

Guidelines For Estimating **Organic Cow-Calf Production Costs** Based on a 150 Head Cow Herd

Date: January, 2009

This guide is designed to provide you with planning information and a format for calculating costs of production of an organic cow calf operation. Adjustments will be necessary when applying these figures to your own operation.

The budget estimates are based on a number of assumptions which are clearly defined in the supporting pages. Productivity and performance assumptions are based on data supplied by specialists as well as data collected from certain producers. Input costs are based on recommended practices and/or information obtained from producers. Good management is assumed in that a balanced ration is being fed, livestock are on an organic herd health program and handling facilities are included.

Disclaimer: This budget is only a guide and is not intended as an in depth study of the cost of production of the Manitoba organic 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.

Overview of the Organic Livestock Industry in Manitoba

The organic farming sector has seen growth in recent years in response to increased consumer demand for organic food products.

Producers have experienced price premiums above conventionally produced livestock, which compensates for the higher input costs related to organic

One of the basic requirements of the organic production system is that 'prohibited substances such as synthetic fertilizers and pesticides must not have been used for at least 36 months before the harvest of any crop'.

To transition livestock to certified organic, animals must be fed an organic ration for a minimum of the third trimester before calving. An individual beef animal must be managed according to the organic standards beginning no later than the start of the last third gestation period (of the dam) (CAN/CGSB-32.310-2006, 6.2.2). The individual cattle in the original conventional herd will never receive organic status, and they cannot be sold for slaughter as organic, nor can their meat be sold or represented as organic. However, they can receive the status of "Organic Breeding Stock", which designates that they are managed organically and that their offspring will be eligible for full "Organic" status (CAN/CGSB-32.310-2006, 6.2).

This budget shows transfer of calves to a backgrounding operation rather than sale into the market. In order to reduce stress to the calves they are retained until a higher weight.

Certified organic livestock must be certified to government-regulated standards on an annual basis by a certification agency. Land must be certified because livestock must have access to pastures, and the pastures must be certified organic (CAN/CGSB-32.310-2006 6.1.3).

Manure from organic cattle must be composted for a period of 6-12 months prior to being spread on organic land, though this requirement may vary by certifying agency. Manure from conventional cattle must be composted for a period of 24-36 months prior to being spread on organic land, though this requirement may vary by certifying agency.

For more information on all aspects of the organic industry, check out the Organic Agriculture page on the MAFRI website at :
<http://www.gov.mb.ca/agriculture/organic>

Cow-Calf Production Costs January, 2009
Based on a 150 Conventional Cow Herd and 150 Organic Cow Herd

A. Operating Costs	<u>Conventional</u>	<u>Certified Organic</u>	<u>Your Cost</u>
1. Feed Costs			
1.01 Grain	\$7.63	\$12.50	_____
1.02 Hay	\$173.50	\$210.50	_____
1.03 Salt & Minerals	\$15.75	\$21.00	_____
Total Feed Cost	\$196.88	\$244.00	_____
2. Other Operating Costs			
2.01 Straw	\$20.00	\$20.00	_____
2.02 Veterinary Medicine & Supplies	\$19.89	\$8.02	_____
2.03 Breeding Costs	\$35.37	\$32.66	_____
2.04 Fuel, Maintenance & Repairs	\$28.00	\$28.00	_____
2.05 Utilities	\$10.00	\$10.00	_____
2.06 Marketing & Transportation	\$27.34	\$25.81	_____
2.07 Death Loss	\$8.75	\$13.50	_____
2.08 Manure Removal	\$16.67	\$16.67	_____
2.09 Insurance	\$5.37	\$6.27	_____
2.10 Herd Replacement	\$42.00	\$24.00	_____
2.11 Certification & Miscellaneous	\$6.67	\$19.00	_____
Subtotal Operating Costs	\$416.94	\$447.93	_____
2.12 Operating Interest	\$13.55	\$14.56	_____
Total Operating Costs	\$430.49	\$462.48	_____
B. Fixed Costs			
3. Depreciation			
3.01 Buildings	\$14.36	\$14.36	_____
3.02 Machinery & Equipment	\$24.85	\$24.85	_____
4. Investment			
4.01 Buildings	\$5.74	\$5.74	_____
4.02 Machinery & Equipment	\$7.46	\$7.46	_____
4.03 Livestock	\$28.00	\$36.00	_____
4.04 Pasture Land & Fencing	\$104.30	\$107.46	_____
Total Fixed Costs	\$184.71	\$195.87	_____
Total Operating and Fixed Costs	\$615.20	\$658.35	_____
C. Labour	\$99.00	\$110.00	_____
Total Cost of Production	\$714.20	\$768.35	_____

