

# AG Ventures

## Agriculture Business Profiles

Revised April 2006

Agdex 435/830-1

### Commercial Meat Goat Industry

The purpose of this factsheet is to provide an overview of the key management issues associated with a meat goat enterprise. This overview is not intended to be a substitute for individuals making their own thorough assessment of the industry.

#### 1. Industry Highlights

- In 2001, Statistics Canada reported the Canadian goat population at 182,151 head. The reported population of goat producing provinces was Alberta 42,270; Saskatchewan 15,757; Manitoba 12,637; British Columbia 18,759; Quebec 27,337; Atlantic Provinces 3,741; and, Ontario 62,310. Nationally, there has been an increase of 45 per cent since 1996 in goat population and the average herd size has increased by 56 per cent. However, during the same period the number of producers has declined by seven per cent.<sup>1</sup>
- The consumer demand for goat meat is immigrants from goat-consuming regions of the world. This includes the Mediterranean, southern Europe, the Middle East, Africa, southeastern Asia, South America, Central America and the West Indies.
- The following chart shows the Canadian cities with the largest population of immigrants from goat-consuming regions. It also shows increases in this segment of the population for the period of 1991 to 2001.<sup>2</sup>

Metro Area	Population	Increase in Population
Montreal	663,045	29%
Toronto	2,463,825	91%
Vancouver	1,020,070	153%
Calgary	213,240	79%
Edmonton	167,790	39%

#### 2. Market Basics

##### Market Factors

- Revenues are generated through the sale of goats to the meat (slaughter) market and the sale of breeding stock. The primary market for meat goats is the ethnic market consisting of direct sales to ethnic consumers and sales to a processor with a developed market of ethnic consumers. Sales to a processor are most often done indirectly through sales at various auction barns, where buyers have contact with processors throughout the country. Producers may benefit from increased kidding seasons and marketing their goats over a longer time frame to get premium prices. Industry associations forecast good markets from late September through to May, with decreasing demand for goat meat from June to August. Historically, the lowest prices have been realized from October to mid November due to surplus production during that time frame. Producers may also find advantages in joint marketing efforts in order to access distant markets (central Canada and the United States) and to provide consistent volume to some retail/foodservice markets.

1 Statistics Canada, Alternative Livestock on Canadian Farms, Catalogue 23-502-XIE.

2 Statistics Canada, Census of Population, Immigrant Population by place of birth, by census metropolitan areas, 2001 Census.

## Market Overview

- Some 63 per cent of red meat consumed worldwide is goat meat.<sup>3</sup> As new immigrants enter North America from traditional goat consuming nations, the domestic demand for goat meat in these ethnic markets continues to increase. This ethnic demand for goat meat is derived from a number of social and religious traditions. As a result, there is a lot of seasonality in the demand for goat meat. Two of the main demand peaks occur in early spring and late fall. This coincides with the religious holidays of Ramadan and Eid. Demand for specific carcass sizes also varies within each market segment.
- The four main size classes that are demanded are 30 lbs, 60 lbs, 90 lbs, and 150 lbs. These weight classes are on a live weight basis. Prices can vary considerably between each market, so it is important for producers to understand the markets they are targeting and tailor their production to meet these standards.
- Producers and marketers of goat meat are required to study their markets in order to acquire research about ethnic traditions, religious celebrations and consumption patterns.

## Marketing for Ethnic Holidays

- Sheep and goat marketing groups in the United States have researched and developed a calendar for holidays where goat meat is part of the traditional holiday feast. This calendar was developed by the Northeast Sheep & Goat Marketing Program.<sup>4</sup>

## Western or Roman Easter

- The type of goat wanted is three months of age or younger. They are fleshy, milk-fed kids that have relatively light coloured meat. Kids weighing less than 20 lbs are generally disappointing to buyers due to low meat to bone ratios and high carcass drying losses. Kids gaining less than 10 lbs per month or one-third of a pound per day after accounting for birth weight are generally not fleshy enough to be considered prime. Prime Easter kids are generally gaining at least a half a pound per day. There generally is a slight price (per lb of live weight) penalty for kids weighing over 40 lbs. Acceptable weights generally range from 20 to 50 lbs with 30 lbs considered optimum by most buyers.

## Eastern or Greek Easter

- The type of goat wanted is similar to Western Easter kids. A slightly larger milk-fed kid (i.e. around 35 lbs) is considered optimum.

