PLANNING FOR PROFIT

British Columbia
Ministry of Agriculture, Food and Fisheries

Spring 2000

Meat Goats - 25 Does
Lower Mainland

This information is a tool to project costs and returns for B.C. farm enterprises and is a general guide to plan individual farm operations.

This sample budget should be used as a guide only and should not be used for business analysis. Each farm should develop their own budget to reflect their production goals, costs and market prices.

Information regarding financial planning and other enterprise budgets may be downloaded from the internet at http://www.FBMInet.ca/bc or obtained from your local office of the B.C. Ministry of Agriculture, Food and Fisheries.

Market Factors

Goat meat is a relatively new product to North America. As such, it is a developing market built around ethnic demand for the product. This demand increases at specific times of the year according to religious and social traditions, such as Easter and Christmas. Generally, consumption of goat meat falls into two distinct product types:

- milk-fed kids in the range of 25 to 45 lbs live weight—a seasonal market;
- heavier animals (over 50 lbs live weight)—a year round market with sales primarily in the summer and fall.

Producers of goat meat will be required to continuously research their markets in order to determine the exact product required by various customers at different times.

Meat goats can be marketed either directly through farm gate sales or through conventional auction markets, such as Fraser Valley Auction. While farm gate returns are higher than conventional auction markets, the producers undertakes an additional function which is selling. Farm gate sales are largely dependent on individual marketing ability and location (i.e., proximity to a large ethnic population).

The availability of imported goat meat from countries with low costs of production will tend to place a price ceiling on the price paid for goat meat in Canada. Producers must be price-competitive with imported meat at the wholesale and retail level.

Risk Factors & Strategies

Individual operators must address the following risk factors:

- Disease and parasites—a good preventative health and parasite control program is required, including careful selection of replacement stock
- Loss of kids at birth—good kidding management is essential to ensure kids are nursing at birth.
- Marketing ability—producers must thoroughly understand the specific markets they wish to sell into and their customers preferences for size, age and finish.
- Price—meat goat producers must produce and market products that are price competitive, particularly with imported goat meat. Producers need to know the cost of production for each group of market-ready goats.

Key Success Factors

- Marketing ability
- Kids weaned per doe
- Minimizing feed costs
- Good pasture management

Assumptions

The sample enterprise budget provided should be viewed as a first approximation only. Use the column "Your Estimate" to add, delete and adjust items to reflect your specific production situation. The figures provided are estimates based on above average production and farm management practices in the area and were developed in consultation with meat goat producers and BCMAF commodity specialists. The following assumptions are made regarding production practices, costs and revenues:

	Number	As a % of Does	Your Estimate
• Does	25	-	………
• Bucks	1	5%	………
• Kids born	53	210%	………
• Does culled	1	5%	………
• Doe death loss	1	3%	………
• Pre-weaning kid mortalities	3	10%	………
• Kids weaned	50	200%	………
• Replacement does	2	8%	………
• Kids available for sale	48	192%	………

- Animals are rotationally grazed on 5 acres of irrigated pasture.
- Kidding in January and February.
- 25% of kids are sold live from the farm gate directly after weaning.
- 75% of kids are sold in the fall after 180 days on pasture at a target weight of 55 lbs. One-third are slaughtered, cut and wrapped and sold from the farm gate. The remaining are sold on the auction market.
- Animals are pasture fed from mid-spring to mid-fall and confinement fed during the winter.
- Hay and grain is purchased in bales and 25 kg bags respectively.
- Transportation costs cover trips to the slaughter facility and auction.
- Pasture maintenance costs include custom manure application (annually) and reseeding (every 6 years).
- Fence repairs are approximated at 5% of replacement value.
- Building and equipment repair and maintenance costs are approximated at 3% of replacement value.

Sensitivity Analysis—Projected Income

The profitability of a meat goat operation will be strongly influenced by market prices and kids weaned per doe. The tables below lists changes to income as weaning rates and prices per pound vary.

