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Livestock Marketing in the Upper Missouri River Basin Part III: Cost-Volume Relationships of Commission Firms

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Cost-Volume Relationships of Commission Firms

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Foreword

This report is the third part of a series being published as part of the North Central Regional Project NCM-36, "Long Run Adjustments in Livestock Market Organization in the North Central Region."

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Livestock Marketing IN THE Upper Missouri River Basin

Part III Cost-Volume Relationships of Commission Firms

by Mark J. Powers and Donald R. Bendt

INTRODUCTION[1]

This study is concerned with determining the costs of operating various size commission firms at the Sioux City Terminal Stockyards.

The Sioux City Terminal Stockyards is located in Sioux City, Iowa, at the confluence of the Missouri and Floyd Rivers. It was established in 1893 when the Union Stockyards Company of Sioux City purchased the Central Stock Yards Company of Sioux City. The Sioux City Terminal Stockyards, like most terminal markets, has been experiencing a declining volume of business. Most of this decline can be attributed to technological improvements in transportation, refrigeration, and communications. These improvements enabled packing plants to decentralize; to locate nearer areas of concentrated livestock supply where land, building, and labor costs were lower.

The nature of the long run cost function facing an industry is a major factor governing the size of firms within an industry. If there are important economies of size, i.e., average cost of operation decreases as the size of the firm increases, then one may expect a tendency within that industry toward larger operations as the smaller, high-cost firms leave the industry. If, on the other hand, economies of size are not of major importance, a wide dispersion in the size of plants may well result.

This analysis is directed toward determining the relationships between costs, volume and income for various sized commission firms operating at the Sioux City Terminal Stockyards.

Procedure

The data for this study were obtained from several primary and secondary sources. Cross-sectional data for 1966 were obtained on commission firm costs and procurement areas from questionnaires sent to all commission firms operating at the market. Data also were obtained from the Packers and Stockyards Division and Market News Service of the U.S. Department of Agriculture. Other information was obtained by observing daily market operations at the stockyards and from interviews with stockyards company officials.

To be consistent with other studies on livestock marketing, this analysis is based on animal marketing units. A marketing unit is defined as 1 head of cattle, 2 calves[2], 3 hogs, or 5 sheep.

The Role of the Commission Agency

A livestock commission company is an agency operating at a terminal public market with the principal function of buying and selling for others. It sells livestock consigned by farmers, dealers, shipping associations or others who consign livestock to it for sale on the terminal. The commission company also buys livestock on order for farmers, dealers and others. A commission company may be a privately owned and operated agency or it may be a cooperative. It derives its income from charges made for buying and selling livestock for others. In addition to these services, the firm may act as a marketing advisor for the sellers and buyers it represents. Many firms provide price information for their clients by newsletter or in some cases by radio. Most commission firms solicit business by sending agents to visit farms and appraise livestock and generally advise the farmer on the best time and conditions in which to sell livestock.

In addition to selling livestock for farmers and others, commission firms also act as their agents in buying livestock, particularily feeder cattle and sheep. Commission firms are not permitted to buy or sell livestock for their own account at the terminal

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[1]This study was financed in part by the North Central Regional Livestock Marketing Committee as a sub-project of NCM-36 "Long Run Adjustments in Livestock Market Organization in the North Central Region."

[2]Calves are defined as animals weighing less than 450 pounds.

market and are usually prohibited from acting simultaneously as the representative of both the buyer and seller at a transaction on any one lot of livestock. The fees that commission firms charge for their services are established by the Livestock Exchange, subject to the approval of the Packer and Stockyards Division of U.S.D.A.

While it is the stockyards company that has direct responsibility for the care and handling of livestock received at the terminal, the commission firm is responsible to the owners for seeing that these functions are carried out to the satisfaction of the consigner prior to sale, or in the case of livestock bought on order for the buyer, after sale.

The commission firm makes a record of each transaction. This record includes the livestock number, weight, class, and price, the name of the buyer and gross returns. It also includes an itemized list of charges made, including hauling, yardage, commission fee, insurance, feed and any other charges, plus the net proceeds of the sale. A record also is made of special circumstances concerning a consignment, e.g., animals that arrive dead or crippled or sales made subject to inspection. The commission firm collects the proceeds of the sale, deducts all of the charges and sends the remainder in the form of a check along with the itemized statement to the consignor. The firm then pays the hauler, stockyards company and any others who had rendered a service for which a charge was assessed.

