



**Western Beef**  
Development Centre  
Division of PAMI



## **2010 COW-CALF COST OF PRODUCTION**

**2011 WESTERN BEEF FIELD DAY  
KATHY LARSON, WBDC ECONOMIST**

### **Today's Discussion**



- COP Background
- 2010 Results
- 2010 Low-Cost Producers
- Closing Comments



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## WBDC's COP Background

- Started in 1998
- Annual study
- Free to participate
- On-farm visit
- Data managed in CowProfit\$ program
- Individual info remains confidential
- Aggregated results → Fact Sheets



## Cow-Calf Producers

- Sell weaned calves
- Receive \$/lb price (Revenue)
- Revenue – Costs = Profit/Loss
- Do you know your break-even price?
  - \$/lb required to cover costs of cowherd

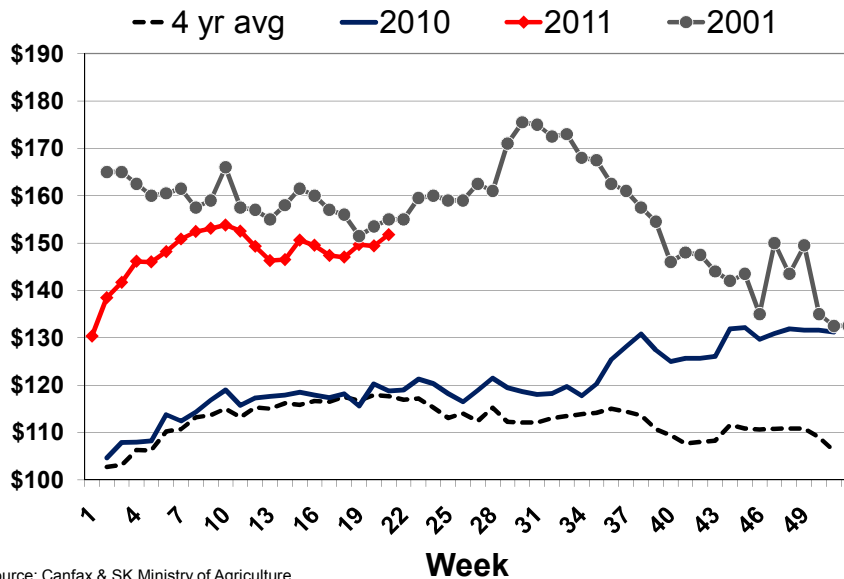


## Break-even Prices

Costs/Cow WWT	400	500	600	700	800
400	1.00	1.25	1.50	1.75	2.00
450	0.89	1.11	1.33	1.56	1.78
500	0.80	1.00	1.20	1.40	1.60
550	0.73	0.91	1.09	1.27	1.45
600	0.67	0.83	1.00	1.17	1.33
650	0.61	0.77	0.92	1.08	1.23



## SK Weekly 550 lb Steer Price



Source: Canfax & SK Ministry of Agriculture



## 2010 Cow-Calf COP Results

	\$/Cow	\$/lb
<b>Revenue (Weaned Calves)</b>	<b>\$607</b>	<b>\$1.27</b>
<b>– Total Costs</b>	<b>\$619</b>	<b>\$1.30</b>
Direct Costs	\$427	\$0.90
Yardage	\$171	\$0.36
Interest, Freight & Mktg	\$21	\$0.04
<b>= Profit/(Loss)</b>	<b>(\$12)</b>	<b>(\$0.03)</b>

## 2001-2005 & 2010 Results

\$/Cow	2001	2002	2003	2004	2005	2010
Herd Size	173	155	211	303	264	282
WWT	510	523	515	524	565	542
DOF	n/a	175	165	170	153	160
Direct Costs	388	451	433	409	391	427
Yardage	183	186	154	133	175	171
Interest	13	13	13	11	16	21
Total Costs	584	651	601	553	582	619

