Pasture Raised Poultry Enterprise Budget

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Prepared by Talia Parfeniuk[1], Wallapak Polasub[1], Cynthia Owen[2] and Kent Mullinix[1]

[1] Institute for Sustainable Food Systems

[2] Small-Scale Meat Producers Association

Introduction

This enterprise budget is for a small-scale pasture-raised broiler chicken enterprise in British Columbia. It assumes the operation is economically diversified, and broiler production is one of several on farm enterprises. Examples of other enterprises include mixed vegetable production or other small-scale meat production such as pork. This operation produces one batch of 500 Cornish cross broilers per calendar year under the Small Lot Permit Program regulated by the BC Chicken Marketing Board.

The sample values in this document are based on data gathered through discussions with six experienced pasture-raised poultry producers in British Columbia.

Photo credit: Fresh Valley Farms, Armstrong, BC

This budget does not represent any specific farm. It should be used as a planning tool only. Actual costs of production vary depending on region, scale, machinery use and other input costs. This budget is also available as a dynamic MS Excel spreadsheet to facilitate more detailed planning for your own operation.

Assumptions

1. This poultry enterprise is a part of a diversified farm, and shared costs of equipment and infrastructure are allocated proportionally to other on farm enterprises.
2. One batch of 500 Cornish Cross broiler chickens is raised per year.
3. Chicks are purchased unsexed and vaccinated from the hatchery.
4. The production cycle is eight weeks long, including four weeks in a brooder and four weeks on pasture.
5. Average live weight at slaughter is 8.5 lb, with an average dressed weight of 6.0 lb.
6. The mortality rate is 10% over the entire production cycle.
7. Birds are raised on pasture using one movable shelter per 500 birds.
8. The shelter is 750 square feet, providing 1.5 square feet per bird.
9. Approximately 0.5 acres of pasture is required for one batch of 500 birds, with the birds passing over the pasture once per season.
10. Land is leased at a rate of $140 per acre.

Assumptions (continued)

11. Pasture is not reseeded and irrigation is not used.
12. Feed is non-organic and unmedicated.
13. Birds are processed off farm by a licensed processor.
14. Whole broilers are sold through direct-to-consumer channels at a price of $7.00 per pound.
15. The annual fixed cost is estimated using the straight-line depreciation method.
16. The interest rate is fixed at 5%.
17. Labour is paid at a rate of $25 per hour.
18. Labour related to capturing and moving chickens, selling at farmers markets, and social media marketing is accounted for.
19. Management time is not explicitly included as a cost. The net return over total cost may be considered as the return to management.

Pasture-raised production systems

Pasture-raised poultry systems provide access to vegetated pasture for birds for the majority of their lives. Pasture access allows them to forage, roam, and express their natural behaviours. They are housed in movable shelters that are relocated every 1-2 days. Relocating frequently gives them access to fresh pasture, prevents overgrazing and soil erosion, and distributes their manure evenly. Pasture-raised systems have commonalities with organic systems, but they are not necessarily certified organic. Organic operations have additional costs for feed, animal healthcare, and certification fees.

Scalability

A flock of 500 birds was selected as the base unit for this enterprise budget. This represents one batch housed in a single moveable shelter. In other words, this is a budget producing one batch of 500 birds per season. This budget is designed for production to be scaled up in 500 bird increments. The shelter can be re-employed for additional batches. Most regions in BC can operate three to five production cycles every season.

Pasture and Feed Requirements

For this budget, it is assumed that one batch of 500 birds passes over the pasture once in a season, requiring approximately 0.5 acres of pasture. The same section of the pasture is not passed over multiple times in one season. In regions where pasture regrows quickly, it may be possible to pass the flock over the same part of the pasture multiple times a year. In that case, less acreage would be required for one batch. In regions where regrowth is slower, the same part of the pasture could not be grazed twice in the same season.