Weaning Percentage		Income*
Low	180%	3769
Average	190%	4028
Target	**200%**	**4200**
High	210%	4459
Exceptional	220%	4631

*Price $3.00/lb

Price $/lb		Income*
Low	2	3540
Average	2.5	3870
Target	**3**	**4200**
High	3.5	4530
Exceptional	4	4860

*Weaning 200%

Sample Enterprise Budget and Worksheet
Meat Goats (25 Does)—Lower Mainland

Projected Income

	Head	Average Weight	Units	Price $/Unit	$/Head	Total	Your Estimate
Kids - Direct Market (Early)	12	20	lbs	3	60	720	…………
Kids - Late Fall Direct Market	12	35	lbs	3	105	1260	…………
Kids - Late Fall Auction Marke	24				90	2160	…………
Cull does	1				60	60	…………
Total Projected Income						**4200**	…………

Projected Direct Expenses

	Head	Quantity	Units	Cost/Unit	Days	Total	Your Estimate
<u>Feed and Supplements</u>							
Hay - Does	25	5.25	lbs	0.10	185	2428	…………
Hay - Bucks	1	4	lbs	0.10	185	74	…………
Hay - Kids	36	1.5	lbs	0.10	90	486	…………
Grain - Does	25	1.75	lbs	0.14	110	674	…………
Grain - Bucks	1	2	lbs	0.14	80	22	…………
Creep Grain - Kids	28	0.5	lbs	0.14	140	274	…………
Salt & Minerals						85	…………
<u>Pasture Maintenance</u>							
Irrigation		5	acres	20		100	…………
Custom Manure Spreading		5	acres	15		75	…………
<u>Livestock Supplies and Services</u>							
Vet & Medicine						166	…………
Livestock Supplies						144	…………
Bedding		1	bale	4	75	300	…………
<u>Marketing</u>							
Slaughter, Cut & Wrap	24		head	40		960	…………
Transportation						200	…………
Commission (10%)						216	…………
<u>Other</u>							
Building and Equipment Repairs						384	…………
Fence Repair & Maintenance						165	…………
Total Projected Direct Expenses						**2710**	…………

Calculation of Projected Net Income

To assess the net income of an enterprise **indirect expenses** must be considered. Indirect expenses do not vary with the level of output and are typically associated with inputs used in more than one enterprise.

Projected Income		…………
Less Projected Direct Expenses	-	…………
= Projected Contribution Margin	=	…………
Less Projected Indirect Expenses		
Depreciation (e.g., buildings and equipment)	-	…………
Interest	-	…………
Other Indirect Expenses (e.g., operator labour)	-	…………
= Projected Net Income		…………

Cash Flow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
% Income				25					50	25		
% Dir Exp	5	8	11	4	6	9	9	12	11	13	7	5

The above information indicates the timing of monthly flow of income and direct expenses. A complete Projected Cash Flow should inlcude indirect expenses, capital sales and purchases, loans and personal expenses.

Herd, Buildings and Machinery Replacement Cost

The figures below provide an estimate, based on replacement cost, of the capital investment required to get involved in a 25 doe meat goat operation. Some of these items are likely to be used in more than one enterprise—as a result the costs should be allocated among the different uses accordingly.

Kidding Shed	3,500
Post Kidding Shed	2,500
Wind Break - fencing around sheds	500
Fencing	3,300
Feeders	300
Pick-up Truck (Farm Share)	6,000
Breeding Does - 25 head at $175/head	4,375
Breeding Buck - 1 head at $250/head	250
Total Replacement Cost	20,725

Labour Requirements

Estimated Annual Labour Requirements (Hours):

Feeding and grazing	365
Cleaning and repair	156
Health	20
Kidding	100
Management	30
Total Hours / Year (25 does)	671
Hours/Doe/Year	16.775

Alternative Production Practices

Renting a buck for breeding is an alternative to owning rams. Renting a buck:

- Reduces feed costs;
- Requires less time and effort to manage the herd
- Minimizes the need for separate facilities to keep bucks away from does during non-breeding periods.

If storage facilities are available, feed costs can be lowered by purchasing grain and hay in bulk.

For More Information

Contacts:

- BC Boer Goat Association
- Basil Bactawar, P.Ag., M.Sc., Livestock Industry Development Specialist, BCMAFF Abbotsford (604) 556-3081

References:

- B.C. Agricultural Fencing Handbook, BCMAFF, 1996
- Farm Business Management Information Network website at http://www.FBMInet.bc.ca.

The following people and organizations contributed to the preparation of this factsheet:

- BC Boer Goat Association
- Basil Bactawar, P.Ag., M.Sc., Livestock Industry Development Specialist, BCMAFF Abbotsford (604) 556-3081
- Ted Moore, District Agrologist P.Ag., BCMAFF Kamloops (250) 371-6057
- Andrea Harris, MSc., Farm Management Consultant, Vancouver