

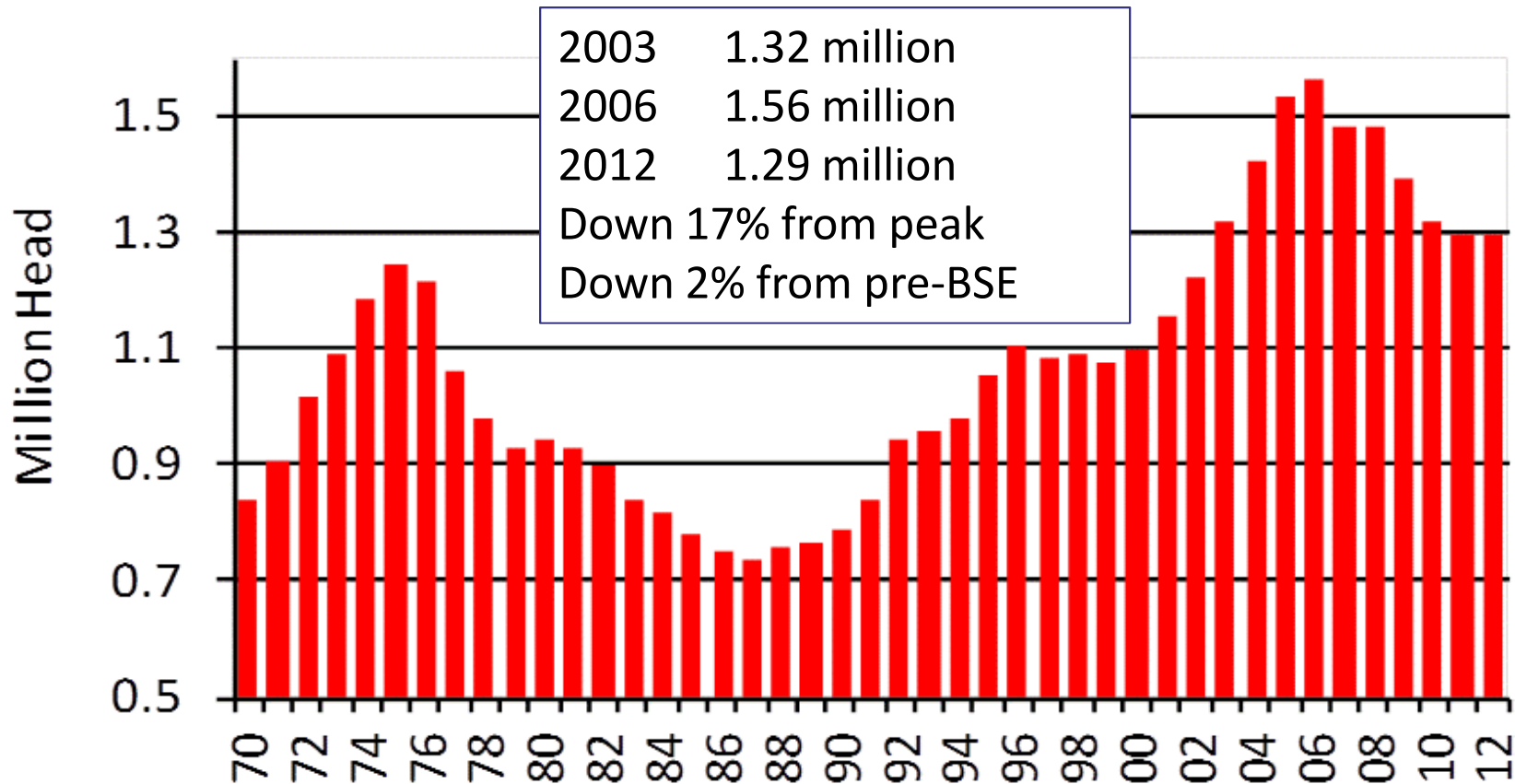


Saskatchewan Herd Size Economics
June 26, 2012
14th Annual WBDC Field Day

Kathy Larson
WBDC Beef Economist

