Guidelines For Estimating

Shortkeep Feeder Costs
For Weight Range of 850 - 1450 lbs
Based on winter feeding 500 steers & selling in spring

Date:  September, 2007

Cattle feeding is a high risk business requiring large amounts of short term capital to buy feeder cattle and feed. With cyclical price variations for both livestock and feed, successful management involves careful consideration of costs, projection of markets and sound judgement.

The following budget is an estimate of the costs of production encountered in finishing beef cattle in a farm feedlot situation. The purpose of this budget is to assist Manitoba livestock producers to calculate their own cost of production and take into consideration the factors that should be included when budgeting to determine breakeven prices.

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. Note that on farm feed costs are based on market prices at the farm. It is assumed that all feed is grown on the farm, except for supplements. Each assumption must be examined and adjustments made where necessary, to apply to the producer'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 the Manitoba cattle industry. Interpretation and utilization of this information is the responsibility of the user. If you require assistance with developing your individual budget, please contact your local MAFRI Business Development Specialist or Livestock Farm Production Extension Specialist.
Shortkeep Cattle Production Costs - Input

Assumptions

1. This budget outlines the cost of production for shortkeep cattle.
2. Buildings and equipment are valued at new cost.
3. All feed is purchased.

<table>
<thead>
<tr>
<th>Herd Profile</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number Purchased</td>
<td>500 head</td>
</tr>
<tr>
<td>Feeder Cattle Mortality Rate</td>
<td>1.00 %</td>
</tr>
<tr>
<td>Feeder Purchased Weight</td>
<td>850 lbs</td>
</tr>
<tr>
<td>Feeder Cattle Price</td>
<td>$98.00 /cwt</td>
</tr>
<tr>
<td>Finish Weight</td>
<td>1,450 lbs</td>
</tr>
<tr>
<td>Finish Selling Price</td>
<td>$91.00 /cwt</td>
</tr>
<tr>
<td>Number of turns per year</td>
<td>2 turns/year</td>
</tr>
<tr>
<td>Percent Shrink - finished</td>
<td>5.00 %</td>
</tr>
<tr>
<td>Percent Shrink - feeder</td>
<td>0.00 %</td>
</tr>
<tr>
<td>Average Daily Gain</td>
<td>3.5 lbs/day</td>
</tr>
<tr>
<td>Days On Feed</td>
<td>171 days</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Feed Costs</th>
<th>Feeder Cattle Requirement</th>
<th>Days on Feed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rolled Barley</td>
<td>$3.40 /bu</td>
<td>24.00 (lbs/day)</td>
</tr>
<tr>
<td>Barley Silage</td>
<td>$32.00 /ton</td>
<td>12.00 (lbs/day)</td>
</tr>
<tr>
<td>Canola</td>
<td>$0.00</td>
<td>0.00 (lbs/day)</td>
</tr>
<tr>
<td>Other Feed #1</td>
<td>$0.00</td>
<td>0.00 (lbs/day)</td>
</tr>
<tr>
<td>Other Feed #2</td>
<td>$0.00</td>
<td>0.00 (lbs/day)</td>
</tr>
<tr>
<td>Supplement 32%</td>
<td>$285.00 /tonne</td>
<td>1.00 (lbs/day)</td>
</tr>
</tbody>
</table>

FOOTNOTE: 1 bushel (bu) barley = 48 lbs = 21.8 kg
1 kilogram (kg) = 2.2046 pounds (lbs)
1 tonne (t) = 1,000 kg

