Western Beef
Development Centre

WHAT ARE THE YARDAGE COSTS ASSOCIATED WITH FEEDING CATTLE?

Introduction

Feedlot yardage is broadly defined as the daily overhead costs associated with maintaining cattle in a feed yard. However, most people have a different definition of how yardage is calculated.

In this fact sheet feedlot yardage includes: fuel, utilities, repairs, operating interest (not related to financing purchase of cattle), custom work, paid and unpaid labour, depreciation, lease payments, capital interest, taxes, licenses, insurance, equipment rental, and all those other costs which fall under the "miscellaneous section." Business overhead costs such as office supplies, accounting, etc. are also included.

This fact sheet does not include the following items, which are sometimes included when individuals quote their yardage costs:

1. vet/medicine (typically $0.02 - $0.04/lb. gained)
2. bedding (typically $0.01 - $0.02/lb. gained)
3. feed
4. trucking & marketing

These items were not included because many feeders do not include them in their own yardage calculations.

Western Beef Development Centre Cost of Production Study

The Western Beef Development Centre (WBDC) collected cost of production data for the 2002 fiscal year from numerous farms and feedlots across Saskatchewan. Table 1 presents the results of this study.

Yardage costs in this fact sheet have been segregated into two groups: backgrounders with average daily gains (ADG) of less than 1.55 lbs/day; and backgrounders/finishers with ADG greater than 2.0 lbs/day.

Results

Table 1 reveals yardage costs were in the range of $0.45/ head day, which is higher than the typical yardage of $0.26 - $0.35/head day, many lots "pencil-in" when calculating their own break-even analysis.

Conclusions

The yardage costs found in this study likely vary from the typical "industry yardage" because many individuals are not:

1. Accounting for their unpaid labour/management (typically $0.10 - $0.20/hd day),
2. "Business overhead" is not being accounted for; or
3. The numbers were collected incorrectly.

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Either way, Table 1 represents the numbers produced by participants in this study.

This year, cow-calf producers thinking of feeding their weaned calves must examine both their yardage and "cash yardage" costs. Cash yardage means total yardage costs less unpaid labour and depreciation. Doing this allows the producer to understand the cash flow requirements of the feeding operation in the short term. Calculating only cash yardage costs when preparing break-even budgets should NOT be used to make long- term decisions, as this will result in no return to equipment, facilities and management.

**Please note these yardage costs include the costs of rolling grains and tub grinding forages & straw. Therefore, using the numbers in Table 1 as a benchmark for calculating your own cost of production would mean it is not necessary to also "mark-up" your feed by the typical $15/tonne to account for rolling and processing.

Table 1. Yardage Costs of Participating Saskatchewan Feeders

Expense	ADG < 1.55 lbs/day		ADG > 2.0 lbs/day	
	$/lb gain	$/hd day	$/lb gain	$/hd day
Fuel	0.025	0.032	0.013	0.033
Repairs: Machinery & Buildings	0.032	0.040	0.018	0.046
Utilities and Miscellaneous	0.031	0.039	0.018	0.046
Custom Work	0.041	0.052	0.021	0.054
Labour (Paid & Unpaid)	0.147	0.185	0.059	0.150
Taxes, Leases, Lics., Ins.	0.017	0.021	0.004	0.010
Depreciation	0.055	0.069	0.032	0.082
Capital Interest	0.012	0.015	0.008	0.020
Yardage	**0.360**	**0.454**	**0.173**	**0.441**
Avg. Daily Gain	1.26		2.55	
Avg. Number of Head	357		831	
Avg. Days on Feed/Head	170		195	
Avg. Total Days on Feed	60,882		162,017	
Avg. Shipping Weight: lbs/hd	697		1098	
# of Observations	8		9	

Source: Western Beef Development Centre Cost of Production Study, 2002