Pasture is treated as a supplemental feed source in this budget. It supports bird health and quality of life, but it does not replace purchased feed. There are not established feed efficiency conversion rates for pasture raised poultry. Pasture raised birds expend more energy than conventional birds because they forage and dig. As a result, feed efficiency conversion is generally lower and more variable than in conventional systems. Established conventional feed ratios do not apply predictably to pasture-raised poultry.

Feed requirements are partially dependent on the quality and availability of forage. Pastures with a higher proportion of legumes such as alfalfa and clover provide more nutritional value than a grass dominant pasture. Some operators choose to seed their pasture with specific forage, but birds can be raised on any pasture. Forage availability depends on flock size, flock density, and how often the shelters are moved.

1. Summary Annual Income and Expense Table

Based on the assumptions and production system, the net returns for this pasture raised poultry enterprise is estimated at $2,826.47. The following table summarizes income and expenses.

Table 1: Summary of Revenue, Costs and Net Returns

Category	Amount ($)
Gross Revenue	**18,900.00**
Total Costs	**16,073.53**
Total Variable Costs	11,643.79
Total Fixed Costs	4,429.74
Net Returns	**2,826.47**
Net Returns over Variable Costs	7,256.21
Net Returns over Fixed Costs	14,470.26

Detailed calculations of gross revenue, variable costs, and fixed costs are presented in the next sections.

Photo credit: Spray Creek Ranch, Lillooet, BC

2. Gross Revenue

Gross revenue was calculated using the total birds slaughtered (500 birds – 50 bird mortality loss) multiplied by an average dressed weight (450 birds x 6.0lb/bird) multiplied by the sale price per pound ($7.00/lb). The price per pound varies across local markets. It is possible to generate a higher price per pound if the broilers are divided into different parts at processing (e.g. thighs, breasts, drumsticks). The price per pound and processing costs should be adjusted to reflect the operation.

Table 2: Gross Revenue

Quantity	Unit	Revenue per unit ($)	Revenue per chick ($)	Gross revenue ($)
450	whole bird	42.00	37.80	18,900.00

3. Annual Variable Costs

Variable costs are expenses that vary with the number of birds produced. Examples of variable costs include chicks, feed, bedding, and processing. The following table presents detailed calculations of the total annual variable costs.

Table 3: Total Variable Costs

Category	Amount	Unit	Cost/Unit ($)	Total Cost ($)
Chicks	500	chicks	3.75	1,875.00
Shipping on chicks	500	chicks	0.44	220.00
Bedding (wood shaving)	3.70	cubic yards	18.00	66.60
Utilities for brooder (propane, 4 weeks)	175	pounds	1.00	175.00
Starter feed (non-organic, 3 weeks)	0.70	tonnes	874.00	631.83
Grower feed (non-organic, 5 weeks)	4.10	tonnes	856.00	3,506.61
Labour (daily)	28	hours	25.00	700.00
Labour (capture & move)	3.75	hours	25.00	93.75
Processing	450	broilers	8.50	3,825.00
Crates for processing (rental)	57	crates	6.00	342.00
Fuel	8	tractor hours/ season	21.00	168.00
Maintenance	8	tractor hours/ season	5.00	40.00
Total variable costs				**11,643.79**

Notes on variable costs:

- **Bedding**: The amount of bedding required depends on the quality of the brooder. Less bedding is necessary if the brooder has adequate ventilation and heating. The price per unit in this budget assumes the operator is purchasing in bulk. A single bag of wood shavings from a feed store could cost up to $100 per cubic yard. The cost of bedding should be adjusted accordingly if this budget is used as a planning tool.
- **Utilities**: The amount of propane required depends on the time of year the batch is started and the climate. In the summer, for example, very little, if any, propane is required. For lighting, this budget assumes LED lights are used, and so the utility cost of lighting is negligible.
- **Feed**: Total feed requirements were estimated using a feed conversion factor of 2.5 multiplied by the target live weight, which is 8.5lb. Starter feed is assumed to be about 15% of the total feed and the remaining 85% is grower feed. The main difference between starter, grower and finisher feed is the protein content and the price. Starter and grower feeds have higher protein content and are more expensive. Finisher feed lowers the cost of production the last two weeks, but many operators choose not to use it to simplify their operations. Finisher feed was not included in this budget. This budget assumes the operator is buying in bulk. Feed suppliers require a minimum 3 tonnes of feed per delivery. Bulk deliveries may be split into different feed types. Smaller operations that purchase feed from retailers in smaller volumes would pay a higher cost per tonne. The cost of feed should be adjusted accordingly if this budget is used as a planning tool.