<table>
<thead>
<tr>
<th>Other Operating Costs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feeder Purchase Costs</td>
<td></td>
</tr>
<tr>
<td>Buying Commission</td>
<td>$6.75 /head</td>
</tr>
<tr>
<td>Trucking-in</td>
<td>$1.50 /cwt</td>
</tr>
<tr>
<td>Insurance</td>
<td>$1.00 /head</td>
</tr>
<tr>
<td>Item</td>
<td>Description</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td><strong>Straw</strong></td>
<td>Tons/feeder</td>
</tr>
<tr>
<td></td>
<td>Cost</td>
</tr>
<tr>
<td><strong>Veterinary Medicine &amp; Supplies</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Cattle Medication</strong></td>
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<tr>
<td>Vitamin A-D</td>
<td>Cost</td>
</tr>
<tr>
<td>External &amp; Internal Parasites</td>
<td>Cost</td>
</tr>
<tr>
<td>Blackleg</td>
<td>Cost</td>
</tr>
<tr>
<td>Growth Implants</td>
<td>Cost</td>
</tr>
<tr>
<td>Antibiotics</td>
<td>Cost</td>
</tr>
<tr>
<td><strong>Herd health program</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Professional Services</strong></td>
<td>Total Yearly Hours</td>
</tr>
<tr>
<td></td>
<td>Charge</td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td>Total Kilometres (round trip)</td>
</tr>
<tr>
<td></td>
<td>Charge per km</td>
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<tr>
<td></td>
<td>Number of Yearly Visits</td>
</tr>
<tr>
<td><strong>Fuel &amp; Repair Costs</strong></td>
<td>Repairs (Machinery, Equipment &amp; Facilities)</td>
</tr>
<tr>
<td></td>
<td>Fuel Costs</td>
</tr>
<tr>
<td><strong>Utilities</strong></td>
<td>Telephone &amp; Hydro</td>
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<tr>
<td><strong>Trucking Cost</strong></td>
<td>Distance</td>
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<tr>
<td></td>
<td>Rate</td>
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<tr>
<td></td>
<td>Truck Capacity</td>
</tr>
<tr>
<td></td>
<td>Number of head per load</td>
</tr>
<tr>
<td></td>
<td>Marketing costs to US</td>
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<tr>
<td><strong>Other Costs</strong></td>
<td>MCEC Fee</td>
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<tr>
<td></td>
<td>MCPA Levy</td>
</tr>
<tr>
<td><strong>Manure Removal</strong></td>
<td>Cost for Removal</td>
</tr>
</tbody>
</table>
Guidelines: Shortkeep Cattle Production Cost

Insurance
Cost per $100 Capital Invested in:
a) Livestock $0.00 /$100
b) Building & Equipment $0.45 /$100
Additional Coverage for Liability $49.00 /year

Barn & Office Supplies
Total expense relating to barn $1,000.00

Operating Interest Rate 6.50 %
Investment Interest Rate 4.00 %

FOOTNOTE: cwt = hundred-weight = 100 lbs

Capital Costs

<table>
<thead>
<tr>
<th>Buildings,Corrals &amp; Water System</th>
<th>Original Value</th>
<th>Salvage Value</th>
<th>Useful Life</th>
</tr>
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<tbody>
<tr>
<td>Windbreak fence</td>
<td>$7,350</td>
<td>10%</td>
<td>20 years</td>
</tr>
<tr>
<td>Pens</td>
<td>$4,540</td>
<td>10%</td>
<td>20 years</td>
</tr>
<tr>
<td>Grain Bin</td>
<td>$3,500</td>
<td>10%</td>
<td>20 years</td>
</tr>
<tr>
<td>Handling Facilities</td>
<td>$5,500</td>
<td>10%</td>
<td>20 years</td>
</tr>
<tr>
<td>Waterers</td>
<td>$5,000</td>
<td>10%</td>
<td>20 years</td>
</tr>
<tr>
<td>Gates</td>
<td>$1,280</td>
<td>10%</td>
<td>20 years</td>
</tr>
<tr>
<td>Feeders</td>
<td>$0</td>
<td>10%</td>
<td>20 years</td>
</tr>
<tr>
<td>Bunk Feeders</td>
<td>$23,000</td>
<td>10%</td>
<td>20 years</td>
</tr>
<tr>
<td>Well &amp; Pressure System</td>
<td>$6,000</td>
<td>10%</td>
<td>20 years</td>
</tr>
<tr>
<td>Landscaping</td>
<td>$15,000</td>
<td>10%</td>
<td>20 years</td>
</tr>
<tr>
<td>Total</td>
<td>$71,170</td>
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</tbody>
</table>

Machinery & Equipment
Tractor & Loader $50,000 20% 10 years
Miscellaneous $25,000 20% 10 years

