

ECONOMICS OF COW-CALF PRODUCTION

SRP Chair: Kathy Larson

Introduction

Saskatchewan provides an excellent opportunity to feed, slaughter and process cattle. A strong beef value chain in Saskatchewan would contribute substantially to the provincial GDP while increasing agriculture revenues and creating a more profitable, sustainable agricultural sector.

Canada's beef industry is the largest single source of farm cash receipts with Saskatchewan being the second largest producer of beef in the country. Beef is a billion-dollar industry and with an ever-changing marketplace; being a dynamic and efficient operator is key to survival. Now more than ever, producers will be seeking means to create efficiencies within their business operations. Producers must be able to minimize the costs of raising their cattle while simultaneously maximizing returns received for their beef. This means that they must respond quickly and effectively to changing market conditions and adapt to a dynamic industry while still efficiently producing and marketing a high quality product.

Research is an important method and tool that will inform producers about current and future market trends, assist industry in developing more efficient production methods, and aid in increasing the profitability of beef production in Saskatchewan and Canada. The production cycle begins with the primary cow-calf producer and systems based, applied research projects must be aimed at improving the profitability of these operations. The economies of size for intensive production systems are dependent upon the appropriate level of substitution between technology and labour. This program will ensure that producers understand the financial implications of the entire business associated with the adoption of technologies.

The economic research and analysis conducted by Western Beef Development Centre (WBDC) will support management practices that enhance the profitability and competitiveness of the cow-calf business operation. WBDC staff will use their research findings to support technology transfer strategies which promote management practices that improve the production and economic efficiency of cow-calf operations.

Objective

The objective of the research program is to enable the development and adoption of beef and forage production technologies which increase the profitability and efficiency of the Saskatchewan cow-calf producer that will maximize economic returns to the producer. Thorough evaluation of relevant technologies, originating from research in Saskatchewan and world wide, will be conducted in a research setting followed by dissemination and promotion of those technologies that will optimize the economic returns to cow-calf producers.

Areas of Focus

The program focuses on the following broad areas:

- Undertaking integrated, systems based economic research that contributes to efficiency and profitability of cow-calf businesses.
- Evaluating the financial feasibility of research and technologies world wide for their applicable adoption by Saskatchewan producers.
- Determining cost of production of cattle operations and calculating benchmarks as well as identifying low cost producers.
- Increasing awareness of economic impacts on industry and identifying where efficiencies and opportunities may exist.

Research and Program Activities

1. Conduct cow-calf cost of production study with producers across Saskatchewan. Review past procedure and revise it so that the research provides the most value to cow-calf producers.
2. Conduct Benchmark Studies to validate indicator variables of cow-calf and forage sector strengths and weaknesses.
3. Cost-benefit analysis of research projects being conducted at Termuende Research Farm.
4. Determine economic, financial, and other benefits of research. Gross margin analysis determining returns to research.
5. Evaluation of the economic and production benefits of different calving seasons in western Canada.
6. Provide economic and financial expertise for the research activities of the SRP Forage Research Chair.
7. Determine production variables to be used in developing economic models beef production.
8. Provide insight to producers in more efficiency selling and marketing their product through effective production management and financial planning.

Program Outputs and Outcomes

This research program has the goal of establishing the following desired outcomes that will increase the profitability, competitiveness, and sustainability of Saskatchewan's beef industry:

- Increased knowledge of economic analysis of system based business approach to support the cow-calf sector of the beef industry.

- Increased producer access and awareness of knowledge on economic analysis and evaluations of global technologies and practices that improve the profitability of their operations.
- Beef producers that understand the financial aspects of their business as well as the implications of adopting relevant technologies and/or management practices.
- Highly qualified people trained in system based economics of cow-calf operations.
- Ministry of Agriculture staff utilizing research results to implement technology transfer strategies that contribute to business and sector growth and development.
- Build relationships and collaborate with U of S and SA staff to work together on technology and knowledge transfer to aid in the profitability, sustainability, and growth of the cow-calf sector.
- Provide reliable source of benchmark economic analysis of a systems based cow-calf and forage production sector.
- Enhanced research and development capacity in systems based economics of cow-calf operation.
- Increased competitiveness of Saskatchewan beef.
- An efficient, environmentally sustainable and profitable Saskatchewan beef industry.

Knowledge and Technology Transfer

A key focus of effective research is the ability to communicate the findings and benefits to producers and industry. Saskatchewan hosts numerous programs, meetings, field days and conferences which focus on transferring new research results directly to producers at the industry level. These activities include:

- **Western Beef Development Centre Fact Sheets** and mail outs.
- **Various Presentations** given to government, industry, and producer groups throughout Saskatchewan and Western Canada.
- **Saskatchewan Beef Symposium** which highlights current research topics relevant to the beef industry.
- **Western Beef Development Centre Summer and Fall Field Days** that deal with the latest issues facing the beef industry and showcase research projects conducted at WBDC's research facilities.
- **Western Beef Development Centre Cow-Calf Management School** discussing and teaching participants about cow-calf health, nutrition, forage management and farm business management.