Breakeven price	<u>\$/cwt</u>	<u>\$/cwt</u>	
A. Operating Costs	\$78.81	\$87.43	_____
B. Operating & labour Costs	\$96.93	\$108.22	_____
C. Operating & Fixed Costs	\$112.62	\$124.45	_____
D. Operating, Fixed & Labour Costs	\$130.75	\$145.25	_____

Breakeven Price \$/cwt = Cost ÷ 95% calf crop ÷ calf weight (5.75cwt)

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. This budget outlines the cost of production for a cow calf operation with 150 cows, 6 bulls and 95% calf crop weaned.
2. Building and equipment are valued at new cost.
3. All feed is valued at market value.
4. Manure removal is contracted out.
5. Replacement heifers are valued at fair market value.
6. This budget assumes an average weaning weight of 575 lbs. (steer calves 600 lbs and heifer calves 550 lbs.)

Conventional Cow-Calf Production Worksheet

A. Operating Costs

1. Feed Costs

1.01 Barley (processed)

		2.00	lbs barley/cow/day	
x		60.00	days/year	
÷		48.00	lbs/bu	
<u>x</u>		<u>\$3.05</u>	<u>/bushel</u>	
=		\$7.63	/cow	

1.02 Hay (for cows)

		2.50	tons good quality	
<u>x</u>		<u>\$55.00</u>	<u>/ton</u>	
=		\$137.50	/cow	

		1.20	tons low quality	
<u>x</u>		<u>\$30.00</u>	<u>/ton</u>	
=		\$36.00	/cow	

		Total		
=		\$173.50	/cow	

1.03 Salt and Minerals

		35.00	lbs salt/cow/year	
<u>x</u>		<u>\$0.12</u>	<u>/lb</u>	
=		\$4.20	/cow	

		35.00	lbs mineral/cow/year	
<u>x</u>		<u>\$0.33</u>	<u>/lb</u>	
=		\$11.55	/cow	

		Total		
=		\$15.75	/cow	

2. Other Operating Costs**2.01 Straw**

		1.00	tons/cow/year	_____
	x	<u>\$20.00</u>	/ton	_____
	=	\$20.00	/cow	_____

2.02 Veterinary Medicine & Supplies

Calf Medication

		\$0.53	/calf blackleg	_____
	x	<u>95.00</u>	% calf crop	_____
	=	\$0.51	/cow	_____

Cow Medication

		\$2.55	/cow IBR	_____
	+	\$3.45	/cow scourguard	_____
	+	\$5.20	/cow parasite control	_____
	±	<u>\$0.65</u>	/cow ADE	_____
	=	\$11.85	/cow	_____

Herd Health Program

		\$135.00	/hour charge	_____
	x	6.00	hours	_____
	÷	<u>150.00</u>	cows	_____
	=	\$5.40	/cow	_____

Mileage

		\$1.00	/km charge	_____
	x	80.00	kilometres	_____
	x	4.00	visits	_____
	÷	<u>150.00</u>	cows	_____
	=	\$2.13	/cow	_____

Total = \$19.89 /cow _____

2.03 Breeding Costs

Feed for Bulls

Hay

		4.00	tons good quality	_____
	x	\$55.00	/ton	_____
	x	6.00	bulls	_____
	÷	<u>150.00</u>	cows	_____
	=	\$8.80	/cow	_____