Total Investment $146,170

Labour Costs
Labour Hours 1.25 hours/head/year
Labour Rate $11.00 /hour

MAFRI, Policy Analysis Branch
## Shortkeep Cattle Production Cost Summary September, 2007

### A. Operating Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost/Head</th>
<th>Total Cost</th>
<th>Your Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Feed Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.01 Ground Barley</td>
<td>$290.70</td>
<td>$145,350</td>
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</tr>
<tr>
<td>1.02 Barley Silage</td>
<td>$32.83</td>
<td>$16,415</td>
<td></td>
</tr>
<tr>
<td>1.03 Supplement</td>
<td>$22.10</td>
<td>$11,050</td>
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</tr>
<tr>
<td><strong>Total Feed Costs</strong></td>
<td><strong>$345.63</strong></td>
<td><strong>$172,815</strong></td>
<td></td>
</tr>
<tr>
<td>2. Other Operating Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.01 Feeder Cost</td>
<td>$853.50</td>
<td>$426,750</td>
<td></td>
</tr>
<tr>
<td>2.02 Straw</td>
<td>$5.00</td>
<td>$2,500</td>
<td></td>
</tr>
<tr>
<td>2.03 Veterinary Medicine &amp; Supplies</td>
<td>$9.67</td>
<td>$4,835</td>
<td></td>
</tr>
<tr>
<td>2.04 Fuel &amp; Repair Costs</td>
<td>$5.70</td>
<td>$2,850</td>
<td></td>
</tr>
<tr>
<td>2.05 Utilities</td>
<td>$4.00</td>
<td>$2,000</td>
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</tr>
<tr>
<td>2.06 Marketing Costs</td>
<td>$102.41</td>
<td>$51,205</td>
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</tr>
<tr>
<td>2.07 Insurance</td>
<td>$0.76</td>
<td>$380</td>
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</tr>
<tr>
<td>2.08 Manure Removal</td>
<td>$6.40</td>
<td>$3,200</td>
<td></td>
</tr>
<tr>
<td>2.09 Barn &amp; Office Supplies</td>
<td>$2.00</td>
<td>$1,000</td>
<td></td>
</tr>
<tr>
<td>2.10 Death Loss</td>
<td>$10.43</td>
<td>$5,215</td>
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</tr>
<tr>
<td><strong>Subtotal Operating Costs</strong></td>
<td><strong>$1,345.50</strong></td>
<td><strong>$672,750</strong></td>
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</tr>
<tr>
<td>2.11 Operating Interest</td>
<td>$33.32</td>
<td>$1,660</td>
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</tr>
<tr>
<td><strong>Total Operating Costs</strong></td>
<td><strong>$1,378.82</strong></td>
<td><strong>$689,410</strong></td>
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</table>

### B. Fixed Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost/Head</th>
<th>Total Cost</th>
<th>Your Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Depreciation</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>3.01 Buildings</td>
<td>$3.20</td>
<td>$1,600</td>
<td></td>
</tr>
<tr>
<td>3.02 Machinery &amp; Equipment</td>
<td>$6.00</td>
<td>$3,000</td>
<td></td>
</tr>
<tr>
<td>4. Investment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.01 Buildings</td>
<td>$1.57</td>
<td>$783</td>
<td></td>
</tr>
<tr>
<td>4.02 Machinery &amp; Equipment</td>
<td>$1.80</td>
<td>$900</td>
<td></td>
</tr>
<tr>
<td><strong>Total Fixed Costs</strong></td>
<td><strong>$12.57</strong></td>
<td><strong>$6,283</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Operating and Fixed Costs</strong></td>
<td><strong>$1,391.39</strong></td>
<td><strong>$695,693</strong></td>
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</tr>
</tbody>
</table>

### C. Labour

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost/Head</th>
<th>Total Cost</th>
<th>Your Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>$13.75</td>
<td></td>
<td>$6,875</td>
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</table>

**Total Cost of Production**  

<table>
<thead>
<tr>
<th>Cost/Head</th>
<th>Total Cost</th>
<th>Your Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,405.14</td>
<td>$702,568</td>
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</tbody>
</table>

