

SAMPLE COSTS TO PRODUCE RICE

Prepared for the Sutter-Yuba Short Course
for Commercial Bankers

This cost study was prepared using the best and most recent source data. It reflects the average cost of producing rice on a 400-acre owner-operated farm, 300 acres of which is in rice, in Sutter and Yuba Counties. Because the large acreage involved (59,694 in Sutter County 13,764 in Yuba County) includes a diversity of soil types and a difference in problems encountered, individual operations will have a wide cost range. However, the figures presented here should be informative. Individual costs not included in the study because they are atypical, and explanation of certain other cost estimates are given below.

1. Special soil fertility problems increase production costs approximately as follows:

Phosphorous: \$3.85/Ac. (based on 100 lbs. of common phosphorous source).
Potash: \$7.15/Ac. (based on 200 lbs. of common potassium source plus \$1.50/Ac. application cost).
Micro-nutrients: \$19.00/Ac. (based on 500 lbs. of common iron source plus \$1.50/Ac. application).
2. Rice water weevil is a problem of increasing importance and adds approximately \$5/Ac to production costs.
3. Occasional pests, including blackbirds, coots, and rodents, cost \$1.00 - \$1.50/Ac. to control.
4. This study is calculated for an owner-operated ranch. However, a common situation is a share arrangement, frequently 25-35% of the crop going to the landlord in return for the landlord's land, his share of the water, fertilizer, and harvest and drying cost. This will change the profit picture for the grower depending on the share arrangement. Rarely is rice land leased for cash.
5. Miscellaneous overhead is calculated as 5% of the total harvest and cultural costs.

(Cont'd.)

6. Interest on investments is figured at 7% of one-half the original cost. Interest on land is calculated on 7% of the full value.
7. Depreciation of equipment is based on a 10 year expected life; depreciation of buildings is based on 30 years.
8. The federally controlled rice allotment situation has created an active market in trading of rice units. Most recent sales were for \$415/unit. All units have a cash value in the market place; however, the original units cost the growers nothing. Therefore, the interest on rice units is calculated as 7% of 25% of the total units. Twenty-five percent is an estimate of the portion of his total rice units a grower may eventually pay cash for.
9. All operations are prorated over 300 acres of rice. Most equipment, excepting harvest machinery, is also prorated over 100 acres of fallow ground.

SAMPLE COSTS TO PRODUCE RICE

for Sutter and Yuba Counties, 1970

Production data: Labor @ \$2.50/hr. Cost is on a per acre basis

Operation:	Hours/Ac.	Labor	Fuel and Repairs	Materials	Total
Cultural Costs					
Plow or disc	.5	\$1.25	\$2.35	-	\$3.60
Disc or chisel	.2	.50	1.30	-	1.80
Disc	.2	.50	1.30	-	1.80
Float or land plane	.2	.50	.80	-	1.30
Fertilize (contract):					
105# N, 500 lbs. @ \$.95/cwt.	-	-	-	\$14.75	\$14.75
Incorporate fertilizer	.2	\$.50	\$1.30	-	1.80
Close and maintain levees	.1	.25	.40	-	.65
Flood	1.0	2.50	-	19.50	22.00
Seeding (contract)					
seed (125 lbs/Ac)	-	-	-	9.10	9.10
Soak	-	-	-	.45	.45
Fungicide	-	-	-	.70	.70
Haul	-	-	-	.15	.15
Seeding	-	-	-	2.00	2.00
Pest Control (shrimp, (crayfish, (mosquitos)	-	-	-	1.20	1.20
Weed control (contract):					
Broadleaf	-	-	-	\$2.95	\$ 2.95
Grass	-	-	-	14.10	14.10
Move tractors @ \$25/move	-	-	-	.35	.35
TOTAL CULTURAL COSTS					\$78.70

SAMPLE COSTS TO PRODUCE RICE for Sutter and Yuba Counties, 1970 (Cont'd.)

Operation	Hours/Ac.	Labor	Fuel and Repairs	Material	Total
Harvest Costs:					
Open levees, drain	.2	\$.50	\$.80	--	\$ 1.30
Combine	1.0	4.00	7.00	--	11.00
Bankout	1.0	3.25	1.60	--	4.85
Haulage	1.0	2.50	2.50	--	5.00
Dry @ \$.25/cwt., 22% moisture	--	--	--	14.00	14.00
Move combines @ \$25/move	--	--	--	.35	.35
TOTAL HARVEST COST					\$36.50
Cash Overhead					
Misc., office, etc.					\$ 5.75
Taxes					15.35
TOTAL CASH OVERHEAD					\$21.10
TOTAL CASH COST					\$136.30
Management 5% of 53 cwt/Ac @ \$55.00/cwt.					\$13.25
INVESTMENT					
	<u>Per Acre</u>	<u>Annual Cost</u>	<u>Depreciation</u>	<u>Interest @ 7%</u>	
Land	\$600.00	--		\$42.00	
Drains and Roads	1.65	.10		.05	
Field Establishment	5.15	1.70		.20	
Buildings	30.00	1.00		1.05	
Equipment	437.30	43.75		15.30	
Rice Units	415.00	--		7.25	
	<u>\$1,488.80</u>	<u>\$46.55</u>		<u>\$65.85</u>	
TOTAL COST PER ACRE					\$112.40
Cost/cwt. @ 53 cwt/Ac. yield					<u>\$261.95</u> 4.95

EQUIPMENT INVENTORY

Crawler tractor (72-96 hp) + dozer blade .	\$ 35,852
Crawler tractor (72-96 hp)	28,590
Chisel plow 16' \$1,625	
Off-set disc plow \$5,682 (stubble plow 12')	
Off-set disc harrow 21'	4,626
Moldboard plow 6-16" (two) \$1,950 each . .	3,900
Harvester SP 16' (two) \$24,015 each . . .	48,030
Bankout - SP 150 sacks	10,500
Equipment carrier	1,950
Land plane 12' x 60'	6,076
Spiketooth harrow - heavy duty 20'	475
Pickup 4-wheel drive	4,400
Truck + hoist and box - 2 ton	7,500
Tools and small equipment	4,500
Used pickup	1,000
Float	500
Sprayer	<u>1,050</u>
	\$158,949
	\$437/acre