APPENDIX

1) Depreciation and Interest Rate Calculations:

	Depreciation Rates		
	1st year	all other years	remaining value after 15 years
Tractors	15%	12.0%	14.2%
Trucks, tillage and harvesting equip.	18%	14.4%	9.3%
Hay and forage equipment	20%	16.0%	7.0%

Interest costs are based on the average value of the machine over a 15 year life, using annual depreciated values calculated from the above rates. The interest costs are calculated using the beginning value for each year. (see Table below).

Depreciation and Interest Cost Table for $100,000 tractor (interest rate 4%)

Year	Depreciation rate	Depreciation	Value	Interest
0	15%		$100,000	
1	12%	$15,000	$85,000	$4,000
2	12%	$10,200	$74,800	$3,400
3	12%	$8,976	$65,824	$2,992
4	12%	$7,899	$57,925	$2,633
5	12%	$6,951	$50,974	$2,317
6	12%	$6,117	$44,857	$2,039
7	12%	$5,383	$39,474	$1,794
8	12%	$4,737	$34,737	$1,579
9	12%	$4,168	$30,569	$1,389
10	12%	$3,668	$26,901	$1,223
11	12%	$3,228	$23,673	$1,076
12	12%	$2,841	$20,832	$947
13	12%	$2,500	$18,332	$833
14	12%	$2,200	$16,132	$733
15	12%	$1,936	$14,196	$645
	15 year average	$5,720	$46,002	$1,840

Example: Tractor costing $100,000 new. Average annual depreciation for 15 year life is $5720. Average annual interest cost at 4% interest rate is $1840.

Hourly depreciation at 450 hours/year	$5720/450=	$12.71 per hour
Hourly interest cost :	$1840/450=	$4.09 per hour
Insurance and housing cost is 1%/yr	$1000/450=	$2.22 per hour
Total fixed costs:		**$19.02** per hour

2) Grain Drying Example: Stationary Batch(250 bu.),$50,000, 150 hr./yr, Wheat from 17% to 14.5%

Ambient Temp. of -7 degrees C, Drying rate of 200 bu./hr.

Custom Rate: (from Table on Page 21)	$55.07 per hour
Propane Cost: $0.12/bu. x 1.5 x 200 bu./hr.=	$36.00 per hour
Total Custom Rate -	**$91.07** per hour

3) Chart Formulas (pages 34 and 35):

Cost per hectare or acre = $\frac{\text{cost per hour}}{\text{hectares or acres per hour}}$

Hectares per hour = $\frac{\text{width in metres x speed in km/h x \% efficiency}}{10.0}$

Acres per hour = $\frac{\text{width in feet x speed in mph x \% efficiency}}{8.25}$

Note: (80% field efficiency is assumed in the charts)

To determine the cost or rate per hectare, acre, or bale, use the charts provided on the last two pages.

Example No. 1. Combine custom rate is $150/h; the combine covers 9 acres per hour. Cost per acre would be $16.67 (from chart on page 34).

Example No. 2. Seeding with an air seeder. The rental rate for the air seeder is $85/h and the tractor custom rate is $45/h. The total hourly rate = $130/h. The work rate is 8 ha/h. Rate per hectare = $16.25 (from chart on page 34).

Example No. 3. Baler making 14 bales per hour. Baler rental rate = $33/h. Tractor custom rate is $23/h. Total hourly rate = $56/h plus twine. Cost per bale = $4.00 plus twine. (from chart on page 35).