Notes on variable costs (continued):

- **Labour**: Daily labour includes feeding, watering, moving shelters, and pasture maintenance. The participants estimated that 30 minutes of daily labour is required each day, and in their experience the time required for daily labour does not increase significantly as the size of the flock increases up to 2000. Other labour activities include capturing (moving) the birds from the brooder to the pasture and loading birds for transport to the processor. It is assumed that 1.5 hours are required to capture and take 500 birds to the pasture, and 2.25 hours to capture finished broilers for processing.
- **Processing**: Processing includes vacuum packing, weighing, and standard labelling. This budget assumes the broilers are slaughtered at a licensed processing facility off-farm and packed whole. Custom labels, dividing the broiler into parts, and saving organs costs more at most processors. Processors often charge a higher rates per bird if volumes are less than 100 birds. Local processors should be consulted. Processors commonly rent out crates for transporting birds. Each crate fits 8 birds. This budget assumes only 450 birds are brought to processing because the assumed mortality loss rate per batch is 10%.

Photo credit: Spray Creek Ranch, Lillooet, BC

4. Annual Fixed Costs

Fixed costs include (1) equipment and infrastructure, and (2) overhead expenses. Fixed costs do not vary directly with the number of broilers produced. Equipment and infrastructure were annualized using straight-line depreciation and an interest rate of 5%. Shared equipment and infrastructure costs are allocated based on estimated poultry use. Summary and detailed fixed cost calculations can be found in the following three tables.

Table 4: Total Annual Fixed Costs

Category	Amount ($)
Total Fixed Costs	**4,429.74**
Equipment and infrastructure	2,164.74
Other fixed Costs (Overhead expenses)	2,265.00

Table 5: Equipment and Infrastructure Costs

Category	Total Price ($)	Trade-in Value ($)	Useful Life (years)	Estimated Poultry Share of Equipment Use (%)	Depreciation ($)	Interest Expense ($)	Annual Cost ($)
Bird Shelters							
Brooder House	10,0000	3,000	15	15	466.67	325.00	118.75
Brooder Heater (propane)	300	90	10	100	21.00	9.75	30.75
Brooder Lamp	120	36	10	100	8.40	3.90	12.30
Fan	200	60	5	100	28.00	6.50	34.50
Movable Housing	4,500	900	5	100	720.00	135.00	855.00
Electric Netting	800	400	5	100	80.00	30.00	110.00
Energizer	300	150	5	100	30.00	11.25	41.25
Waterers	20	0	7	100	2.86	0.50	3.36
Bird Shelters Total							1,205.91
Machinery							
Tractor	15,000	10,500	25	10	180.00	637.50	81.75
Bucket	1,000	700	25	10	12.00	42.50	5.45
Mower	1,000	700	25	10	12.00	42.50	5.45
Forks	1,000	700	25	10	12.00	42.50	5.45
Machinery Total							98.10
Other							
Freezers	3,000	3,000	10	100	-	150.00	150.00
Trailer Rental	100	100	-	100	-	100.00	100.00
Feed Storage	3,500	525	15	50	198.33	100.63	149.48
Farm Vehicle	25,000	7,500	10	10	1,750.00	812.50	256.25
Farmers Market Materials	4,000	1,200	10	50	280.00	130.00	205.00
Other Total							860.73
Total Equipment and Infrastructure Costs							**2,164.74**

