

Guidelines for Estimating Beef Grassing Costs Based on 500 Head (Steers)

Date: March, 2007

The following budget is an estimate of the costs of production associated with pasturing 500 feeder cattle. The purpose of this budget is to assist Manitoba livestock producers in calculating their own costs and take into consideration the factors that should be included when budgeting to determine break-even prices.

Manitoba has an abundance of suitable land for pasturing cattle (ie. PFRA Community pastures, Agricultural Crown Lands, private pastures, etc.). Because of this abundance the cost of raising cattle on pasture in Manitoba is very competitive when compared to other provinces. In this budget it is assumed that feeders are purchased in the spring, put in a feedlot for 60 days prior to going out on pasture for an additional 115 days.

The assumptions on which costs are calculated are clearly defined in the supporting pages. When interpreting these costs for an individual situation, adjustments may be required. Each assumption must be examined and adjustments made, where necessary, to apply to the farmer's own situation.

Disclaimer: This budget is only a guide and is not intended as an in depth study of the cost of production of this industry. Interpretation and utilization of this information is the responsibility of the user.

Beef Grasser Cattle Production Costs

ASSUMPTIONS:

1. This Budget outlines the cost of production for raising cattle on grass before finishing.
2. All feed is purchased.

HERD PROFILE

Number of Feeders Purchased	500 head
Feeder Cattle Mortality Rate (%)	1.5 %
Feeder Purchased Shrunk Weight (lbs)	550 lbs
Feeder Cattle Price (\$/cwt)	\$125.00 \$/cwt
Finish Weight (lbs)	900 lbs
Percent Shrink (%) - out	6.0% %
Shrunk Weight (lbs)	846 lbs
Average Daily Gain Gross (lbs/day)	2.00 lbs/day
Average Daily Gain Net (lbs/day)	1.69 lbs/day
Total Days Fed	175 days
Days on Feed in Feedlot	60 days
Days on Pasture	115 days

(1) FOOTNOTE: 1 kilogram (kg) = 2.2046 pounds (lbs)

FEED COSTS	<u>Cost</u>	<u>Amount</u>
Ground Barley (\$/bu)	\$3.30	3.00 lbs/day
Hay (\$/ton)	\$55.00	14.00 lbs/day
Salt, Vit.etc.(\$/lb)	\$0.35	7.00 lbs/YEAR

OTHER OPERATING COSTS

Feeder Purchase Costs	
Buying Commission per CWT	\$1.00
Trucking-in per CWT (short distance)	\$2.00

Yardage:	
Cost/head/day	\$0.35
Initial Chute fee \$/head	\$3.00

Veterinary Medicine & Supplies:	
Cattle Medication:	
Tagging - 5% retagging cost	\$0.15
Vitamin A-D	\$0.65
External & Internal Parasites	\$1.76
Blackleg 7 way	\$2.50
Growth Implants	\$1.71
Antibiotics	\$4.00
Vaccine 3 way	\$0.00

Trucking Cost:	
Average Weight/Head	900
Trucking Cost (\$/cwt)	\$2.00

Marketing Cost:	
Commission on Sales (\$/head)	\$17.00
Insurance fee / head	\$0.75
MCPA Checkoff \$/head	\$2.00

Insurance:	
Cost per \$100 Capital Invested in:	
a). Livestock	\$0.60
b). Building & Equipment	\$0.00
Additional Coverage for Liability	\$0.00

Beef Grassing Cost of Production

Operating Interest Rate (%) **6.0**
 Investment Interest Rate (%) **4.0**

PASTURE COSTS

Land Value per Acre **\$0.00**
 Property Taxes per Acre **\$0.00**
 Carrying Capacity per Head (acres/head) **2.5**
 Pasture rental - cost per day **\$0.50**

Pasture checking costs (ie fuel) **\$300**

LABOR COSTS

Feedlot labour - hours/day **0.00**
 Pasture Labour - hours/day **0.40**
 Labor Rate/Hour **\$11.00**

