

THE ECONOMICS OF COMMERCIAL/RABBIT FRYER PRODUCTION

By

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A commercial rabbit enterprise is an agricultural business designed to economically produce and market a specialty-type food product. It must participate in an industry that has in the past been characterized by the limited availability of research information, management assistance, marketing facilities, and sources of credit. An industry that could, with the solving of these problems and the establishment of volume-capacity, efficient, manufacturing--type production enterprises, become an important source of quality meat for human consumption.

During 1964 the numbers of rabbit fryers raised in Northern California has not been sufficient to meet the needs of the established fryer market. Nearly one-half of the fryers required by the market are purchased in Southern Oregon and Southern California. Many of the fryers actually produced in Northern California are transported major distances to the market area. The availability of a greater supply or a more equally distributed seasonal supply of near-market produced fryers could be compensated for through the development of a larger marketing area.

Today the basic production unit is the hobby or retirement sized business located in communities where operators need not be immediately concerned with population pressure problems. Such enterprises, though normally inefficient and expensive per unit marketed can and will accept a low market price since the operation serves primarily as an interest and way of life rather than a major source of economic return.

Many sections of Northern California are ideally suited to the location of a commercial rabbit business. This type enterprise should be isolated from other rabbit operations and yet located not too great a distance from processing facilities, the market, and a reliable source of major supplies and equipment. It must be planned and managed on a business basis; all major costs have to be kept to a minimum. Equipment and labor saving devices should be used whenever economically feasible. The business should be of a size that one family can normally manage it and yet large enough to allow vacation assistance as well as command premium market prices and volume purchase discounts.

A commercial rabbit enterprise also lends itself well to the inclusion of one or a number of income-increasing sideline businesses. These may involve the raising of well-documented, production-bred breeding animals for resale to other commercial operations; the sale of experimental animals to research institutions, hospitals and laboratories; or the production of worms for resale to handlers of fishing supplies.

Shown on the opposite side of this page are sample inputs and costs calculated from 1964 information compiled in the Santa Clara-Alameda County Area. Based on these statistics an operator at an annual average selling price of 26 cents per pound fryer sold, would realize a cash income of \$1.13 per average doe per month; a capital, labor and management income of 93 cents per average doe per month; or a management income or net profit of 22 cents per average doe per month.

COMMERCIAL RABBIT FRYER PRODUCTION
(New Operation: Housing 700 does, Raising own replacements) -

SAMPLE COSTS OF BUILDING AND EQUIPPING OPERATION

Requirements	Costs			
	Original	Deprec.	Average*	Av/Doe
Land: One to Two Acres	\$ 7,000	--	\$ 7,000	\$10.00
Housing: 7-10x180' prod. houses (120 anim.ea.)	16,800	840	8,400	12.00
1-10x180' grow. house (180 anim.cap.)	2,400	120	1,200	1.72
Feed Storage: 2 bulk tanks (each-6 ton cap.)	600	60	300	.43
Watering System	2,000	150	1,000	1.43
Nests: 300 boxes	200	40	100	.14
Equipment: constr. feed, clean., management, misc.	1,200	240	600	.86
Storage: utility bldg. and garage	1,500	75	750	1.07
Area Improvement: grad. paving, landscaping	1,000	--	1,000	1.43
Transportation: small truck or pickup	2,000	200	1,000	1.43
<u>Total Land, Improvements and Equipment</u>	<u>\$34,700</u>	<u>\$1,725</u>	<u>\$21,350</u>	<u>\$30.51</u>
Average Value: stock, feed, supplies, oper.cap.	5,000	--	5,000	7.14
TOTAL RABBIT ENTERPRISE INVESTMENT	\$39,700	\$1,725	\$26,350	\$37.65

*Average value for depreciable items is estimated at one half of the original cost.

SAMPLE COSTS OF PRODUCTION PER YEAR

Item	Amount			Cost		
	Total	Per Doe	Unit Price	Total	Per Doe	Per rabbit weaned
Feed: lbs. pellets or pellet equiv.	393,680	562.4	\$4.00	\$15,747	\$22.50	\$.59
Hired Labor: hours		1.8	1.25	1,575	2.25	.06
Miscellaneous: taxes, insurance, repairs, medicines, utilities, stock purchases				1,050	1.50	.04
Depreciation: equipment and housing				1,725	2.46	.06
<u>Total Cash and Depreciation Costs</u>				20,097	28.71	.75
Interest on average investment (6%)				1,581	2.26	.06
Family Labor: hours		4.2	1.50	4,410	6.30	.17
<u>Total All Costs except Management</u>				\$26,088	\$37.27	\$.98
(Less) Income: Sales of Stock, Manure, Worms				-1,000	-1.43	-.04
NET COSTS OF YEARS' OPERATION				\$25,088	\$35.84	\$.94

SAMPLE RETURNS PER YEAR AT SEVERAL FRYER PRICE LEVELS

Price: average per lb. fryer sold	22¢	24¢	26¢	28¢
Income: (Based on 37 fryers per doe)	\$22,792	\$21,884	\$26,936	\$29,008
(Less) Net cost of years' operation	25,088	25,088	25,088	25,088
<u>Operators Management Income or Net Profit</u>	<u>-2,296</u>	<u>- 224</u>	<u>1,848</u>	<u>3,920</u>
(Add) Family labor and interest on inv.	5,991	5,991	5,991	5,991
<u>Operator's Capital, Labor and Management Inc.</u>	<u>3,695</u>	<u>5,767</u>	<u>7,839</u>	<u>9,911</u>
(Add) Depreciation on equip. and housing	1,725	1,725	1,725	1,725
OPERATOR'S CASH INCOME	\$ 5,420	\$ 7,492	\$ 9,564	\$11,636

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