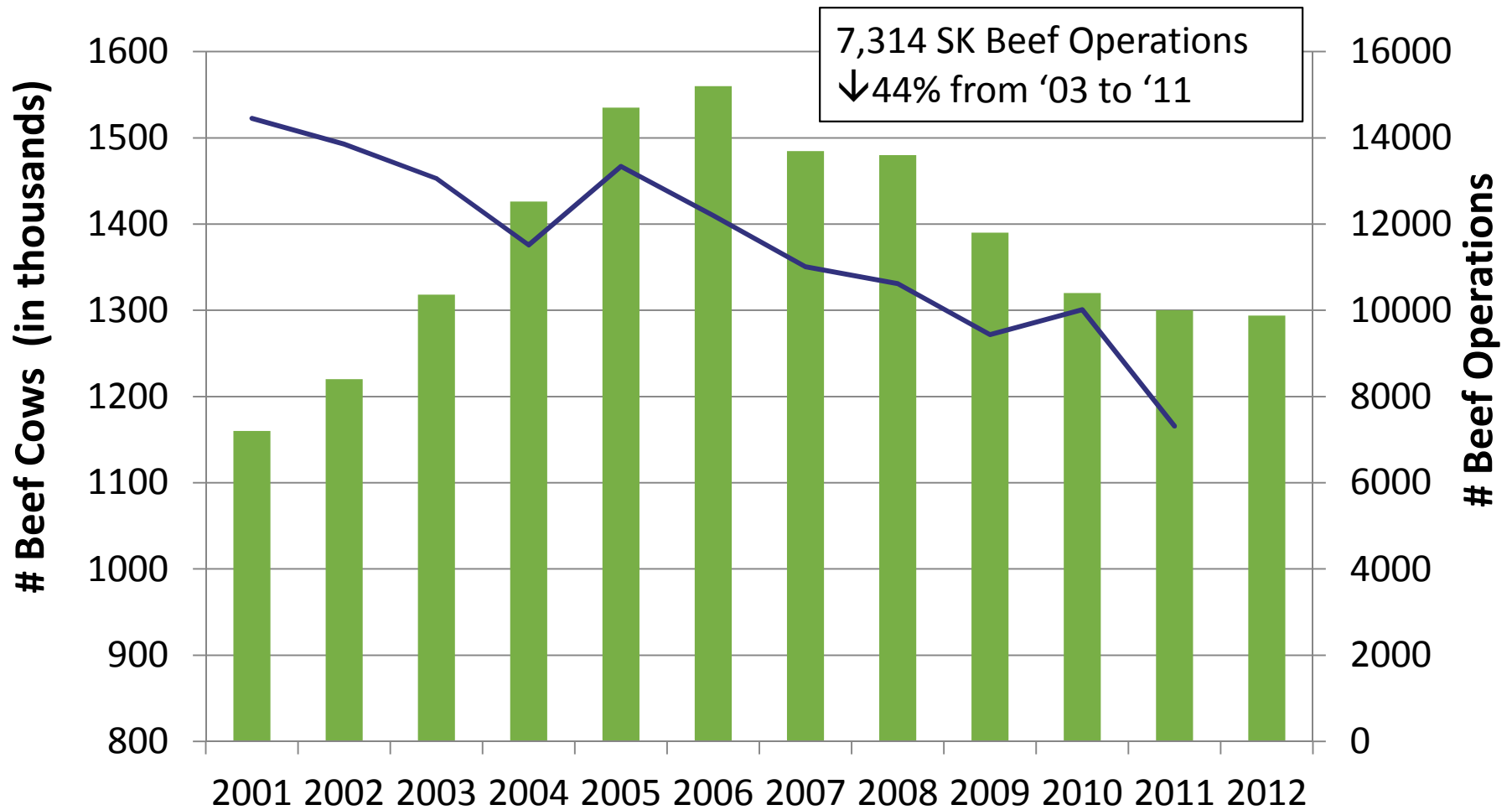


Saskatchewan Beef Cow Inventory January 1



SK Beef Cows & Operations, 2001-2012

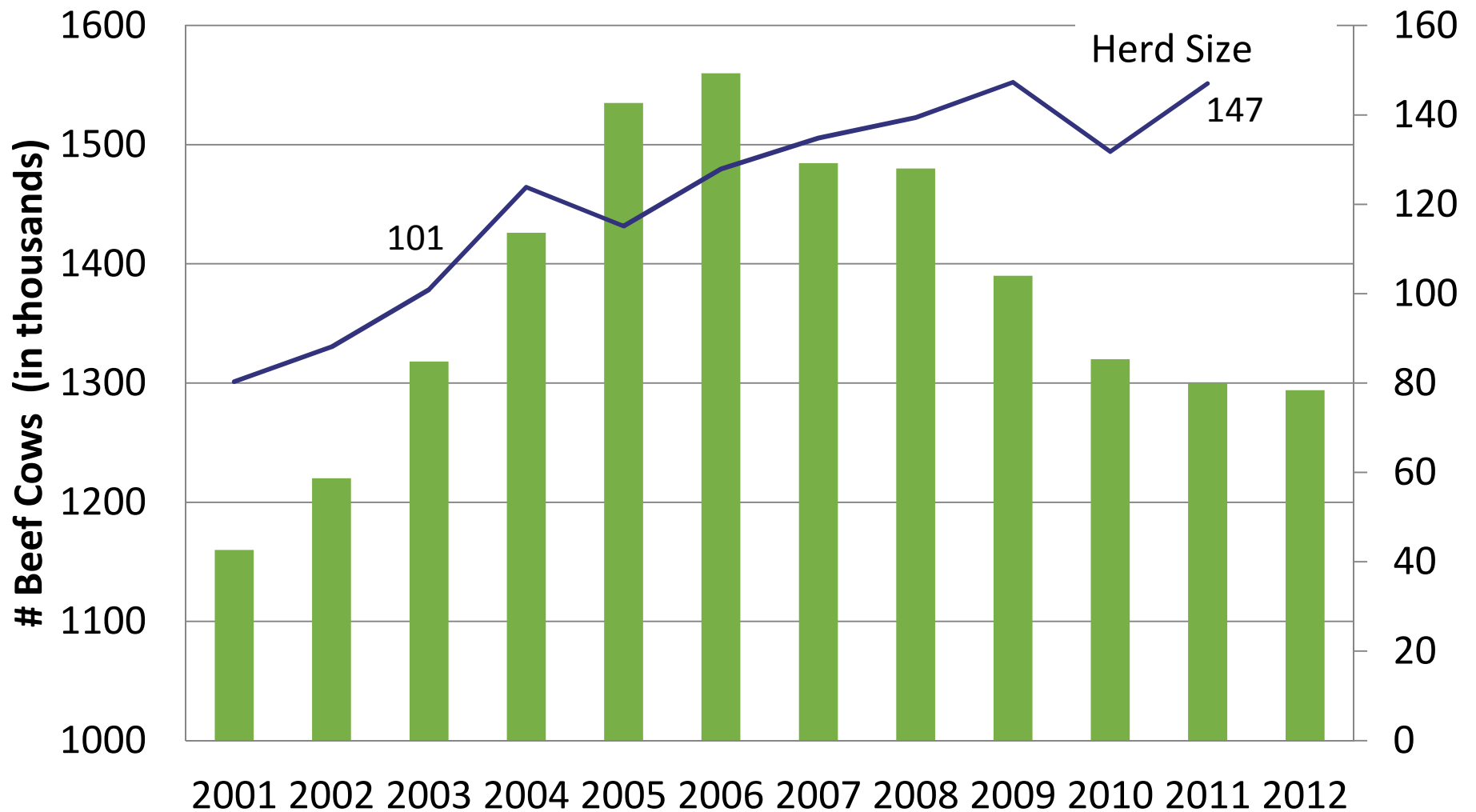
■ # Beef Cows — # Beef Operations



Jun 26, 2012
Source: Statistics Canada

2012 WBDC Field Day

SK Beef Cows & Avg Herd Size, 2001-2012



Source: Statistics Canada, Table 002-0048 & 003-0032.

