



# PLANNING FOR PROFIT



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

Emu  
Breeding Stock  
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## 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
Yearling Bird Sales Value	\$11,500
Hatched Eggs per year	29
Survival of Hatched Birds	69%
Sale at 3mo. 40%; 12 mo. 40%; replace. 20%	

This industry is a very recent addition to B.C. Among others, ostrich breeders are showing interest in the less demanding emus. Low protein, low energy ratite or layer rations and some green feed promote moderate growth in chicks and prevent developmental leg problems. Well designed pens and good sanitation are essential. Sand makes good litter. It is advisable to consult a veterinarian when purchasing breeding stock. Vaccinations may be required. An entry level flock has two breeding pairs. Hens lay up to 50 eggs annually, from December to April.

## Marketing Alternatives

Due to increasing interest in emus the demand for breeding stock has outpaced North American supply and thereby driven up prices for mature breeding pairs, three month old chicks and yearlings. Beyond the breeder market, emus are processed for their meat, feathers, hide and oil for cosmetics. North American markets for these products are as yet unproven. The sales revenues, in the future, from a 15-18 month old processed bird are estimated to be \$600 - \$1,100.

## Cashflow Timing

	J	F	M	A	M	J	J	A	S	O	N	D
%Inc		10	10	10	10	10	10	10	10	10	10	10
%Exp	10	5	5	5	5	10	10	10	10	10	10	10

The above information indicates the monthly timing of funds 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

Direct Expenses as % of Income	5 %
Investment/Breeding Hen	\$57,950

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

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# EMU BREEDING STOCK

**Target: 29 Hatched Eggs / 69 % Survival**

## Contribution Margin

### 1 Breeding Hen

#### Income

	Yield	Price	Unit	Income
Chicks - 3 months	8	4,600	each	\$36,800
Yearlings	8	11,500	each	\$92,000
Flock Replacement	4			\$0
<b>Total Income</b>				<b>\$128,800</b>

#### Direct Expenses

	Quantity	Price	Unit	Expense
<u>Feed (20 kg bags)</u>				
Adult Breeders	24	\$10	bags	\$240
Young (to 6 mo.)	36	\$7.35	bags	\$265
Young (6 - 12 mo.)	48	\$7.35	bags	\$353
Pasture				\$0
<u>Supplies and Services</u>				
Vet Services				\$500
Medications				\$575
Electricity				\$600
Insurance (10% of breeding stock value)				\$4,000
Hired Labour				\$0
Buildings & Equip. R & M				\$180
<b>Total Direct Expenses</b>				<b>\$6,712</b>
<b>Contribution Margin/Hen</b>				<b>\$122,088</b>

## Breeding Stock, Buildings & Equipment Replacement Costs

### 2 Breeding Pairs

Farms Size - @ 3 acres

Breeding Stock	\$80,000
Buildings & Pens	\$18,500
Equipment	\$17,400
<b>Total</b>	<b>\$115,900</b>

## Emu Breeding Stock Prices

This space usually provides a graph on historic price formation. However, there is little price and volume data available for emus. Investors should note that currently the sole income generator is breeding stock. Prices for future emu products such as meat, leather, oils and feathers will be largely dependent on world markets.

## Contribution Margin - Sensitivity Analysis

The table below lists the changes to the contribution margin per hen as the survival rate of chicks to 6 months and the market prices vary (Chick price assumed at constant 40% of yearling price).

	Yearling Price \$/bird			
Survival	\$3,795	\$6,250	\$11,500	\$15,500
50%	24,273	44,208	86,838	119,318
60%	30,347	54,268	105,424	144,400
69%	35,813	63,323	122,088	166,975
80%	42,494	74,389	142,597	194,565

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.