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## **NEWS RELEASE**

### **RESULTS OF ONTARIO DAIRY GOAT COST OF PRODUCTION PILOT STUDY NOW AVAILABLE**

*Industry Growing Rapidly But Margins Still Tight for Goat Producers*

Guelph ON, July 15, 2015- Ontario Goat (OG) is pleased to release the results of the Dairy Goat Cost of Production (COP) pilot study. The Ontario goat industry is expanding rapidly and has so much market potential which creates incentives for new producers to enter the industry and for existing producers to expand their operations. To do so, producers need a solid understanding of the costs associated throughout the production cycle.

This is the first time that a project like this has been done allowing producers to truly differentiate their COP for the cost of producing milk from the costs related to other enterprises on the farm and any other off-farm income. The COP value is based on a random sampling of data from 14 licenced Ontario dairy goat farms throughout 2014. These farms represent a wide range of feed management programs, herd sizes, production levels, barn types and milk marketing methods and show a good cross section of the entire Ontario goat industry. A 3<sup>rd</sup> party accounting firm collected all of the data at the farm which provided additional professional accuracy, integrity, and transparency.

Data collected has been tabulated to determine that the COP, based on the sample farms, for one standard litre of goat milk is \$1.368. The top three overall costs being feed, interest on debt and labour. Feed continues to be one of the largest on-farm expenses for dairy goat operations and represents 31 percent of the overall expenses. The interest on debt represents 8.7 percent of the overall expenses. This shows that producers are investing in their farms during this growth phase of the industry but that most of it is all locked up in equity.

Labour is a component of the COP formula that is most overlooked by producers. Many producers do not draw a full-time salary out of the farm because they feel it is an investment back into their operations. Farm incomes and cash flow are often subsidized by diversification on the farm or by an off-farm job. The COP calculation in this study incorporates labour and gives producers the true value for the work done on the farm either by themselves or by hired employees.

“The goat industry is quite unique as we have several first time farmers entering the industry. We don’t have the same knowledge transfer from generation to generation that other commodities have,” states Anton Slingerland, OG President. “We have an industry that is also growing rapidly and many existing producers are expanding their operations. It is so important that we do research and develop programs to help producers manage things like reducing kid mortality, improving the yield per doe, and improving feed efficiencies and reduce their overall costs,” he further comments.

COP information helps the entire industry better understand its capacity and allows for more informed decisions on future strategic directions, purchasing decisions, brokering arrangements and product costing. It had been identified as one of the three key priority areas for industry by the collective agreement between OG, Hewitt’s/Gay-Lea and the Ontario Dairy Goat Cooperative.

“There are several producers in the industry who are doing an excellent job and making money but there are also producers whose COPs are quite high,” states Eldon Bowman, OG Vice-President. He goes on to further say, “It is evident that the Ontario goat industry is growing without a lot of support. Significant investments need to be made by industry, government and producers in areas like animal health and welfare, and farm business management to help reduce COPs.”

Ontario Goat represents Ontario’s milk, meat and fibre goat farmers with a united voice and is dedicated to enhancing the goat industry through education, collaboration, innovation and strategic alliances.

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