Table 6: Other Fixed Cost (Overhead expenses)

Category	Amount	Unit	Cost/Unit ($)	Total Cost ($)
Land				
Acreage dedicated to pasture raised poultry	0.5	acres	140	70
Total Land Costs				**70**
Marketing				
Hours spent on marketing activities (social media, etc.)	8	hours	25	200
Farmers Market Fee (per market)	4	weekly market stall fee	75	300
Hours spent at farmers' markets	28	hours	25	700
Total Marketing Costs				**1,200**
Insurance and Licenses				
Commercial general liability	15,000	10,500	25	850
BCCMB fees for small-scale lot permit	1,000	700	25	20
Annual water fee	1,000	700	25	125
Total Insurance and Licenses costs				**995**
Total Other Fixed Costs (Overhead Expenses)				**2,265**

Notes on fixed costs:

- **Brooder House**: It is common practice to construct a brooder from existing structures such as barns or sheds. In this budget, it is assumed the brooder is made from a repurposed shipping container since it is a cost-effective option that does not require existing infrastructure. The brooder house is assumed to be used for poultry production only part of the year. During the off-season it is repurposed for storage. For this reason, only 15% of the brooder house's annual cost is allocated to the poultry enterprise. If this budget is used as a planning tool, the estimated poultry share of equipment use and price of the structure should be adjusted to reflect the operation.
- **Brooder Heater**: The size and number of heaters required depend on brooder size and chick density. This budget assumes one propane heater is sufficient for 500 chicks. Multiple electric heat lamps would be required for 500 chicks. Typically, a ratio of one electric lamp to 50-100 chicks is required.
- **Brooder Lamp**: This budget assumes an LED lamp is used to provide a light-dark cycle for chicks. This lamp provides light only. It does not contribute to heat.
- **Waterers**: The same waterer is assumed to be used in both the brooder and on pasture. It is moved with the birds when they are relocated. If batches overlap, separate waterers would be required for each batch.
- **Freezers**: Freezer capacity is calculated to store approximately 75% of total annual production at any given time. The freezers in this budget are assumed to be 21 cubic foot chest freezers, which can hold about 150 broilers each. Not all birds are expected to be sold frozen, as some may be sold fresh at the time of processing. Freezer requirements will vary depending on marketing and sales timing.

Notes on fixed costs (continued):

- Trailer Rental: Trailer rental costs include two uses per production cycle: once to transport birds to pasture and once to transport finished birds to the processor.
- Feed Storage: Feed storage infrastructure is included in this budget to protect bulk feed from rodents and moisture. Some producers choose to store feed outdoors under tarps, but this approach is dependent on climate and increases the risk of spoilage.
- Land: Land costs in this budget reflect the proportion of leased land that is allocated to the pasture-raised poultry enterprise. This budget assumes the operation is diversified, with 0.5 acres of land dedicated to one batch of 500 birds. The operator is expected to be leasing more than 0.5 acres and use the additional land for other enterprises. The price of leasing farmland varies significantly by region. The cost per acre should be adjusted according to region if this budget is used as a planning tool.

5. Net Returns

Net returns are calculated by subtracting costs from gross revenue. Net return over fixed costs and net returns over variable costs support decision making in the long-run and short-run, respectively. For example, once fixed costs are accounted for, there is enough income to support day-to-day operation. Once the variable costs are accounted for, there will be a net profit of $2,826.48.

Table 7: Net Returns

Category	Net Returns ($)
Net return over fixed cost	14,470.26
Net return over variable cost	7,256.21
Net return over total cost	2,826.48

It is important to note that the net returns presented here is for a single operation. Regenerative values of the pasture-raised poultry operations are not taken into account and should be considered by the operators.

Photo credit: Spray Creek Ranch, Lillooet, BC