Barley		7.00	lbs barley/bull/day	_____
	x	120.00	days	_____
	+	48.00	lbs/bu	_____
	x	\$3.05	/bushel	_____
	x	6.00	bulls	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$2.14	/cow	_____
Total	=	\$10.94	/cow	_____
Straw for Bulls				
		1.00	tons/bull/year	_____
	x	\$20.00	/ton	_____
	x	6.00	bulls	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$0.80	/cow	_____
Vet & Medicine for Bulls				
		\$55.00	semen test	_____
	+	\$10.00	total vet cost/bull	_____
	x	6.00	bulls	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$2.60	/cow	_____
Replacement of Bulls				
		\$2,200	bull cost	_____
	-	\$750	bull salvage value	_____
	x	25.00	% replacement rate	_____
	x	6.00	bulls	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$14.50	/cow	_____
Investment in Bulls				
		\$2,200	bull cost	_____
	+	\$750	bull salvage value	_____
	÷	2.00	average	_____
	x	4.00	% investment rate	_____
	x	6.00	bulls	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$2.36	/cow	_____

Pasture Costs for Bulls

		\$104.30	/bull pasture cost	_____
x		6.00	bulls	_____
÷		<u>150.00</u>	<u>cows</u>	_____
=		\$4.17	/cow	_____
Total	=	\$35.37	/cow	_____

2.04 Fuel, Oil, Repairs & Maintenance

Machinery

		\$1,800	annual fuel cost	_____
+		\$1,350	oil, repairs & maintenance	_____
÷		<u>150.00</u>	<u>cows</u>	_____
=		\$21.00	/cow	_____

Buildings, Fences etc.

		\$1,050	repairs & maintenance	_____
÷		<u>150.00</u>	<u>cows</u>	_____
=		\$7.00	/cow	_____

Total	=	\$28.00	/cow	_____
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2.05 Utilities

		\$1,500	annual cost	_____
÷		<u>150.00</u>	<u>cows</u>	_____
=		\$10.00	/cow	_____

2.06 Marketing & Transportation

Trucking

Calves		143	calves	_____
x		575.00	lbs/calf	_____
x		\$1.50	/cwt (trucking cost)	_____
÷		<u>150.00</u>	<u>cows</u>	_____
=		\$8.22	/cow	_____

Cull Cows		18.00	cull cows	_____
-		2.00	cows died	_____
x		1,350.00	lbs/cow	_____
x		\$1.50	/cwt (trucking cost)	_____
÷		100.00	lbs/cwt	_____
÷		<u>150.00</u>	<u>cows</u>	_____
=		\$2.16	/cow	_____

MCEC Levy, MCPA Levy, selling commission & insurance

Calves		\$0.00	MCEC Fee	_____
	+	\$0.00	MCPA Levy	_____
	+	\$16.00	Commission, Insurance	_____
	x	143	calves	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$15.25	/cow	_____

Cull Cows

		\$0.00	MCEC Fee	_____
		\$0.00	MCPA Levy	_____
	+	\$16.00	Commission, MCPA	_____
	x	16	cull cows	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$1.71	/cow	_____

Total = \$27.34 /cow

2.07 Death Loss

	x	\$700	/cow investment	_____
	x	<u>1.25</u>	<u>% mortality rate</u>	_____
	=	\$8.75	/cow	_____

2.08 Manure Removal

		\$2,500	annual removal cost	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$16.67	/cow	_____

2.09 Insurance

		\$700	\$/cow investment	_____
	x	\$0.45	/\$100 capital	_____
	÷	<u>100.00</u>	<u>/100</u>	_____
	=	\$3.15	/cow	_____

\$94,375 building and equipment investment

	x	\$0.30	/\$100 capital	_____
	÷	100.00	/100	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$1.89	/cow	_____

\$49.00 liability

	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$0.33	/cow	_____

Total = \$5.37 /cow

2.10 Herd Replacement

	\$800	/replacement heifer	_____
-	\$450	/cull cow	_____
<u>x</u>	<u>12.00</u>	<u>% replacement rate</u>	_____
=	\$42.00	/cow	_____

2.11 Miscellaneous

	\$1,000	total office expenses	_____
÷	<u>150.00</u>	<u>cows</u>	_____
=	\$6.67	/cow	_____