## Navadurgara or Navratra Dashara or Dassai

- This is a Hindu holiday honouring the goddess Durga. Goats are generally slaughtered from the seventh to the tenth day of the holiday, after which families meet together and celebrate with curried goat while receiving family blessings. Female goats are not acceptable for this holiday. Relatively tender male goats are generally used. The size of carcass depends on number of people to be fed.

## Start of Ramadan

- The start of this can vary by a day, depending on the actual sighting of the moon over North America. The type of goat wanted includes both male and female kids with all their milk teeth (i.e. not older than 12 months). Males can be whole or castrated. Overly fat kids are discriminated against. The optimum live weight is about 60 lbs, but different buyers accept weaned kids from 45 to 120 lbs.

## Id al Fitr – The Festival of the Breaking of the Ramadan Fast

- The type of goat wanted is the same as for Ramadan.

## Id al Adha – The Festival of Sacrifice

- The type of goats wanted are yearlings (i.e. animals with one set of adult teeth) that are blemish free. Also in demand are large kids, 60 to 100 lbs. Animals with broken horns, open wounds, torn ears or physical unsoundness generally do not meet the criteria. In some cases, castrated animals with docked tails are frowned upon.
- Christmas, and the numerous Caribbean holidays in August (Carnival, Carifest, and Jamaican Independence Day) mark other holidays when goat meat is commonly consumed.
- The Christmas market is for milk-fed kids and lambs. These young animals are rare, because out-of-season breeding in May for October births must produce them. Kids and lambs as light as 18 lbs may be readily accepted.

3 *Raising Meat Goats for Profit* by Gail Bowman, Bowman Communication Press.

4 Northeast Sheep and Goat Marketing USDA Project.

- Optimal goats for the Caribbean holidays are young 60 to 80 lb bucks. However, older animals of all sexes are often in demand and customers may prefer to buy them rather than pay the extra price for prime young bucks.
- The Hispanic market for goat is for 20 to 35 lb live weight milk-fed kids for cabrito, and larger animals for seco de chivo. This can be especially strong in some regions during Cinco de Mayo.
- More information on popular holidays is available on the web at: <http://www.sheepandgoat.com/articles/ethniccalendar.html> or [www.interfaithcalendar.org](http://www.interfaithcalendar.org)
- A new study on the Canadian halal meat market qualifies and quantifies market opportunities for Alberta meat producers and processors to supply halal meat within Canada. Findings report that the average Canadian Muslim household consumes 5.6 meat servings per day. Halal beef and chicken are the most widely consumed, followed closely by lamb and goat. Out of all consumed meat cuts, ground beef ranks first at 16 per cent followed by chicken legs (15 per cent) then bone-in beef and whole chicken (14 per cent).<sup>5</sup>
- Two potential niche markets for goat meat are:
  1. The market serving lean-conscious meat consumers. Goat meat is very lean, with little fat cover and minimal marbling.
  2. Restaurants that feature ethnic foods or feature Chevon (goat meat) as a gourmet food.
- Formal distribution channels to support these markets are beginning to emerge. As a result, factors such as standard carcass sizes are evolving. Producers must continuously research their markets in order to determine the exact product required by the various markets at different times.
- Generally, the consumption of goat meat in Canada falls into two distinct product types. First, is the market for milk-fed kids in the range of 25 to 45 pounds live weight. This is a specialty market that occurs at Christmas and Easter. The second market is for heavier animals (over 50 pounds live weight). This tends to be a year round market.
- A 1994 survey of meat goat producers revealed that 62 per cent of meat goat sales were made at the farm gate with the remainder made through auction markets. Twenty-five per cent of the farm gate sales (16 per cent of all meat goat sales) were made directly to consumers.<sup>6</sup>
- Farm gate sales to consumers require access to a large urban ethnic population. Farm gate sales directly to consumers include live goats, goats processed by an abattoir and goats that are butchered on the farm for the consumer. Goats are also shipped to Eastern Canada or the United States for processing and sale.
- Farmers have the right to sell live animals to anyone, but the sale of slaughtered meat is restricted by the *Meat Inspection Act* (Alberta). Essentially, for goat meat to be sold, it must be inspected. Selling a live animal and then allowing the consumer to slaughter the goat on the farm is also prohibited.
- Sales of live goats are made to “buyers” either at the farm gate or through auction markets. Buyers assemble goats for local processing (and eventual sale in retail markets) or for shipment to Eastern Canada for processing and sale.
- Goat meat processed in local plants is for local consumption. Federal regulations require goat meat to be processed in federally inspected facilities if it is to be shipped inter-provincially.