### Cost per lb of gain sold  

<table>
<thead>
<tr>
<th>Item</th>
<th>$/cwt</th>
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</thead>
<tbody>
<tr>
<td>Feed Costs</td>
<td>$65.52</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>$103.47</td>
</tr>
<tr>
<td>Operating &amp; fixed</td>
<td>$105.86</td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td><strong>$108.46</strong></td>
</tr>
</tbody>
</table>

### Breakeven Selling Price

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost/Head</th>
<th>Total Cost</th>
<th>Your Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Costs</td>
<td>$100.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating &amp; fixed</td>
<td>$101.01</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td><strong>$102.01</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Breakeven Purchase Price (base on $91/cwt market price)

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost/Head</th>
<th>Total Cost</th>
<th>Your Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Costs</td>
<td>$83.31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating &amp; fixed</td>
<td>$81.83</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td><strong>$80.22</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**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. No liability for decisions based on this publication is assumed.
Assumptions

1. Average daily gain (ADG) was assumed to be 3.5 lbs/day
2. It was assumed that the feeder steer weighed in at 850 lbs. shrunk weight, finish weight was estimated at 1450 lbs (1378 after 5 % shrink).
3. Days on feed: 171 days.
4. Investment in feedlot facilities and equipment was assumed to handle 500 head at a time or with 2 turns 1000 head over the year.

Shortkeep Cattle Production Cost Worksheet

A. Operating Costs

1. Feed Costs
   1.01 Ground Barley
      
      \[
      \begin{align*}
      &\text{171.00 days on grain} \\
      &\times 24.00 \text{ lbs/feeder/day} \\
      &\div 48.00 \text{ lbs/bushel} \\
      &\times $3.40 /\text{bushel} \\
      &= $290.70 /\text{feeder}
      \end{align*}
      \]

   1.02 Silage
      
      \[
      \begin{align*}
      &\text{171.00 days on silage} \\
      &\times 12.00 \text{ lbs/feeder/day} \\
      &\div 2,000.00 \text{ lbs/ton} \\
      &\times $32.00 /\text{ton} \\
      &= $32.83 /\text{feeder}
      \end{align*}
      \]

   1.03 Supplement (Salt, Vitamins, Minerals, Ionophore)
      
      \[
      \begin{align*}
      &\text{171.00 days on supplement} \\
      &\times 1.00 \text{ lbs/feeder/day} \\
      &\div 2,205.00 \text{ lbs/tonne} \\
      &\times $285.00 /\text{tonne}
      &= $22.10 /\text{feeder}
      \end{align*}
      \]

2. Other Operating Costs

   2.01 Feeder Cattle Cost
      
      \[
      \begin{align*}
      \text{Buying Commission} &\quad $6.75 /\text{feeder} \\
      \text{Insurance} &\quad $1.00 /\text{feeder}
      \end{align*}
      \]

      \[
      \begin{align*}
      \text{Trucking-in} &\quad $1.50 /\text{cwt} \\
      &\times 850.00 \text{ lbs/feeder} \\
      &\div 100.00 \text{ lbs/cwt} \\
      &= $12.75 /\text{feeder}
      \end{align*}
      \]
## Feeder

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit</th>
<th>Cost per Unit</th>
<th>Total Cost per Feeder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef feed</td>
<td>850 lbs</td>
<td>cwt</td>
<td>$98.00</td>
<td>$833.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>$853.50</td>
</tr>
</tbody>
</table>

### 2.02 Straw

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit</th>
<th>Cost per Unit</th>
<th>Total Cost per Feeder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Straw</td>
<td>0.25 tons</td>
<td></td>
<td>$20.00</td>
<td>$5.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>$5.00</td>
</tr>
</tbody>
</table>

### 2.03 Veterinary Medicine & Supplies

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit</th>
<th>Cost per Unit</th>
<th>Total Cost per Feeder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cattle Medication</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vitamins</td>
<td></td>
<td>$0.65</td>
<td></td>
</tr>
<tr>
<td>Parasite control</td>
<td></td>
<td>$3.26</td>
<td></td>
</tr>
<tr>
<td>Blackleg</td>
<td></td>
<td>$0.53</td>
<td></td>
</tr>
<tr>
<td>Growth Implants</td>
<td></td>
<td>$1.71</td>
<td></td>
</tr>
<tr>
<td>Antibiotics</td>
<td></td>
<td>$2.50</td>
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</tr>
<tr>
<td>Total</td>
<td></td>
<td>$8.65</td>
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### Professional Services