2.12 Operating Interest

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

	\$416.94	subtotal operating costs	_____
÷	2.00	average	_____
<u>x</u>	<u>6.50</u>	<u>% operating interest</u>	_____
=	\$13.55	/cow	_____

Capital Costs

Buildings & Water System

Windbreak Fence	\$2,680
Feedlot Fence	\$2,680
Calf Shelters	\$8,000
Handling Facilities	\$3,685
Calving Barn (30'x32')	\$9,600
Waterers (3 @ \$ 1000)	\$3,350
Pasture watering system	\$2,680
Pasture water source	\$2,010
Gates	\$840
Round Bale Feeders	\$1,500
Well & Pressure System	\$6,000
Hydro (6 poles @ \$400)	\$2,400
Storage Bins	\$2,350
Total Building Cost	\$47,775

Machinery & Equipment

Miscellaneous Machinery	\$2,500
Tractor & Loader (\$100,000 @30%)	\$20,000
Bale Shredder	\$8,700
Stock Trailer	\$2,000
Truck (\$30,000 @ 50%)	\$13,400
Total Machinery & Equipment Cost	\$46,600

Total Bldg., Mach. & Equip. **\$94,375**

Total Breeding Herd Value **\$105,000**

Total Capital Investment **\$199,375**

B. Fixed Costs

3. Depreciation

Original Cost - Salvage Value
Useful Life

3.01 Buildings & Water System (not including pasture water system)

	\$43,085	original cost
-	0.00	salvage value
÷	20.00	years useful life
±	<u>150.00</u>	<u>cows</u>
=	\$14.36	/cow

3.02 Machinery & Equipment

	\$46,600	original cost	_____
-	\$9,320	salvage value	_____
÷	10.00	years useful life	_____
÷	<u>150.00</u>	<u>cows</u>	_____
=	\$24.85	/cow	_____

4. Investment

$$\frac{\text{Original Cost} + \text{Salvage Value}}{2} \times \text{Investment Rate}$$

4.01 Buildings

	\$43,085	original cost	_____
+	\$0.00	salvage value	_____
÷	2.00	average	_____
x	4.00	% investment rate	_____
÷	<u>150.00</u>	<u>cows</u>	_____
=	\$5.74	/cow	_____

4.02 Machinery & Equipment

	\$46,600	original cost	_____
+	\$9,320	salvage value	_____
÷	2.00	average	_____
x	4.00	% investment rate	_____
÷	<u>150.00</u>	<u>cows</u>	_____
=	\$7.46	/cow	_____

4.03 Livestock

	\$700	/cow	_____
x	<u>4.00</u>	<u>% investment rate</u>	_____
=	\$28.00	/cow	_____

4.04 Pasture

A. Marginal Land Investment

Land	7.00	acres/cow	_____
x	\$275.00	/acre	_____
x	<u>4.00</u>	<u>% investment rate</u>	_____
=	\$77.00	/cow	_____

Fence

	\$23,800	total fence investment	_____
+	\$0	salvage value	_____
÷	2.00	average	_____
x	4.00	% investment rate	_____
±	<u>150.00</u>	<u>cows</u>	_____
=	\$3.17	/cow	_____

Pasture Water System

	\$4,690	system & source	_____
+	\$0	salvage value	_____
÷	2.00	average	_____
x	4.00	% investment rate	_____
±	<u>150.00</u>	<u>cows</u>	_____
=	\$0.63	/cow	_____

Total Investment = \$80.80 /cow _____

Depreciation

Fence

	\$23,800	total fence investment	_____
-	\$0	salvage value	_____
÷	20.00	years useful life	_____
±	<u>150.00</u>	<u>cows</u>	_____
=	\$7.93	/cow	_____

Pasture Water system

	\$4,690	system & dugout	_____
-	\$0	salvage value	_____
÷	20.00	years useful life	_____
±	<u>150.00</u>	<u>cows</u>	_____
=	\$1.56	/cow	_____