#### **Importation of Goat Meat into Canada**

- The availability of imported goat meat from countries with low costs of production tends to place a price ceiling on the price paid for goat meat in Canada. Consumers have choices in the marketplace; lower priced, imported frozen goat meat, where often the age of animal and quality of product is unknown, or fresh meat from young animals at a premium price.
- Imports of goat meat into Canada in 2003 declined by 12.4 per cent as compared to 2002. Australia supplies the largest portion (96.8 per cent) of goat meat imported into Canada. In the 1980s and early 1990s New Zealand was the key importer. However, New Zealand has lost its market share to Australia.

5 Canadian Halal Meat Market Study, An Alternative Market for Alberta’s Meat Industry, Alberta Agriculture Food and Rural Development, January 2005.

6 Analysis of Meat Goat Industry in Western Canada, Prepared for Caprine Breeders Association by Tradex International Consulting Corp.; February 1994.

- Imports into Ontario account for the majority of goat meat imported into Canada. In 2003, imports into Ontario represented 80.8 per cent of total imports. The value of goat meat imports was \$3.3 million in 2003. The average price per kilogram in 2003 was \$3.39, compared to \$2.48 in 1995.<sup>7</sup>

#### Volume and Value of Goat Meat Imports into Canada, by Country, kilograms

	New Zealand	Australia	Total Weight	Value Canadian \$	Value per Kg
1995	163,902	1,041,341	1,205,243	2,991,535	2.48
1996	149,695	574,556	724,251	1,898,570	2.75
1997	306,951	705,092	1,047,061	3,034,510	2.90
1998	191,611	589,601	781,212	2,456,074	3.14
1999	110,615	536,195	672,810	2,102,801	3.13
2000	100,956	783,770	884,726	2,806,900	3.28
2001	56,871	699,120	755,991	2,438,955	3.23
2002	57,820	1,062,979	1,120,904	3,451,695	3.08
2003	31,082	950,808	981,890	3,329,905	3.39
2004*	59,565	184,012	794,756	2,812,723	3.29

\* to July 31, 2004

Source: Statistics Canada

- Live weight prices for goats vary by the weight and type of goat. A survey of auction market prices covering the period of October to November 2005 reveals the following average prices (\$/head):

Type	Average Price/head
Kids 35 - 49 lbs	\$ 68
Kids 50 - 75 lbs	\$ 80
Young goats	\$ 80
Does	\$ 81
Bucks	\$183

- *The critical marketing issue* for managers of meat goat enterprises is to thoroughly understand the specific markets they wish to sell into. As well, they must be able to continuously match their production processes, their sales activities and their promotion activities with the requirements of the market.

#### Farm Direct Marketing Meat – What do you need to know?

- Where and how to sell?
- What regulations do you need to follow?
- How will food and public safety regulations affect your choice of production and processing?
- How do you set a price for your product?
- What questions do you ask a processor to ensure that you and your customers get what you want?

#### Marketing Management

- The key marketing issues for meat goat operations is to achieve acceptable prices for market animals and breeding stock.
- Key marketing activities include:
  - developing relationships with consumers to support direct sales
  - developing relationships with processors to support sales
  - establishing relationships with other producers to develop breeding stock sales
  - establishing relationships with other producers to develop markets

## Import Regulations

- The border closures imposed by Canada's trading partners to exports of live ruminants, and ruminant meat products, as a result of BSE being discovered May 2003, has affected the goat industry. As of March 29, 2005 new import regulations allow goats and sheep that are less than 12 months of age for feeding or for immediate slaughter, and bone-in sheep and goat meat from animals under 12 months of age to be imported into Canada.

## Export to US Regulations

- The USDA new Ruling – *Bovine Spongiform Encephalopathy; Minimal Risk Regions and Importation of Commodities* permits the importation of cattle and bison less than 30 months of age, and sheep and goats less than 12 months of age. These animals may be imported for immediate slaughter and feeding prior to slaughter in the U.S. Cattle, bison, sheep and goats for breeding purposes remain prohibited.

## 3. Production Basics

- The production processes used to produce meat goats vary from operation to operation. The overriding concern in establishing a production process (to produce meat goats) is to be able to produce and market a price-competitive product within a marketplace.
- Pasture based operations utilize brush and small tree covered pasture as the primary source of feed. These operations can gain the additional benefit of brush control. On better quality pastures, goats can graze together with cattle. A source of hay and grain will be required to winter the does (180 to 240 days) and to finish the heavier-weight kids (30 to 60 days).
- Intensive operations utilize grain and hay, together with a small amount of pasture for browsing and exercising. Does can be fed year round while the kids can be left with the does until fall, weaned at three months and then fed until marketed as finished animals. Another option is the kids can be weaned at two to three days, hand-reared using milk replacement to 30 pounds and then placed in a feedlot setting to be marketed at 70 to 100 pounds.
- Feedlot operations involve acquiring young goats at weaning, then feeding hay and grain to produce a market-ready kid.