<u>Feedlot</u>	<u>Pasture</u>
0.0 hrs/day	0.40 hrs/day
<u>60 days</u>	<u>115 days</u>
<u>0 total hours</u>	<u>46 total hours</u>
0.00 hrs/feeder	0.09 hrs/feeder

yardage labour & chute fee

Beef Grassing Cost Summary - March, 2007

	<u>Cost/head</u>	<u>Cost/CWT</u>	<u>Your Cost</u>
A. Operating Costs			
1. Feed Costs:			
1.01 Ground Barley	\$12.38	\$1.46	_____
1.02 Hay	\$23.10	\$2.73	_____
1.03 Salt, Vitamins & Minerals	<u>\$2.45</u>	<u>\$0.29</u>	_____
Total Feed Costs	\$37.93	\$4.48	_____
2. Other Operating Costs:			
2.01 Feeder Cost	\$704.00	\$83.22	_____
2.02 Yardage	\$24.00	\$2.84	_____
2.03 Rented Pasture	\$57.50	\$6.80	_____
2.04 Pasture Checking	\$0.60	\$0.07	_____
2.05 Veterinary Medicine & Supplies	\$10.77	\$1.27	_____
2.06 Insurance	\$4.13	\$0.49	_____
2.07 Selling Cost	\$37.75	\$4.46	_____
2.08 Death Loss	<u>\$11.57</u>	<u>\$1.37</u>	_____
Subtotal Operating Costs	\$888.25	\$104.99	_____
2.09 Operating Interest	<u>\$22.90</u>	<u>\$2.71</u>	_____
Total Operating Costs	\$911.15	\$107.70	_____
B. Fixed Costs			
3.01 Own Pasture Costs	\$0.00	\$0.00	_____
Total Operating & Fixed Costs	\$911.15	\$107.70	_____
C. Labour			
	\$1.01	\$0.12	_____
Total Costs Of Production	\$912.17	\$107.82	_____
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Cost per lb of gain sold	<u>\$/lb</u>		
Operating costs	\$911.15	operating	_____
-	\$704.00	feeder cost	_____
÷	<u>296</u>	<u>weight gain</u>	_____
=	\$0.70	/lb gain sold	_____
Total Costs	\$912.17	total costs	_____
-	\$704.00	feeder cost	_____
÷	<u>296</u>	<u>weight gain</u>	_____
=	\$0.70	/lb gain sold	_____

Disclaimer: This budget is only a guide and is not intended as an in depth study of the cost of production of this industry. Interpretation and utilization of this information is the responsibility of the user.

Assumptions

1. Gross Average daily gain (ADG) was assumed at 2 lbs/day. Net ADG was 1.69 lbs/day.
2. It was assumed that the feeder steer weighed in at 550 lbs. and was raised to 900 lbs. (846 lbs. after 6% shrink).
3. Cattle were on feed for 175 days; the first 60 days in a feedlot and the remaining 115 days on pasture.
4. Assumed 500 head of cattle on feed and pasture.

Beef Grasser Production Cost Worksheet

A. OPERATING COSTS

Your Cost

1. Feed Costs:

1.01 Ground Barley

		60	days on ground barley	_____
	x	3.00	lbs/feeder/day	_____
	=	3.75	bushels fed	_____
	<u>x</u>	<u>\$3.30</u>	<u>/bu</u>	_____
	=	\$12.38	/feeder	_____

1.02 Hay

		60	days on hay	_____
	x	14.00	lbs/feeder/day	_____
	=	0.42	tons fed	_____
	<u>x</u>	<u>\$55.00</u>	<u>/ton</u>	_____
	=	\$23.10	/feeder	_____

1.03 Salt, Vitamins & Minerals

		7.00	lbs/feeder/year	_____
	<u>x</u>	<u>\$0.35</u>	<u>/lb</u>	_____
	=	\$2.45	/feeder	_____