Total = \$9.50 /cow _____

Taxes

	7.00	acres/cow	_____
x	<u>\$2.00</u>	<u>/acre</u>	_____
=	\$14.00	/cow	_____

Total = \$104.30 /cow _____

C. Labour

	9.00	hours/cow/year	_____
x	<u>\$11.00</u>	<u>/hour</u>	_____
=	\$99.00	/cow	_____

Assumptions

1. This budget outlines the cost of production for a cow calf operation with 150 cows, 6 bulls and 92% calf crop weaned.
2. Building and equipment are valued at new cost.
3. All feed is valued at market value.
4. Manure removal is contracted out.
5. Replacement heifers are valued at fair market value.
6. This budget assumes an average weaning weight of 575 lbs. (steer calves 600 lbs and heifer calves 550 lbs.)

Organic Cow-Calf Production Worksheet

A. Operating Costs

1. Feed Costs

1.01 Barley (processed)

		2.00	lbs barley/cow/day		
x		60.00	days/year		
÷		48.00	lbs/bu		
<u>x</u>		<u>\$5.00</u>	<u>/bushel</u>		
=		\$12.50	/cow		

1.02 Hay (for cows)

		2.50	tons good quality		
<u>x</u>		<u>\$65.00</u>	<u>/ton</u>		
=		\$162.50	/cow		

		1.20	tons low quality		
<u>x</u>		<u>\$40.00</u>	<u>/ton</u>		
=		\$48.00	/cow		

		Total		=	\$210.50	/cow			
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1.03 Salt and Minerals

		35.00	lbs salt/cow/year		
<u>x</u>		<u>\$0.15</u>	<u>/lb</u>		
=		\$5.25	/cow		

		35.00	lbs mineral/cow/year		
<u>x</u>		<u>\$0.45</u>	<u>/lb</u>		
=		\$15.75	/cow		

		Total		=	\$21.00	/cow			
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2. Other Operating Costs**2.01 Straw**

		1.00	tons/cow/year	_____
x		<u>\$20.00</u>	/ton	_____
=		\$20.00	/cow	_____

2.02 Veterinary Medicine & Supplies**Calf Medication**

		\$0.53	/calf blackleg	_____
x		<u>92.00</u>	% calf crop	_____
=		\$0.49	/cow	_____

Cow Medication

		\$0.00	/cow IBR	_____
+		\$0.00	/cow scourguard	_____
+		\$0.00	/cow parasite control	_____
<u>±</u>		<u>\$0.00</u>	/cow ADE	_____
=		\$0.00	/cow	_____

Herd Health Program

		\$135.00	/hour charge	_____
x		6.00	hours	_____
÷		<u>150.00</u>	cows	_____
=		\$5.40	/cow	_____

Mileage

		\$1.00	/km charge	_____
x		80.00	kilometres	_____
x		4.00	visits	_____
÷		<u>150.00</u>	cows	_____
=		\$2.13	/cow	_____

Total	=	\$8.02	/cow	_____
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2.03 Breeding Costs**Feed for Bulls****Hay**

		4.00	tons good quality	_____
x		<u>\$65.00</u>	/ton	_____
x		6.00	bulls	_____
÷		<u>150.00</u>	cows	_____
=		\$10.40	/cow	_____

Barley		7.00	lbs barley/bull/day	_____
	x	120.00	days	_____
	÷	48.00	lbs/bu	_____
	x	\$5.00	/bushel	_____
	x	6.00	bulls	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$3.50	/cow	_____
Total	=	\$13.90	/cow	_____
Straw for Bulls				
		1.00	tons/bull/year	_____
	x	\$20.00	/ton	_____
	x	6.00	bulls	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$0.80	/cow	_____
Vet & Medicine for Bulls				
		\$55.00	semen test	_____
	+	\$10.00	total vet cost/bull	_____
	x	6.00	bulls	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$2.60	/cow	_____
Replacement of Bulls				
		\$2,200	bull cost	_____
	-	\$750	bull salvage value	_____
	x	15.00	% replacement rate	_____
	x	6.00	bulls	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$8.70	/cow	_____
Investment in Bulls				
		\$2,200	bull cost	_____
	+	\$750	bull salvage value	_____
	÷	2.00	average	_____
	x	4.00	% investment rate	_____
	x	6.00	bulls	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$2.36	/cow	_____