- Kids sold into the Easter market are sold directly from the does. Kids sold into the summer market are weaned in early summer and sold directly into the market. Kids to be sold into the late fall market and winter market are usually weaned in early fall. Kidding generally occurs in the January to April period, with producers increasing their kidding season to take place over longer period to capitalize on higher prices in periods that have traditionally had lower production.
- Facilities and equipment requirements vary according to the type of operation. However, new entrants require a sheltered area, a feeding area, access to water and feeding equipment.
- Four key genetic traits for improved meat goat production have been identified as:
  - adaptability to environment
  - reproductive rate
  - growth rate
  - carcass value
- *The critical production issue* for meat goat producers is to produce and market a price-competitive product. As the market for goat meat changes, the producer must be prepared to continuously adjust their production process to meet the market requirements and maintain their cost effectiveness.

## 4. Economic/Finance Basics

- The key economic issue is for the manager to be able to produce products that are price competitive, particularly when compared to imported goat meat.
- To be price competitive and profitable managers must:
  - know all their costs of production and marketing
  - recognize when their costs of production are not acceptable
  - make changes in their production process to lower their cost of production
- The attached budgets provide estimates of revenues and costs for different types of meat goat enterprises. These budgets are modifications of budgets published in: *Meat Goat Profits*, Alberta Agriculture, Food and Rural Development, February 2005.<sup>8</sup>

8 *Meat Goat Profits*, Alberta Agriculture, Food and Rural Development, February 2005.

- These budgets are provided to assist producers in gaining a clear understanding of all the costs of a meat goat operation. Since every operation will be unique, producers must determine their specific costs for each group of market goats.
- The budget estimates presented suggest that returns to meat goat enterprises may be limited. Individual operators are able to achieve significantly better returns by developing markets that provide higher revenues and beating the costs estimates presented.
- *The critical economic issue* is producers need to know the cost of production for each group of market-ready goats. As well, producers must know how their individual costs change as the production process changes in response to market requirements. New entrants must analyze the costs of the specific operation they are considering developing.

### Revenue Estimates for a Pasture-based Operation with 100 Does

Beginning breeding does		100
Weaning percentage		185%
Weaned offspring		190
Weaned bucks	Number marketed	95
	Market weight (pounds)	85
	Market price (\$/pound)	\$1.15
	Revenues	\$9,286.25
Market doelings	Number marketed	50
	Market weight (pounds)	80
	Market price (\$/pound)	\$1.15
	Revenues	\$4,600.00
Breeding doelings	Number marketed	30
	Market price (per head)	\$125.00
	Revenues	\$3,750.00
Cull does	Number marketed	15
	Market price (per head)	\$30.00
	Revenues	\$450.00
Replacements		15
<b>Total Revenues</b>		<b>\$18,086.25</b>

*continued on next page*

**Direct Costs**

<b>Feed Costs – Does</b>	<b>Cost/Doe</b>	<b>Total Costs</b>
Hay	\$42.29	\$4,229
Grain	\$7.44	\$744
Salt and mineral	\$3.30	\$330

<b>Feed Costs – Weaned Offspring</b>	<b>Cost/Hd</b>	
Hay	\$3.15	\$599
Grain	\$1.50	\$285
<b>Total Feed Costs</b>		<b>\$6,187</b>

Veterinary expenses		\$616
Bedding costs		\$61
Marketing breeding stock	\$5.60	\$168
Fuel and repair costs	\$7.45	\$745
Pasture expense	\$25.00 /ac	\$250
Machinery costs		\$610
Facility repairs		\$200
Utilities		\$170
Office expense		\$115
Manure removal		\$300
Interest on operating		\$468
<b>Total Direct Costs</b>		<b>\$9,890</b>

**Return Over Direct Costs** \$8,197

**Indirect Costs****Operator Labour**

Estimated costs	5 hrs/doe at \$12.00 /hr	\$6,000
Insurance		\$600
Depreciation		\$1,336
<b>Total Indirect Costs</b>		<b>\$7,936</b>

**Total Direct and Indirect Costs** \$17,826

**Gross Operating Profit** \$261

**Interest on Investment**

Land		\$600
Improvements		\$231
Stock		\$1,125
Equipment		\$46
<b>Total Interest on Investment</b>		<b>\$2,001</b>

**Total Projected Economic Costs** \$19,827

**Return to Management** -\$1,741

## Sensitivity Analysis

The table below shows the changes to net cash income in response to weaning percentage and market prices for a 100 head operation.