## 2010 COP Participant Details

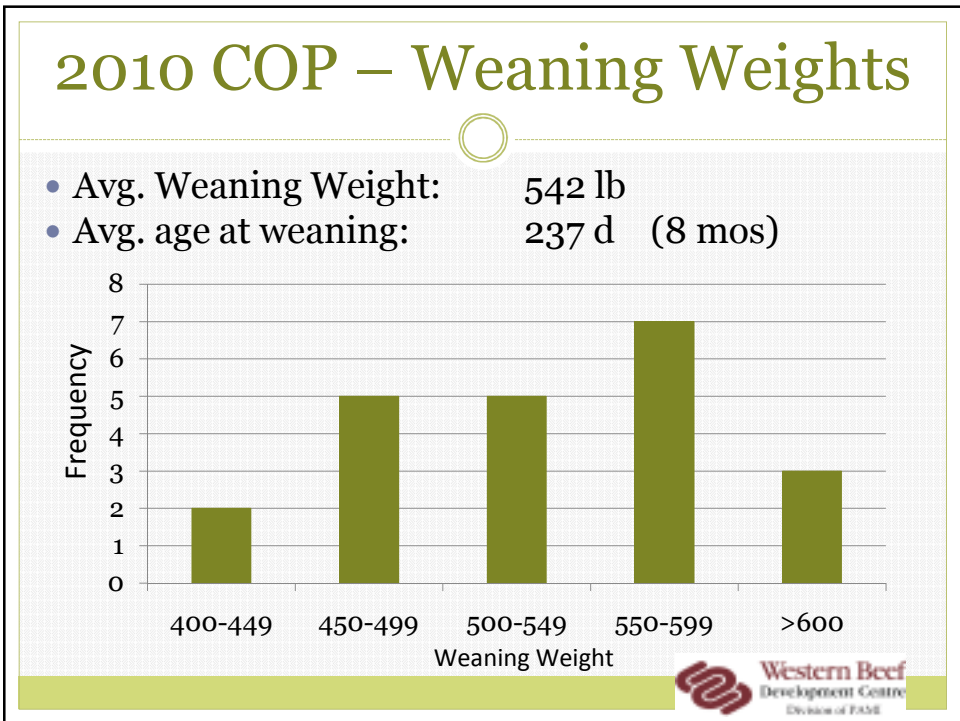
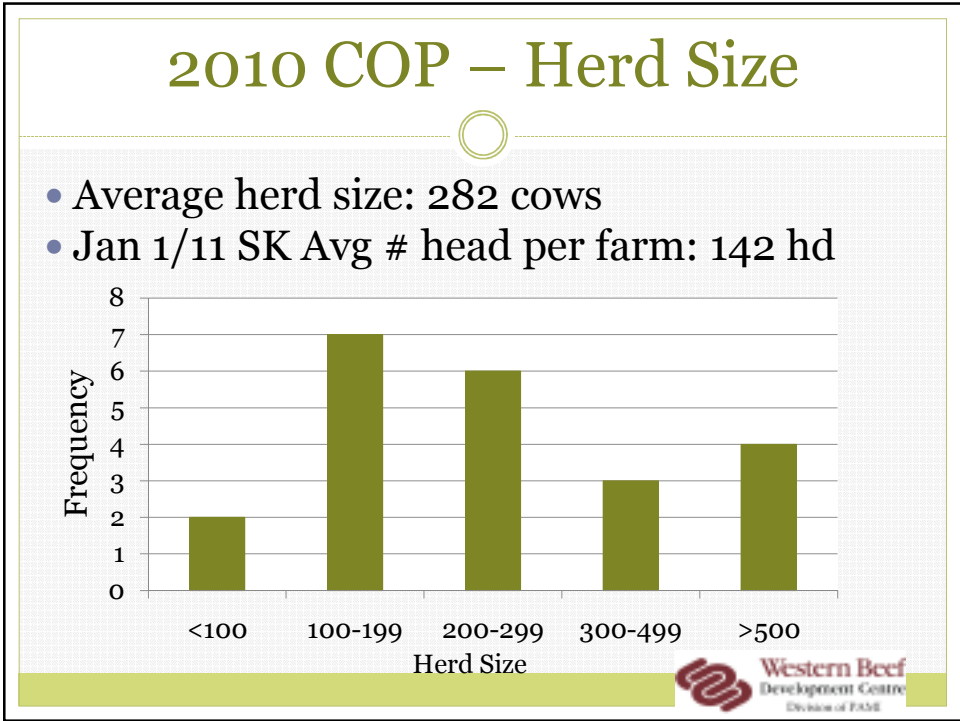
- Average Winter Feeding Period: 160 days
  - ~60% use aftermath, swath or bale graze, straff
  - 18% feed silage
  - ~60% feed grain or pellets
  - 68% use a bale processor
- All own pasture
  - ~60% turnout cows to grass in May
  - 27% also use lease land
  - 68% also rent pasture