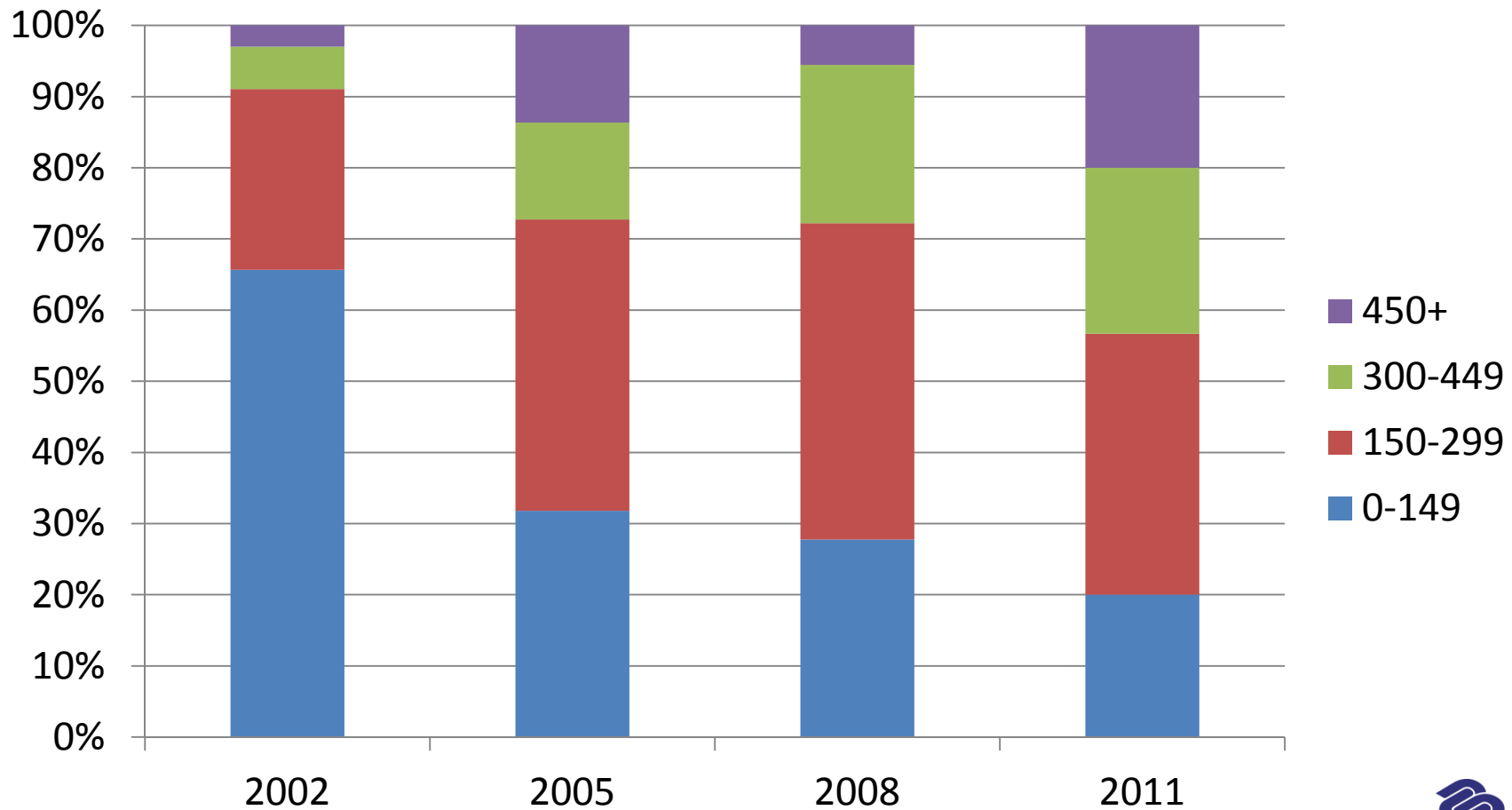
MEGA OR MID-SIZE

- What is the ideal herd size? No right answer.
- Avg. costs continue to decline as herd size increases (McNinch 2000)
- Optimal herd size 500-999 (Langemeier et al, 1994)
- NA livestock agric will trend towards fewer operations in production, processing & marketing (Farm Foundation 2006)
- Herdsize expansion limited by land, labour & capital requirements (Brocklebank 2004)

Mega or Mid-Size

- Consolidation has occurred in other parts of our industry
 - 11 feedlots in SK
 - 2 packers in Western Canada
- Shift towards larger farming operations in SK
 - 13% of farms generate \$500K in farm receipts → accounts for 60% of farm receipts
- Evidence in COP findings over the years

Herdsizes Ranges in COP Study



Source: WBDC COP Studies, several years.