Pasture Costs for Bulls

		\$107.46	/bull pasture cost	_____
x		6.00	bulls	_____
÷		<u>150.00</u>	<u>cows</u>	_____
=		\$4.30	/cow	_____
Total	=	\$32.66	/cow	_____

2.04 Fuel, Oil, Repairs & Maintenance

Machinery

		\$1,800	annual fuel cost	_____
+		\$1,350	oil, repairs & maintenance	_____
÷		<u>150.00</u>	<u>cows</u>	_____
=		\$21.00	/cow	_____

Buildings, Fences etc.

		\$1,050	repairs & maintenance	_____
÷		<u>150.00</u>	<u>cows</u>	_____
=		\$7.00	/cow	_____

Total	=	\$28.00	/cow	_____
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2.05 Utilities

		\$1,500	annual cost	_____
÷		<u>150.00</u>	<u>cows</u>	_____
=		\$10.00	/cow	_____

2.06 Marketing & Transportation

Trucking

Calves		138	calves	_____
x		575.00	lbs/calf	_____
x		\$1.50	/cwt (trucking cost)	_____
÷		<u>150.00</u>	<u>cows</u>	_____
=		\$7.94	/cow	_____

Cull Cows		15.00	cull cows	_____
-		2.00	cows died	_____
x		1,350.00	lbs/cow	_____
x		\$1.50	/cwt (trucking cost)	_____
÷		100.00	lbs/cwt	_____
÷		<u>150.00</u>	<u>cows</u>	_____
=		\$1.76	/cow	_____

MCEC Levy, MCPA Levy, selling commission & insurance

Calves	\$0.00	MCEC Fee	_____
+	\$0.00	MCPA Levy	_____
+	\$16.00	Commission, Insurance	_____
x	138	calves	_____
÷	<u>150.00</u>	<u>cows</u>	_____
=	\$14.72	/cow	_____

Cull Cows

	\$0.00	MCEC Fee	_____
	\$0.00	MCPA Levy	_____
+	\$16.00	Commission, MCPA	_____
x	13	cull cows	_____
÷	<u>150.00</u>	<u>cows</u>	_____
=	\$1.39	/cow	_____

Total = \$25.81 /cow _____

2.07 Death Loss

x	\$900	/cow investment	_____
x	<u>1.50</u>	<u>% mortality rate</u>	_____
=	\$13.50	/cow	_____

2.08 Manure Removal

	\$2,500	annual removal cost	_____
÷	<u>150.00</u>	<u>cows</u>	_____
=	\$16.67	/cow	_____

2.09 Insurance

	\$900	\$/cow investment	_____
x	\$0.45	/\$100 capital	_____
÷	<u>100.00</u>	<u>/100</u>	_____
=	\$4.05	/cow	_____

	\$94,375	building and equipment investment	_____
x	\$0.30	/\$100 capital	_____
÷	100.00	/100	_____
÷	<u>150.00</u>	<u>cows</u>	_____
=	\$1.89	/cow	_____

	\$49.00	liability	_____
÷	<u>150.00</u>	<u>cows</u>	_____
=	\$0.33	/cow	_____

Total = \$6.27 /cow _____

2.10 Herd Replacement

	\$1,000	/replacement heifer	_____
-	\$800	/cull cow	_____
<u>x</u>	<u>12.00</u>	<u>% replacement rate</u>	_____
=	\$24.00	/cow	_____

2.11 Certification & Miscellaneous

	\$1,000	total office expenses	_____
	\$1,850	organic certification	_____
<u>÷</u>	<u>150.00</u>	<u>cows</u>	_____
=	\$19.00	/cow	_____

2.12 Operating Interest

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

	\$447.93	subtotal operating costs	_____
<u>÷</u>	<u>2.00</u>	<u>average</u>	_____
<u>x</u>	<u>6.50</u>	<u>% operating interest</u>	_____
=	\$14.56	/cow	_____