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit</th>
<th>Cost per Unit</th>
<th>Total Cost per Feeder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td></td>
<td>$135.00</td>
<td></td>
</tr>
<tr>
<td>Hours per Feeder</td>
<td></td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$0.54</td>
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</table>

### Transportation

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit</th>
<th>Cost per Unit</th>
<th>Total Cost per Feeder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miles per Feeder</td>
<td></td>
<td>$1.00</td>
<td></td>
</tr>
<tr>
<td>Visits per Feeder</td>
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<td>3.00</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>0.48</td>
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</table>

### Total

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit</th>
<th>Cost per Unit</th>
<th>Total Cost per Feeder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td>$9.67</td>
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</tr>
</tbody>
</table>

### 2.04 Fuel & Repair Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit</th>
<th>Cost per Unit</th>
<th>Total Cost per Feeder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repairs</td>
<td></td>
<td>$900</td>
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</tr>
<tr>
<td>Fuel costs</td>
<td></td>
<td>$1,950</td>
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</tr>
<tr>
<td>Total</td>
<td></td>
<td>$5.70</td>
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</tr>
</tbody>
</table>
2.05 Utilities

\[
\begin{align*}
\text{Utilities} &= 2,000 \\
\text{÷ 500 feeder cattle} &= 4.00 \text{/feeder}
\end{align*}
\]

2.06 Marketing & Transportation

\[
\begin{align*}
\text{MCEC Fee} &= 2.00 \\
\text{MCPA levy} &= 3.00 \\
\text{Trucking} &= 700.00 \\
\text{× $4.25 /loaded mile} &= 3,000.00 \\
\text{÷ 37.00 head/load} &= 80.41 \text{/feeder}
\end{align*}
\]

\[
\text{Other Costs (US)} = 17.00 \text{/feeder}
\]

\[
\text{Total} = 102.41 \text{/feeder}
\]

2.07 Insurance

\[
\begin{align*}
\text{Bldg & equip investment} &= 146,170 \\
\text{÷ $100 capital} &= 0.45 \\
\text{÷ 100.00 /$100} &= 0.00 \\
\text{÷ 500 feeder cattle} &= 0.66 \text{/feeder}
\end{align*}
\]

\[
\begin{align*}
\text{Herd investment} &= 538,125 \\
\text{÷ $100 capital} &= 0.00 \\
\text{÷ 100.00 /$100} &= 0.00 \\
\text{÷ 500 feeder cattle} &= 0.00 \text{/feeder}
\end{align*}
\]

\[
\begin{align*}
\text{Additional coverage for liability} &= 49.00 \\
\text{÷ 500 feeder cattle} &= 0.10 \text{/feeder}
\end{align*}
\]

\[
\text{Total} = 0.76 \text{/feeder}
\]

2.08 Manure Removal

\[
\begin{align*}
\text{Removal cost} &= 3,200 \\
\text{÷ 500 feeder cattle} &= 6.40 \text{/feeder}
\end{align*}
\]

2.09 Barn & Office Supplies

\[
\begin{align*}
\text{Total barn expenses} &= 1,000.00 \\
\text{÷ 500 feeder cattle} &= 2.00 \text{/feeder}
\end{align*}
\]

MAFRI, Policy Analysis Branch
2.10 Death Loss

\[
\begin{align*}
\text{feeder cattle cost} & = \$853.50 \\
\text{maximum value} & = \$1,335.07 \\
\text{marketing costs} & = \$102.41 \\
\text{average} & = 2.00 \\
\% \text{ mortality rate} & = 1.00 \\
\text{Mortality rate} & = \frac{\$853.50 + \$1,335.07 - \$102.41}{2.00 \times 1.00} \\
& = \$10.43 \$/\text{feeder}
\end{align*}
\]