Jun 26, 2012

2012 WBDC Field Day

Working to maximize the profitability of the cow/calf industry in Saskatchewan

EX. HERD SIZE GROWTH AMONGST REPEAT PARTICIPANTS

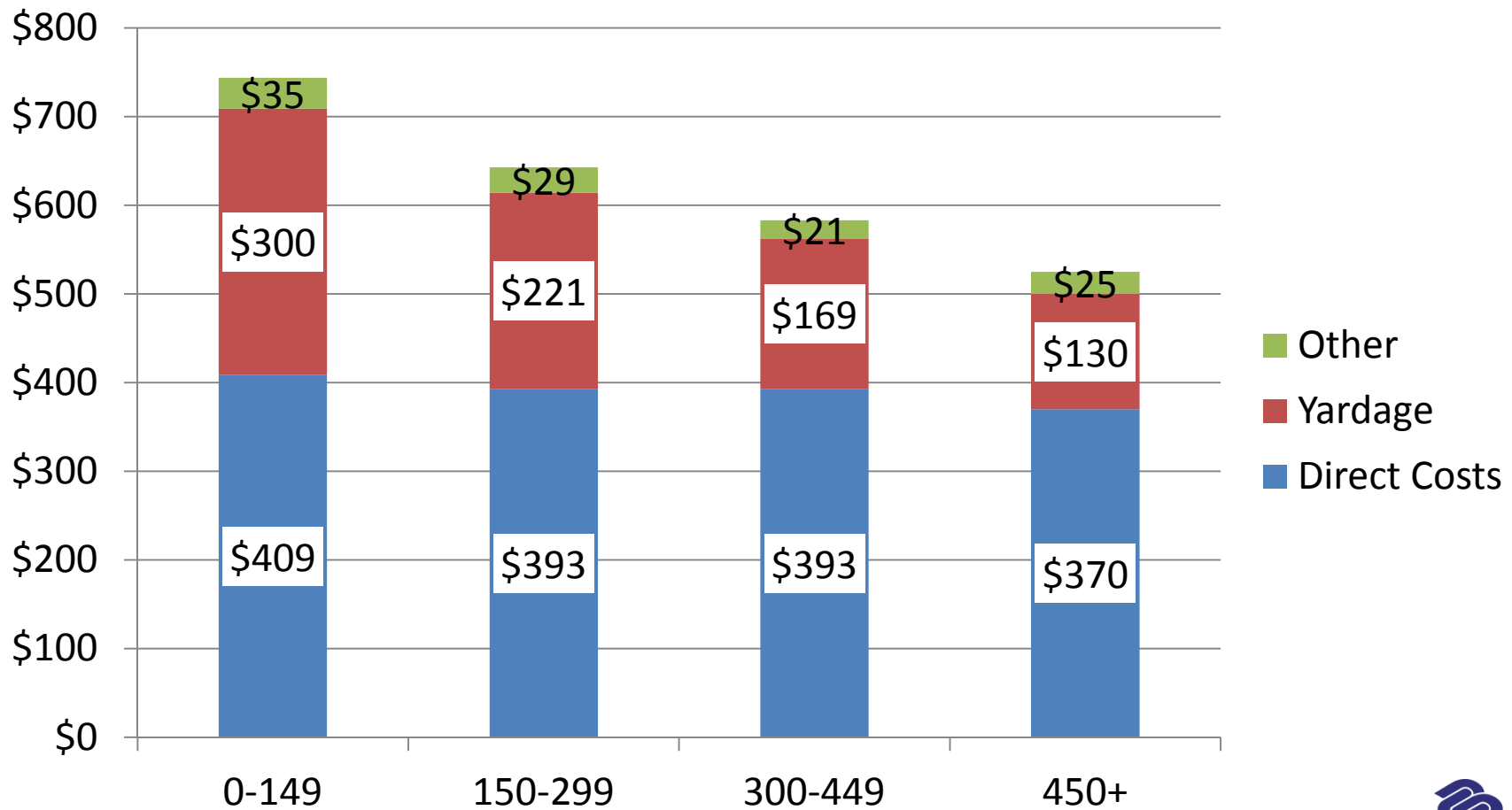
- 5 producers who participated in 2003 also participated in 2011
- In 2003 avg herd size 215
- In 2011, avg herd size 440
- Herd size increases ranged from 40 to 480%

2011 COP Herd-Size Analysis

	0-149	150-299	300-449	450+
% of Herds	20%	37%	23%	20%
Avg Herd Size	96	211	356	635
Direct Costs	\$409	\$393	\$393	\$370
Yardage	\$300	\$221	\$169	\$130
Other	\$35	\$29	\$21	\$25
Total Costs	\$744	\$643	\$583	\$525
550 lb B/E	\$1.35	\$1.17	\$1.06	\$0.95

Source: WBDC's 2011 Cost of Production Study: 30 operations.
 Jun 26, 2012 2012 WBDC Field Day

2011 COP Herd-Size Analysis



Source: WBDC COP Study, 2011.