Capital Costs

Buildings & Water System

Windbreak Fence	\$2,680	_____
Feedlot Fence	\$2,680	_____
Calf Shelters	\$8,000	_____
Handling Facilities	\$3,685	_____
Calving Barn (30'x32')	\$9,600	_____
Waterers (3 @ \$ 1000)	\$3,350	_____
Pasture watering system	\$2,680	_____
Pasture water source	\$2,010	_____
Gates	\$840	_____
Round Bale Feeders	\$1,500	_____
Well & Pressure System	\$6,000	_____
Hydro (6 poles @ \$400)	\$2,400	_____
Storage Bins	\$2,350	_____
Additional Organic Facilities	\$0	_____
Total Building Cost	\$47,775	_____

Machinery & Equipment

Miscellaneous Machinery	\$2,500	_____
Tractor & Loader (\$100,000 @30%)	\$20,000	_____
Bale Shredder	\$8,700	_____
Stock Trailer	\$2,000	_____
Truck (\$30,000 @ 50%)	\$13,400	_____
Additional Organic Equipment	\$0	_____
Total Machinery & Equipment Cost	\$46,600	_____

Total Bldg., Mach. & Equip. **\$94,375** _____

Total Breeding Herd Value **\$105,000** _____

Total Capital Investment **\$199,375** _____

B. Fixed Costs

3. Depreciation

Original Cost - Salvage Value
Useful Life

3.01 Buildings & Water System (not including pasture water system)

	\$43,085	original cost	_____
-	0.00	salvage value	_____
÷	20.00	years useful life	_____
±	<u>150.00</u>	<u>cows</u>	_____
=	\$14.36	/cow	_____

3.02 Machinery & Equipment

	\$46,600	original cost	_____
-	\$9,320	salvage value	_____
÷	10.00	years useful life	_____
±	<u>150.00</u>	<u>cows</u>	_____
=	\$24.85	/cow	_____

4. Investment

$$\frac{\text{Original Cost} + \text{Salvage Value}}{2} \times \text{Investment Rate}$$

4.01 Buildings

	\$43,085	original cost	_____
+	\$0.00	salvage value	_____
÷	2.00	average	_____
x	4.00	% investment rate	_____
±	<u>150.00</u>	<u>cows</u>	_____
=	\$5.74	/cow	_____

4.02 Machinery & Equipment

	\$46,600	original cost	_____
+	\$9,320	salvage value	_____
÷	2.00	average	_____
x	4.00	% investment rate	_____
±	<u>150.00</u>	<u>cows</u>	_____
=	\$7.46	/cow	_____

4.03 Livestock

	\$900	/cow	_____
x	<u>4.00</u>	<u>% investment rate</u>	_____
=	\$36.00	/cow	_____

4.04 Pasture

Marginal Land Investment

Land	7.00	acres/cow	_____
x	\$275.00	/acre	_____
x	<u>4.00</u>	<u>% investment rate</u>	_____
=	\$77.00	/cow	_____

Fence				
		\$23,800	total fence investment	_____
	+	\$0	salvage value	_____
	÷	2.00	average	_____
	x	4.00	% investment rate	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$3.17	/cow	_____
Pasture Water System				
		\$4,690	system & source	_____
	+	\$0	salvage value	_____
	÷	2.00	average	_____
	x	4.00	% investment rate	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$0.63	/cow	_____
Total Investment =		\$80.80	/cow	_____
Depreciation				
Fence				
		\$23,800	total fence investment	_____
	-	\$0	salvage value	_____
	÷	15.00	years useful life	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$10.58	/cow	_____
Pasture Water system				
		\$4,690	system & dugout	_____
	-	\$0	salvage value	_____
	÷	15.00	years useful life	_____
	÷	<u>150.00</u>	<u>cows</u>	_____
	=	\$2.08	/cow	_____
Total		\$12.66	/cow	_____
Taxes				
		7.00	acres/cow	_____
	x	<u>\$2.00</u>	<u>/acre</u>	_____
	=	\$14.00	/cow	_____
Total		\$107.46	/cow	_____
C. Labour				
		10.00	hours/cow/year	_____
	x	<u>\$11.00</u>	<u>/hour</u>	_____
	=	\$110.00	/cow	_____

For further information contact your local MAFRI office.