2.11 Operating Interest

(Operating interest is charged on one half the subtotal operating costs)

\[
\begin{align*}
\text{feeder cost} & = \$853.50 \\
\% \text{ of feed & other costs} & = 6.50 \\
\% \text{ operating interest} & = 24.79 \\
\text{days on feed} & = 171.00 \\
\text{days/year} & = 365.00 \\
\text{Operating interest} & = \frac{\$853.50 + \frac{\$240.79}{2} \times 6.50 \times 171.00}{365.00} \\
& = \$33.32 \$/\text{feeder}
\end{align*}
\]
Capital Costs

Buildings, Corrals & Water System

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Windbreak fence</td>
<td>$7,350</td>
</tr>
<tr>
<td>Pens</td>
<td>$4,540</td>
</tr>
<tr>
<td>Grain Bin</td>
<td>$3,500</td>
</tr>
<tr>
<td>Handling Facilities</td>
<td>$5,500</td>
</tr>
<tr>
<td>Waterers</td>
<td>$5,000</td>
</tr>
<tr>
<td>Gates</td>
<td>$1,280</td>
</tr>
<tr>
<td>Bunk Feeders</td>
<td>$23,000</td>
</tr>
<tr>
<td>Well &amp; Pressure System</td>
<td>$6,000</td>
</tr>
<tr>
<td>Landscaping</td>
<td>$15,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$71,170</strong></td>
</tr>
</tbody>
</table>

Machinery & Equipment

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tractor &amp; Loader</td>
<td>$50,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$25,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$75,000</strong></td>
</tr>
</tbody>
</table>

**Total Investment** $146,170

B. Fixed Costs

3. Depreciation

<table>
<thead>
<tr>
<th>Original Cost - Salvage Value</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>$71,170 original cost</td>
<td></td>
</tr>
<tr>
<td>$7,117 salvage value</td>
<td></td>
</tr>
<tr>
<td>20.00 years useful life</td>
<td></td>
</tr>
<tr>
<td>500 feeder cattle</td>
<td></td>
</tr>
<tr>
<td>2 turns/year</td>
<td></td>
</tr>
<tr>
<td><strong>$3.20 /feeder</strong></td>
<td></td>
</tr>
</tbody>
</table>

3.02 Machinery & Equipment

<table>
<thead>
<tr>
<th>Original Cost - Salvage Value</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>$75,000 original cost</td>
<td></td>
</tr>
<tr>
<td>$15,000 salvage value</td>
<td></td>
</tr>
<tr>
<td>10.00 years useful life</td>
<td></td>
</tr>
<tr>
<td>500 feeder cattle</td>
<td></td>
</tr>
<tr>
<td>2 turns/year</td>
<td></td>
</tr>
<tr>
<td><strong>$6.00 /feeder</strong></td>
<td></td>
</tr>
</tbody>
</table>
4. Investment

<table>
<thead>
<tr>
<th>Original Cost + Salvage Value x Investment Rate</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.01 Buildings</td>
<td></td>
</tr>
<tr>
<td>$71,170 original cost</td>
<td></td>
</tr>
<tr>
<td>+ $7,117 salvage value</td>
<td></td>
</tr>
<tr>
<td>+ 2.00 average</td>
<td></td>
</tr>
<tr>
<td>x 4.00 % investment rate</td>
<td></td>
</tr>
<tr>
<td>+ 500 feeder cattle</td>
<td></td>
</tr>
<tr>
<td>÷ 2 turns/year</td>
<td></td>
</tr>
<tr>
<td>= $1.57 /feeder</td>
<td></td>
</tr>
<tr>
<td>4.02 Machinery &amp; Equipment</td>
<td></td>
</tr>
<tr>
<td>$75,000 original cost</td>
<td></td>
</tr>
<tr>
<td>+ $15,000 salvage value</td>
<td></td>
</tr>
<tr>
<td>+ 2.00 average</td>
<td></td>
</tr>
<tr>
<td>x 4.00 % investment rate</td>
<td></td>
</tr>
<tr>
<td>+ 500 feeder cattle</td>
<td></td>
</tr>
<tr>
<td>÷ 2 turns/year</td>
<td></td>
</tr>
<tr>
<td>= $1.80 /feeder</td>
<td></td>
</tr>
<tr>
<td>C. Labour</td>
<td></td>
</tr>
<tr>
<td>1.25 hours/feeder</td>
<td></td>
</tr>
<tr>
<td>x $11.00 /hour</td>
<td></td>
</tr>
<tr>
<td>= $13.75 /feeder</td>
<td></td>
</tr>
</tbody>
</table>
### Breakeven Calculations

