



# PLANNING FOR PROFIT



Province of British Columbia  
Ministry of Agriculture, Fisheries and Food  
Hon. Bill Barlee, Minister

Dairy Goats  
Fraser Valley  
Fall 92

Agdex 425-810

## Introduction

The planning process provides producers with the opportunity to look at their operation as a group of distinct enterprises. Alternative enterprises should be evaluated on the basis of **Contribution Margin**, taking into consideration resource constraints, market opportunity and risk.

The **Contribution Margin** must provide funds for interest, overhead and other fixed expenses as well as a return for living expenses, loan repayment and investment. These items should be included in the overall farm plan which will include a **Projected Income Statement and Projected Cash Flow Statement**.

## Key Factors Affecting Profit

	Target
Production:	610 litres/305 days 2.0 litres/day

It is important to maintain a healthy herd for optimum production. Goats are short day breeders. Breeding out of season using hormone treatments is necessary to have continuous milk production throughout the year. Goats must receive quality feed whether it is purchased or grown on the farm. Feed analysis, formulating rations, and precision nutrient delivery will enhance efficiency and will assist the producer in meeting target production levels.

## Marketing Alternatives

To market goat's milk in B.C. requires no milk quota. Before milk production can begin, a Certificate of Approval must be obtained. Milk prices may vary depending on where the milk is processed and sold and the time of year.

Out of season breeding must be practiced in order to maintain a steady year round cash flow.

## Cashflow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc	8	8	8	8	8	8	8	8	8	8	8	8
%Exp	8	8	8	8	8	8	8	8	8	8	8	8

The above information indicates the monthly flow of funds included in the contribution margin only. A completed **Projected Cash Flow** should include fixed expenses, capital sales and purchases, loans, and personal expenses.

## Rules of Thumb

Investment / Goat	\$500-600
Estimate of Labour	1500 hr/100 Goats/yr
Direct Costs as % of Income	50-60 %

The above indicators are provided for comparison purposes. They are set out as potential targets for goat milk production.

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# GOAT MILK

## Target Yield - 610 litres / 305 days

### Contribution Margin Dairy Goat and Follower Unit Fraser Valley

#### Income

	Yield	Price	Unit	Income
Milk Sales	610	\$0.95	litre	\$580
Livestock Sales				35
<b>Total Income</b>				<b>\$615</b>

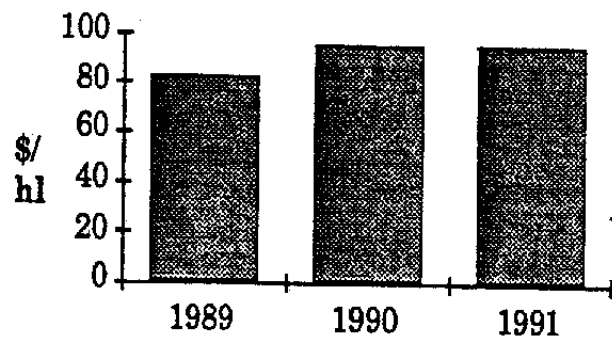
#### Direct Expenses

	Quantity	Price	Unit	Expense
<b>Feed &amp; Supplements</b>				
Grain 16%	0.73	\$195	Tonne	\$142
Alfalfa Hay	0.44	155	Ton	68
Local Hay	0.33	130	Ton	43
Minerals & Supplements				10
<b>Supplies and Services</b>				
Vet, Medicine & Breeding				9
Dairy Supplies & Bedding				9
Fuel				4
Building & Equipment R & M				4
Utilities				40
<b>Total Direct Expenses</b>				<b>\$329</b>
<b>Contribution Margin</b>				<b>\$285</b>

### Buildings, Equipment, & Breeding Stock Replacement Costs 100 Dairy Goats (Total Herd) 50 Milking

Buildings	\$20,000
Equipment	15,000
Breeding Stock	<u>22,000</u>
<b>Total</b>	<b>\$57,000</b>

### Goat Milk Fraser Valley



### Contribution Margin - Sensitivity Analysis

The table below lists the changes to the contribution margin as milk production and price received for milk vary.

Milk Price	Yield / Goat - L / 305 Days			
\$/L	510	560	610	660
0.75	88	125	163	200
0.85	139	181	224	266
0.95	190	237	<b>285</b>	332
1.05	241	293	346	398

This information is provided as a guideline only. Target yield indicates above average production. An individual livestock plan should be developed by each producer. Planning forms may be obtained from your local office of the B. C. Ministry of Agriculture and Fisheries.