Jun 26, 2012

2012 WBDC Field Day

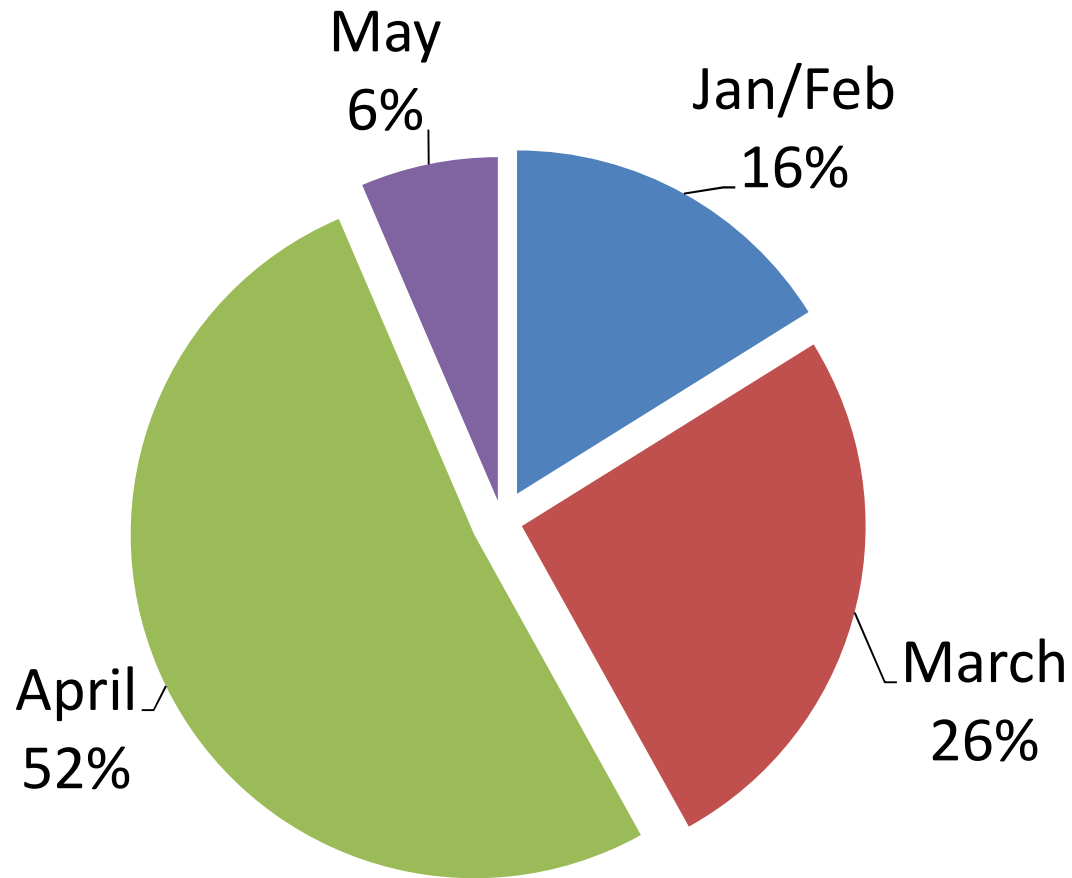
2011 Top 25%

	Study Average	Top 25%	Diff +/-
Avg Herd Size	307	486	+179
DOF/cow	165	163	-2
	-----\$/cow-----		
Direct Costs	\$392	\$360	-32
Yardage	\$206	\$126	-80
Other	\$28	\$15	-13
Total Costs	\$626	\$501	-125
550 lb B/E	\$1.14	\$0.91	-0.23

THE 2011 PARTICIPANTS

- Avg Winter Feeding Period: 165 days
 - 90% use extensive field feeding
 - ~30% feed silage
 - ~60% feed grain or pellets
 - 57% own a bale processor
- Avg pasture turn-out date: May 10
 - Some producers grazed year-round
 - 31% had lease land
 - 87% rented pasture