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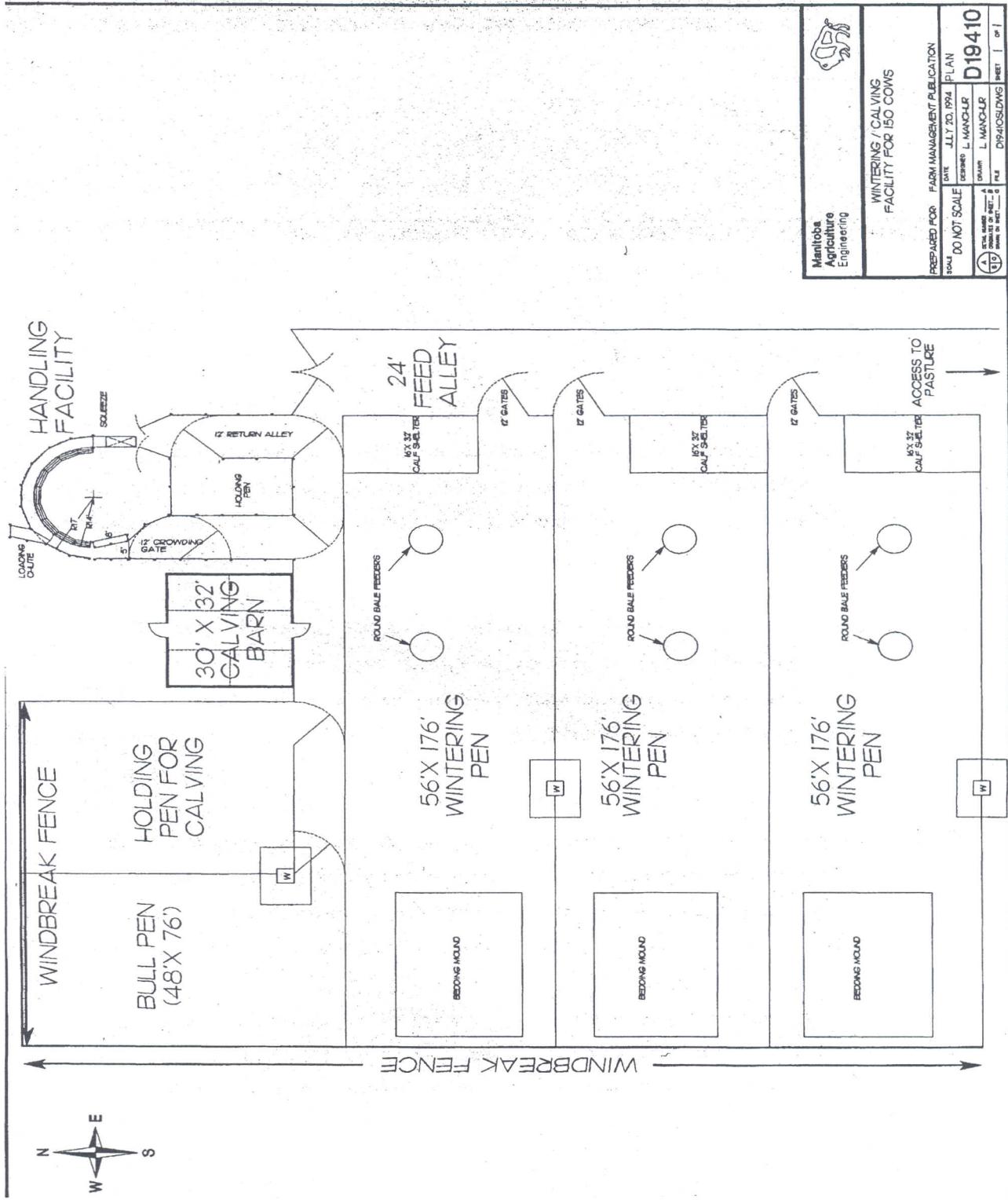
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Cow-Calf Operating Facilities



Manitoba
Agriculture
Engineering



WINTERING / CALVING
FACILITY FOR 150 COWS

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