2. Other Operating Costs:

2.01 Feeder Cattle Cost

		\$1.00	\$/cwt	_____
Commission	x	550	lbs/feeder	_____

Beef Grassing Cost of Production

			<u>Your Cost</u>
	÷	100 lbs/cwt	_____
	=	\$5.50 /feeder	_____
Trucking-in		\$2.00 \$/cwt	_____
	x	550 lbs/feeder	_____
	÷	100 lbs/cwt	_____
	=	\$11.00 /feeder	_____
Feeder		550 lbs/feeder	_____
	x	\$125.00 \$/cwt	_____
	÷	100 lbs/cwt	_____
	=	\$687.50 /feeder	_____
Total Cost		\$704.00 /feeder	_____

2.02 Yardage (includes straw, repairs, utilities, supplies & depreciation)

Yardage		\$0.35 cost/head/day	_____
	x	60 days on feed	_____
	=	\$21.00 /feeder	_____
Chute fee	=	\$3.00 /feeder	_____
Total Yardage	=	\$24.00 /feeder	_____

2.03 Rented Pasture

		\$0.50 cost/head/day	_____
	x	115 days on pasture	_____
	=	\$57.50 /feeder	_____

2.04 Pasture Checking

		\$300 cost per year	
	÷	500 head	
	=	\$0.60 /feeder	

2.05 Veterinary Medicine & Supplies

		\$0.15 /Tagging	_____
	+	\$0.65 /Vitamin	_____
	+	\$1.76 /Parasites	_____
	+	\$2.50 /Blackleg 7 way	_____
	+	\$1.71 /Growth Implant	_____
	+	\$4.00 /Antibiotics	_____
	±	\$0.00 /Vaccine 3 way	_____
	=	\$10.77 /feeder	_____

Your Cost

2.06 Insurance

	\$687.50	investment/head	_____
x	\$0.60	cost/\$100 capital	_____
÷	<u>100</u>	<u>/\$100</u>	_____
=	\$4.13	/feeder	_____

2.07 Marketing & Transportation

Trucking

	900	lbs/feeder	_____
÷	100	lbs/cwt	_____
x	<u>\$2.00</u>	<u>trucking cost/cwt</u>	_____
=	\$18.00	/feeder	_____

Selling Commission

	\$17.00	commission	_____
±	<u>\$0.75</u>	<u>insurance</u>	_____
=	\$17.75	/feeder	_____

MCPA Checkoff

=	\$2.00	/feeder	_____
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Total Costs = \$37.75 /feeder

2.08 Death Loss

	\$704.00	feeder cattle cost	_____
+	\$838.93	maximum value	_____
÷	2.0	average	_____
=	\$771.46	average value	_____
x	<u>1.5</u>	<u>% mortality rate</u>	_____
=	\$11.57	/feeder	_____

2.09 Operating Interest

	\$704.00	feeder cost	_____
+	\$92.12	½ of feed & other costs	_____
x	6.0	% operating interest	_____
x	175	days on feed	_____
÷	<u>365</u>	<u>365 days</u>	_____
=	\$22.90	/feeder	_____

B. FIXED COSTS (Pasture)

Land

	2.5	acres/head	_____
x	\$0.00	\$/acre includes fence	_____
x	<u>4.0</u>	<u>% investment rate</u>	_____
=	\$0.00	/feeder	_____

Beef Grassing Cost of Production

				<u>Your Cost</u>
Taxes		2.5	acres/head	_____
	x	<u>\$0.00</u>	<u>\$/acre</u>	_____
	=	\$0.00	/feeder	_____
Total	=	\$0.00	/feeder	_____
5. Labour				
Feedlot		0.00	hours/day feedlot	_____
	x	60	days in feedlot	_____
	÷	500	head	_____
	x	<u>\$11.00</u>	<u>\$/hour</u>	_____
	=	\$0.00	/feeder	_____
Pasture		0.40	hours/day pasture	_____
	x	115	days on pasture	_____
	÷	500	head	_____
	x	<u>\$11.00</u>	<u>\$/hour</u>	_____
	=	\$1.01	/feeder	_____
Total	=	\$1.01	/feeder	_____

For more information see your local Manitoba Agriculture, Food and Rural Initiatives office.

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