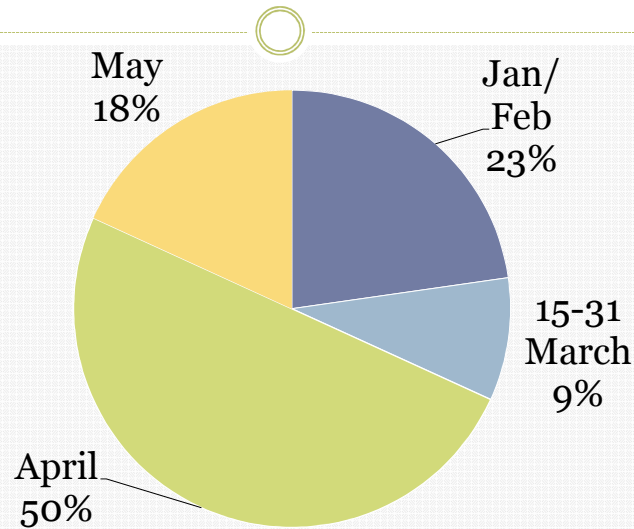
## 2010 COP Participant Details

- 82% retained a portion of 2010 calf crop
- Of the 18 producers that retained calves
  - 78% retained all of their calves
  - 61% background & sell in Spring
  - 33% background, grass & sell in Fall
  - 2 out of 18 finish their calves





## 2010 COP – Calving Start Date



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## 2010 COP Management Styles

- ~60% have off-farm employment
- 3 out of 22 have hired hands
- ~1/3 are father-son partnerships
- Average age of participants: 45
  - 18% participants between 25-34
  - 32% participants between 35-44
  - 23% participants between 45-54
  - 27% participants >55
- 50% use AgExpert accounting program

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## Low-Cost Producers in 2010

<b>Avg (\$/Cow)</b>	<b>Top 25%</b>	<b>Remaining Producers</b>	<b>Diff. +/-</b>
Total Costs	<b>511</b>	<b>659</b>	<b>(148)</b>
Herd Size	<b>534</b>	<b>188</b>	<b>346</b>
DOF/Cow	<b>156</b>	<b>161</b>	<b>(5)</b>
Direct Costs	<b>385</b>	<b>442</b>	<b>(57)</b>
Yardage	<b>111</b>	<b>193</b>	<b>(82)</b>
Margin	<b>79</b>	<b>(45)</b>	<b>124</b>

## Low-Cost Management Style

- Calving April & May
- Retain calves – mix of background, grass & finish
- Swathgraze, bale graze, and straw/chaff
- Lower machinery & building investment
- Interestingly:
  - Location not a determining factor
  - Some include silage in their winter feed ration
  - Winter feeding days are not significantly lower

## In Closing



- The COP benchmarks provide insight to industry
- “Every operation is unique – need to calculate costs using your own production and financial records” (Havens et al, 2006)
- Contact me if you want to be part of the 2011 Study!

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