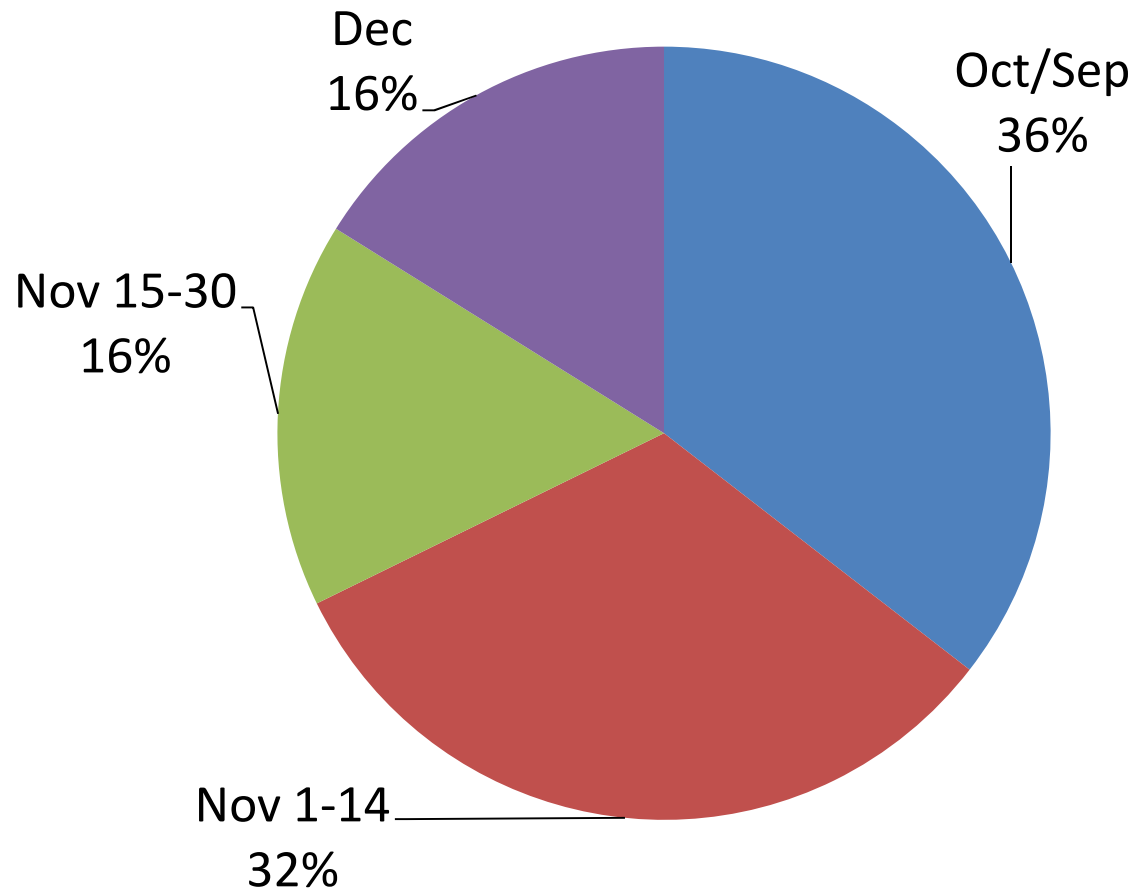
COP 2011 – CALVING START



Jun 26, 2012

2012 WBDC Field Day

COP 2011 – WEAN DATE



Jun 26, 2012

2012 WBDC Field Day

COP 2011 – RETAIN or SELL?

- All retained a portion of 2011 calf crop
 - 1/3 retained all of their calves
 - 27% retain only their repl heifers
 - Marketing ranged from selling in spring, grassing, finishing & custom feeding

2011 COP PARTICIPANTS

- 45% are repeat study participants
- 60% have off-farm employment
- 23% are father-son partnerships
- Average age of participants: 43
- 53% use AgExpert accounting program

CLOSING COMMENTS

- Determine your own Cost of Production
- Increasing herd size can lower production costs, but smaller herds can be low-cost
- Low-cost \neq Low quality
- Low-cost producers do not corners on:
 - Pasture, bulls & herd health
 - Spending less on these items often leads to reduced herd productivity \rightarrow raises costs

Any Questions?



Working to maximize the profitability of the cow/calf industry in Saskatchewan DEVELOPMENT CENTRE