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Immediate Release

Larger herds, field feeding, monitoring key to success for Sask. cow-calf operations

Larger herds, field feeding and monitoring are the keys to a successful cow-calf operation, according to data gathered by the Western Beef Development Centre (WBDC). The WBDC has released its 2012 cost of production analysis for Saskatchewan cow-calf operations.

Since 2001, the WBDC has been working with producers across Saskatchewan to calculate their cow-calf cost of production. Their latest study was for the 2012 calf crop, and involved 22 producers across Saskatchewan, a small sample of the province's 7,300 beef operations.

According to the numbers submitted by producers, the average herd size of these producers was 354 cows and ranged from 65 to 1,000 cows. The average weaning weight was 510 lbs (549 lbs 2011) and average income was \$677 per cow (\$747 2011) or \$1.51/lb (\$1.57 2011) of weaned calf. Lower average weaning weights and weaker market prices were responsible for the lower average incomes reported in 2012.

The 2012 cost of production study's break-even price on weaned calves averaged \$1.42/lb based on average total costs of \$630 per cow (up \$5 from last year), with 88 percent of cows weaning a calf averaging 510 lb. The average price in Saskatchewan for 500 lb calves (steers and heifers) in fall 2012 was \$1.50/lb.

This information is important not just for the WBDC to record, but for producers to see where their own operation is sitting.

"It is extremely important for producers to calculate their break-even price on weaned calves and to not just calculate total production costs per cow," said Kathy Larson MSc., WBDC economist. "Two producers with the same production costs on a per-cow basis will, more often than not, require different prices for their calves to break even because they will have different weaning weights and different wean percentages."

The WBDC analysts also compared the top 25 per cent of participants to the remaining producers involved in the study, in order to determine what put them ahead.

In the past, the fact sheet looked solely at producers with the lowest costs. That changed this year.

"While being low-cost is important for profit potential, a producer should not cut costs at the expense of good herd management," noted Larson. "Low cost does not necessarily mean high margin. Therefore, this fact sheet has been adjusted to look at the top 25 percent of producers who have both low-cost structures and strong margins."

The top 25 per cent of producers had both low costs and strong margins, with an average cost of \$502 per cow compared to \$678 per cow for the remaining participants. They did not cut corners on herd health, herd sires, or pasture, which can reduce productivity and raise costs. A major contributing factor to a producer making it into the top 25 percent is herd size. The average herd size for the top 25 percent producers was 559 cows, compared to the average of 277. A large herd allows producers to spread out fixed expenses over more cows.

The top 25 percent producers also use extensive field feeding in their winter feeding program, and they record and monitor their costs. All of the top 25 percent producers are repeat participants in the WBDC cost of production study.

"This would suggest there is true value in monitoring your costs and production results year over year. WBDC encourages producers to determine their own costs of production utilizing production and financial data," noted Larson.

Cost of production benchmark results are available on the WBDC website at www.wbdc.sk.ca under Publications and Information.

The Western Beef Development Centre is a division of the Prairie Agricultural Machinery Institute (PAMI), which has locations in Humboldt, Saskatchewan and Portage La Prairie, Manitoba.

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