

**Table 9.1.** Cost per pound of live animal sold, all system models, North Florida, 1991

Production system	Farm size (in acres)					
	10	50	150	200	350	500
Extensive	10	50	150	200	350	500
Mixed	10	30	130	180	330	480
Intensive	10	30	130	180	330	480
Direct cost per pound of live animal sold (in dollars)						
Extensive	.89	.64	.58	.59	.59	.63
Mixed	.76	.60	.47	.46	.46	.60
Intensive	.77	.73	.67	.68	.67	.63
Cost per pound of live animal sold when all costs are included (in dollars)						
Extensive	4.41	2.91	2.62	2.71	2.61	2.66
Mixed	2.11	1.65	1.35	1.30	1.31	1.35
Intensive	1.87	1.64	1.28	1.24	1.18	1.15
Cost per pound of live animal sold when all costs except land are included						
Extensive	2.15	1.25	1.04	1.07	1.03	1.08
Mixed	1.42	1.00	.66	.67	.67	.71
Intensive	1.62	1.39	1.03	.99	.94	.90

make a charge for out-of-pocket expenses. Others want to cover depreciation in recognition that at some point buildings, fences and equipment have to be replaced. Others think that taxes and a charge for family labor should be included. The above items constitute ownership costs.

The third cost category is capital costs. Generally, about 75-80 percent of this charge is for land. Many producers argue that their land value will increase. If it increases enough, capital costs are covered (although no "profit" would then be realized if the land were sold). In any event, very few agricultural operations anywhere in the world cover all costs.

Direct, i.e. cash costs except for taxes, were highest in the extensive system; \$0.89 cents per pound of live weight animal sold for a 10 acre operation, compared with \$0.46 for a 200 or 350 acre mixed farm (Table 9.1). Cost increased slightly on the largest extensive and mixed operations because additional labor was required.

The cost per pound of live animal sold was about double in the extensive system compared with the other two when all costs were included. This is because the opportunity cost (or debt amortization) on land makes up such a large component of all costs. When land was excluded from the calculations the extensive system costs in the extensive system became

much closer to those of the other systems (Table 9.1). Overall, evaluation of Figure 9.1, in which cost per pound of live animal sold is plotted against land size, clearly shows the dramatic decline in costs from 10 to 50 acres, and the significant decline to 100 acres. After that, there was no additional benefit of scale economies.

## SALE PRICES

The market system for goats is quite complex, with animals sold for a variety of uses at a range of prices. Thus, there is no one price of goats. Furthermore, many producers sell kids, a procedure which renders price per pound as meaningless. Kids, at the time of the study, were reported as being sold at \$24, \$23 and \$31 per head for the extensive, mixed and intensive systems, respectively. The higher price for the intensive system is mainly due to orientation at sales of breeding rather than meat oriented animals.

The producer estimated sale price of animals by type of system, shown in Table 9.2, demonstrates the differences in prices received. For example, average cull animal prices ranged from \$0.40 to \$0.73, while sales from phase 1 breeding ranged from \$0.80 to \$1.28. Phase 2 meat (i.e. fattened animals going to slaughter), averaged \$0.70 to \$0.83 depending on the