Number and Size of Commission Firms

Commission firms operating on the Sioux City terminal market in 1966 totaled 24. Since the volume handled varied considerably among the firms, for the purposes of this analysis, they were classified according to three size categories. The class intervals were set up as follows: Small firms were those handling an annual volume in 1966 of less than 60,000 marketing units; medium firms were those handling 60,000 to 100,000 marketing units; and large firms were those handling more than 100,000 marketing units. On the basis of this classification, there were six small firms averaging 44,673 marketing units, 12 medium size firms averaging 74,838 marketing units and six large firms averaging 143,907 marketing units (See Table 1). Truck receipts were used for this calculation because each firm's total receipts were not available for all of the years. However, since 97% of the total receipts arrive by truck, it is believed the results are representative.

There was little change in the number and relative size of the commission firms during the six years from 1960 to 1966. In 1960 there was one less commission firm than in 1966. In 1960 the six largest firms handled about 46% of the total volume, while in 1966 they handled about 43%. This 3% decline in the market share of the six largest commission firms was accounted for by a 2% increase in the share of the 12 medium size firms and a 1% increase in the market share of the six small firms (See Table 2).

Table 1. Number and Size of Commission Firms Operating on the Sioux City Terminal Markets, 1966.

Commission Firm Size*	Number of Firms	Total M.U. Handled	Average M.U. Handled Per Firm	Range in Size (M.U.)
Small	6	268,037	44,673	25,809 to 56,498
Medium	12	898,060	74,838	64,075 to 92,595
Large	6	863,441	143,907	104,857 to 244,935

*Based on number of marketing units (M.U.) handled. One marketing unit=1 cow, 2 calves, 3 hogs, or 5 sheep.

Table 2. Percent of Receipts Handled by Commission Firms Operating on the Sioux City Terminal Market, 1960-1966.

Year	Six Small Size Firms*	12 Medium Size Firms*	Six Large Size Firms*
		(Percent)	
1960	11.34%	42.88%	45.78%
1961	10.29	43.79	45.92
1962	12.62	41.56	45.82
1963	13.04	42.03	44.93
1964	13.06	42.99	43.95
1965	14.10	43.50	42.38
1966	12.59	44.56	42.85

*Size based on truck receipts, which accounted for 97% of total receipts.

Operational Costs of Commission Firms

Data on operating costs were obtained from all of the commission firms for the year 1966. The costs were reported on the basis of the major cost categories shown in Table 3. In general, labor costs (employee and owner salaries) accounted for about 70% of the total cost.

The average total labor cost per marketing unit tended to decline as the size of the firm increased. Small firms averaged 98 cents per marketing unit, while medium and large firms averaged 91 cents and 90 cents per marketing unit, respectively. However, there was considerable variation among the firms in the per unit labor cost designated for employee's salaries. This variation is due primarily to differences in the organization of the firms. Three of the firms, two small cooperatives, and one corporation in the large category made no charges for owner salaries, and were not allocated such salaries because the owners were not active in the business. Since the owners of these three firms were not active in the business, these firms tended to hire more employees than did firms where the owners were actively engaged.

Table 3. Per Marketing Unit Cost and Income of Commission Firms by Size Category.

Cost Item	Firm Size Small	Medium	Large
Employee Salaries	$ .68	$ .58	$ .63
Owners Salaries*	.30	.33	.27
Total Salaries	$ .98	$ .91	$ .90
Travel	.11	.10	.11
Advertising and Publicity	.06	.05	.08
Telephone and Telegraph	.05	.03	.03
Bonds and Insurance	.02	.02	.01
Office Supplies	.02	.02	.02
Social Security—Unemployment Insurance and Workmen's Comp.	.04	.03	.03
Driving Expenses†	.04	.05	.05
Other	.12	.08	.13
Total Cost	$1.44	$1.29	$1.36
Total Income	$1.46	$1.44	$1.51
Net Profit	.02	.15	.15

*Owners acting in salaried capacity without a designated salary were allocated a salary equal to the average of owners in the same size category of firms, acting in the same capacity, and designating the same proportion of time for such duties.

†Cost of driving livestock at the yards.

