



Western Beef Development Centre

2001 Saskatchewan Breeding Heifer Report

This report presents the economics associated with turning open yearling heifers out on grass with a bull for the summer and fall grazing periods of 2001. It must be made clear this analysis includes 23 producers from various regions of Saskatchewan with various types of beef cattle. This fact sheet is provided so producers have a benchmark to use when considering (i) raising their own replacement heifers vs. purchasing bred heifers and (ii) custom grazing yearling heifers.

Value of Production

Section A of Table 1 reports the value of production associated with this enterprise. Value of production in this case is:

- (+) The value of these heifers after they have been pregnancy checked in the fall of 2001
- (-) The value of these heifers when “turned out on pasture” in the spring of 2001

The value of production averaged \$200/head among the heifers included in this analysis despite a conception rate of only 81.4%. This low pregnancy rate resulted because some producers sold heifers as “opens” prior to pregnancy checking due to a shortage of grass.

Variable Costs

Section B reveals that over half of the variable costs associated with this enterprise involve the costs of providing grazing for these animals. Grazing costs have been allocated to the enterprise at market value (i.e. the 2001 market rate for grazing yearlings in that particular area).

Note the category “breeding fees/bull rental” appears to be low. The reason for this is these fees are typically only charged if the heifers are placed in a community pasture for the summer. Among the producers involved in this program, only a handful were patrons at a community pasture. Therefore breeding fee costs were lowered when all 23 producers were averaged into the analysis.

The same holds true for trucking and marketing costs, where only a handful of producers actually sold a large number of bred heifers. Most retained ownership of these heifers and therefore never had to incur the costs of transportation and marketing involved with selling these heifers through an auction barn.

The average variable costs of the 23 producers involved in this enterprise amounted to \$117 per heifer exposed.

Fixed Costs

Section C describes the fixed costs associated with this enterprise. Despite the fact depreciation is not an “up-front” cost to the producer, this analysis takes into account these heifers portion of the depreciation on a producer’s pick-up truck, stock trailer, 4-wheeler, handling facilities, etc. This is done so there is some consideration for the amount that must be re-invested into machinery and buildings in order to maintain them. Fixed costs for these heifers were estimated to be \$12/head. **Please note principal debt payments were not included in this analysis.**

Combining fixed and variable costs resulted in a total expense of \$130/heifer exposed for the time in which these heifers were apart of this enterprise.

Returns

Gross margin, which is the value of production less all production costs (excluding depreciation and unpaid labour), amounted to \$93/head. Return to equity, which is the return after all production costs have been included (excluding principal debt payments), totaled \$72/head.

If you are interested in calculating what it costs your operation to “run” heifers for the summer contact Tim Highmoor at the Western Beef Development Centre in Saskatoon at (306) 966-2627 or thighmoor@wbdc.sk.ca.

Table 1. 2001 Saskatchewan Breeding Heifer Report

Average Number of Open Heifers Exposed	55.25
Number of Producers	23
	\$/Heifer Exposed
Section A	
Value When Transferred Out/Sold	\$1,173.00
Value Entering	-\$973.16
Value of Production	\$199.84
Section B	
Grazing/Supplemental Feed	\$69.54
Veterinary & Medicine	\$7.67
Breeding Fees / Bull rental	\$4.95
Trucking & Marketing	\$1.24
Fuel	\$3.60
Repairs – Machinery	\$4.61
Repairs - Buildings /Corrals	\$0.41
Utilities & Miscellaneous	\$4.82
Custom Work & Specialized Labour	\$2.21
Operating Interest Paid	\$0.64
Paid Labour	\$3.56
Unpaid Labour	\$14.19
Variable Costs	\$117.44
Section C	
Taxes, Water Rates, License & Insurance	\$1.98
Equipment and Building	
a) Depreciation	\$6.96
b) Lease Payments	\$0.31
Capital Interest	\$1.07
Total Fixed Costs	\$10.32
Total Production Costs	\$127.76
Gross Margin *	93.24
Return to Equity	72.09

* Value of Production - Total Production Costs (excluding unpaid labour and depreciation)