

CUSTOM RATES FOR MACHINERY

Equipment needed to operate farms, large or small, is expensive and often quite specialized. On small acreages, the owner may find it impractical to own the necessary equipment. As such, there is a fair amount of "custom work" done for neighbors and friends. Custom services can often be hired at a cost lower than that of owning and operating farm machinery. Ownership and operating costs are higher now than in recent years. Fuel expenses alone, are a major reason for these increased costs.

Some operators are anxious to do custom work, since total acres harvested impacts the actual ownership costs of a machine. Others, usually with older equipment, prefer to simply do their own acres instead of wearing out their machines on a neighbors land.

It is difficult to put a price on equipment costs because they vary so widely by farm. Formulas are complicated by factors such as operating conditions, the original cost of machinery, fuel costs, replacement costs, interest rates, quality of maintenance, and other issues. Additional considerations include the timeliness of getting the work completed and quality of the work preformed.

Economists tell us that machine costs can be separated into time-related and use-related categories. Time-related expenses may be classified as ownership costs, while use-related costs may be referred to as operating costs. Some factors, such as depreciation, are a function of both time and use.

A common question at the Extension office has to do with what to charge a neighbor for custom farm work. It seems no one wants to take advantage of another, but costs must be covered. Often, it takes almost as much time to maneuver large machinery down busy roads and into small fields as it takes to actually do the field work. Problems can arise when one party believes the other party is taking advantage of them.

Below is a partial listing of custom rates for hay that seem to be in line with current conditions of operation and ownership. Custom rates listed here should be used as guidelines, not as the definitive rate to charge. These rates are based upon a combination of formulas, plus input from local custom operators. A more complete listing can be requested from the Extension office. Custom work can be advertised at <http://extension.usu.edu/agribusiness>.

Swathing	\$ 16 to \$ 18 per acre
Raking	\$ 7 to \$ 8 per acre
Baling	
Small Bales	\$.50 per bale
Midsize	\$ 8 per bale
Large Square	\$ 15 per bale
Round Bales	\$ 10 per bale

