	_____
d. Depreciation on Equipment and Well.....	_____	_____	_____	_____
e. Interest on Equipment.....	_____	_____	_____	_____
12. Land Charge / Rent.....	49.60	62.00	74.40	_____
G. SUB TOTAL.....	\$ 265.96	\$ 303.55	\$ 341.14	_____
13. Interest on ½ Nonland Costs.....	7.03	7.85	8.67	_____
H. TOTAL COSTS.....	\$ 273.00	\$ 311.40	\$ 349.81	_____
I. RETURNS OVER COSTS (F - H).....	\$ 71.13	\$ 143.95	\$ 216.77	_____
J. TOTAL COSTS/CWT ((H ÷ A) × 100).....	\$ 18.20	\$ 15.57	\$ 13.99	_____
K. RETURN TO ANNUAL COST (I + 13) ÷ G.....	29.39%	50.01%	66.09%	_____

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