<table>
<thead>
<tr>
<th>Cost per lb of gain sold</th>
<th>Feed Costs</th>
<th>Your Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$345.63 feed cost</td>
<td></td>
</tr>
<tr>
<td></td>
<td>÷</td>
<td></td>
</tr>
<tr>
<td></td>
<td>527.50 weight gain</td>
<td></td>
</tr>
<tr>
<td></td>
<td>÷</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$0.66 /lb gain sold</td>
<td></td>
</tr>
</tbody>
</table>

| Operating Costs                     | $1,378.82 operating costs|                         |
|                                     | ÷                         |                         |
|                                     | $833.00 feeder cost       |                         |
|                                     | ÷                         |                         |
|                                     | 527.50 weight gain        |                         |
|                                     | ÷                         |                         |
|                                     | $1.03 /lb gain sold       |                         |

| Total Operating & Fixed Costs       | $1,391.39 operating & fixed costs|                         |
|                                     | ÷                         |                         |
|                                     | $833.00 feeder cost         |                         |
|                                     | ÷                         |                         |
|                                     | 527.50 weight gain          |                         |
|                                     | ÷                         |                         |
|                                     | $1.06 /lb gain sold         |                         |

| Total Costs                         | $1,405.14 total costs       |                         |
|                                     | ÷                         |                         |
|                                     | $833.00 feeder cost         |                         |
|                                     | ÷                         |                         |
|                                     | 527.50 weight gain          |                         |
|                                     | ÷                         |                         |
|                                     | $1.08 /lb gain sold         |                         |

| Breakeven selling price             | $1,378.82 operating costs  |                         |
|                                     | ÷                         |                         |
|                                     | 1,377.50 lbs shrunk weight |                         |
|                                     | ÷                         |                         |
|                                     | $1.00 /lb                 |                         |

| Total Operating & Fixed Costs       | $1,391.39 operating & fixed costs|                         |
|                                     | ÷                         |                         |
|                                     | 1,377.50 lbs shrunk weight    |                         |
|                                     | ÷                         |                         |
|                                     | $1.01 /lb                  |                         |

| Total Costs                         | $1,405.14 total costs       |                         |
|                                     | ÷                         |                         |
|                                     | 1,377.50 lbs shrunk weight  |                         |
|                                     | ÷                         |                         |
|                                     | $1.02 /lb                  |                         |

| Breakeven purchase price            | 1,378.00 lbs shrunk weight  |                         |
|                                     | ×                         |                         |
|                                     | $91.00 $/cwt selling price |                         |
|                                     | ÷                         |                         |
|                                     | $1,253.98 income           |                         |
|                                     | -                         |                         |
|                                     | $545.82 operating less feeder cost|                 |
|                                     | ÷                         |                         |
|                                     | 850.00 lbs purchase weight |                         |
|                                     | ÷                         |                         |
|                                     | $0.83 /lb                 |                         |
Guidelines: Shortkeep Cattle and Production Costs

Operating & fixed costs

\[
\begin{align*}
\text{1,378.00 lbs shrunk weight} & \times \text{ $91.00 $/cwt selling price} = \text{ $1,253.98 income} \\
- \text{ $558.39 op & fixed feeder cost} & = \text{ $0.82 /lb}
\end{align*}
\]

Total costs

\[
\begin{align*}
\text{1,378.00 lbs shrunk weight} & \times \text{ $91.00 $/cwt selling price} = \text{ $1,253.98 income} \\
- \text{ $572.14 total less feeder cost} & = \text{ $0.80 /lb}
\end{align*}
\]

For more information contact your local MAFRI Office.

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MAFRI, Policy Analysis Branch
Short Keep Feedlot Facilities