Weaning %	Market price for meat goats (\$/lb live weight)				
	\$0.85	\$1.00	\$1.10	\$1.20	\$1.30
130%	\$(2,755)	\$(1,390)	\$(480)	\$430	\$1,340
140%	\$(2,160)	\$(690)	\$290	\$1,270	\$2,250
150%	\$(1,565)	\$10	\$1,060	\$2,110	\$3,160
160%	\$(970)	\$710	\$1,830	\$2,950	\$4,070
170%	\$(375)	\$1,410	\$2,60	\$3,790	\$4,980
180%	\$220	\$2,110	\$3,370	\$4,630	\$5,890

Source: Agdex 435/821-1. Revised February 2005. Alberta Agriculture, Food and Rural Development.<sup>9</sup>

## 5. Resources

The following resources are available to individuals seeking an in-depth look at the meat goat industry.

### Industry associations

Canadian Boer Goat Association  
Box 314  
Lancaster, Ontario K0C 1N0  
Phone: (613) 347-1103  
Fax: (613) 347-1105  
E-mail: registrar@canadianboergoat.com  
www.canadianboergoat.com

Canadian National Goat Federation  
Box 314  
Lancaster, ON K0C 1N0  
Phone: (613) 347-2230  
E-mail: info@cangoats.com  
www.cangoats.com

Alberta Goat Breeders Assoc.  
Jackie Dunham, Secretary-Manager  
Box 330  
Hay Lakes, AB T0B 1W0  
Phone: (780) 878-3814  
Fax: (780) 878-3815  
E-mail: agbaboats@yahoo.ca  
website: www.albertagoatbreeders.ca

## Publications

### Meat Goats

Alberta Agriculture, Food and Rural Development  
Contact the Publications Office at 1-800-292-5697 or visit our website at: [www.agric.gov.ab.ca/publications](http://www.agric.gov.ab.ca/publications)

### Meat Goat Profits

Alberta Agriculture, Food and Rural Development  
Contact the Publications Office at 1-800-292-5697 or visit our website at: [www.agric.gov.ab.ca/publications](http://www.agric.gov.ab.ca/publications)

### Alberta Farm Direct Marketing Research Report

Alberta Agriculture, Food and Rural Development  
Contact the Publications Office at 1-800-292-5697 or visit our website at: [www.agric.gov.ab.ca/publications](http://www.agric.gov.ab.ca/publications)

### Canadian Halal Meat Market Study

Alberta Agriculture, Food and Rural Development  
Contact the Ag-Info Centre at 1-866-882-7677 or visit our website at [www.agric.gov.ab.ca](http://www.agric.gov.ab.ca)

### Direct Marketing Meats...Selling Meat at Alberta

Approved Farmers' Markets  
Alberta Agriculture, Food and Rural Development  
Contact the Publications Office at 1-800-292-5697 or visit our website at: [www.agric.gov.ab.ca/publications](http://www.agric.gov.ab.ca/publications)

## 6. Key Management Issues

If a decision to proceed with this agricultural business opportunity is made, you need to be able to answer the following questions concerning the meat goat industry:

- Have you clearly defined the market segment that you will be marketing to?
- Have you clearly defined the meat goat product that you will be marketing?
- Have you clearly defined the production process and the production resources that you will require to produce the specific meat goats mentioned above?
- Have you clearly defined the marketing activities that you will be required to perform in order to market your product to the specific market segment mentioned above?

<sup>9</sup> Meat Goat Profits. Agdex 435/821-1. Revised February 2005. Alberta Agriculture, Food and Rural Development.

- Are you aware of the amount of time you will have to devote to continuously researching your markets and to adjusting your production activities to best meet the needs of the market?
- Are you aware of the key performance factors and the level of performance you will have to achieve for each, in order for your business to be economically viable?
- Have you objectively and thoroughly assessed the “fit” that the marketing, production, economic and management requirements of a meat goat enterprise have with your personal situation?

For more information about the content of this document, contact the Ag-Info Centre by phoning 310-3276.

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# Canada

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# Alberta