The average cost per marketing unit for travel, telephone and telegraph, bonds and insurance, office supplies, social security, workman's compensation, unemployment insurance and driving expense were either the same for all size categories or showed only small differences. However, there was some variation among the firms of various sizes in their advertising and publicity costs. Large firms spent an average of 3 cents more per unit than the medium firms and 2 cents more per unit than the small firms. This is explained in part by the fact that larger firms go a greater distance than the smaller firms to obtain their business (See Table 4). As these firms solicit business at greater and greater distances from Sioux City they meet increased competition from other major markets, e.g., Omaha, Kansas City; thus, necessitating increased advertising efforts. Further the smaller firms obtain their livestock from farmers located near the Sioux City area, an area in which there are few other alternative major markets, thus reducing the need for extensive advertising campaigns.

The last item in Table 3 classified as "other" consisted of numerous small cost items such as charity donations general postage, bad debts, meals, yard supplies, and other incidentals. It was this item that accounted for the greatest differences in costs between the various sized firms. The large firms tended to have greater bad debts and increased costs for yard supplies, as well as larger charity donations.

In general, it seems that some economies of size are reaped as commission firms increase in size. The medium size firms had lower unit costs than the firms in the small size category for all items except office supplies and bonds and insurance, which remained the same, and driving expeneses which increased. The diseconomies of size became evident among the large size firms. The large size firms exhibited higher unit costs for all items except owners' salaries, telephone and telegraph, office supplies, and social security. The greatest contribution to the diseconomies were employee salaries, advertising and publicity, and other. These diseconomies suggest that the management of the large firms is approaching the point above which their efficiency decreases.

It should be noted in the interpretation of these data that the average costs for firms in the large category were increased substantially by the existence of one large firm which had extremely high costs. Furthermore it should be noted that the four lowest cost firms were in the medium size class.

Labor cost per marketing unit for each of the various species of livestock showed considerable variation. One would expect that if all firms were equally efficient in the utilization of labor, the labor costs per marketing unit for each species for each firm would be equal. However such was not the case in 1966, as the data in Table 4 indicate. Larger firms had considerably lower costs in salesmen's salaries per unit of cattle sold than did the medium and small firms.

It cost the large firms an average of 59.5 cents in salesmen's salary to sell one unit of cattle while the medium firms and the small firms were 71.2 cents and 70 cents, respectively. In hogs, the large firms paid out 54 cents on the average in salesmen's salaries per unit of hogs sold, while medium firms averaged 53 cents and small firms 62.8 cents. Sheep sales and yard labor were considered together because they could not be separated in the data that were given.

In general, the large firms paid out an average of $1.54 per unit of sheep sold, while small firms paid out 91.6 cents per unit of sheep sold. Medium size firms handled so few sheep in 1966 that no costs were allocated for sheep sales and yard labor for the firms in that category.

It seems that the medium size firms had a distinct advantage over the large and the small firms in terms of cattle yardmen salaries paid out per unit of cattle sold. The average labor costs for cattle yardmen for the large firms were 13.9 cents, the medium firms 9.6 cents and the small firms 13.4 cents per animal unit. Hog yardmen costs were nearly equal for all firms, averaging 15.5 cents for large firms, 16.5 cents for medium firms, and 16.7 cents for small firms. In general, we can conclude that the large firms were more efficient in utilizing their yard labor and their sales labor in the sale cattle and hogs than were the small and medium firms. In terms of sheep sales and yard labor, large firms were much less efficient than the small firms.

Table 4. Total Labor Cost Per Marketing Unit for Each Species of Livestock, All Commission Firms Sioux City Stockyards, 1966.*

Employees and Owners†	Firm Size Small	Medium	Large
		(Dollars)	
Cattle Sales Labor	$0.700	$0.712	$0.595
Hog Sales Labor	.628	.530	.540
Sheep Sales and Yard Labor	.916		1.546
Cattle Yard Labor	.134	.096	.139
Hog Yard Labor	.167	.165	.155

*One marketing unit = 1 cow, 2 calves, 3 hogs or 5 sheep.
†Owners acting in salaried capacity without a designated salary were allocated a salary equal to the average of owners in the same size category of firms, acting in the same capacity, and designating the same proportion of time for such duties.

The Long-Run Average Cost Curve

Summing up all of the costs for each of the commission firms in the respective size categories and dividing by the total number of marketing units handled by that group of firms, gives the average total cost for the various size firms. Preliminary graphic analysis of the data for all of the firms suggested that the average total cost curve was U-shaped. Therefore, regression analysis was used to fit an equation of the form:

$Y=a+bx+bx^2$
Y=average cost per marketing unit
a=constant term
x=total number of livestock units handled by each firm
x^2=the square of x

From the regression model outlined above, the following parameters were estimated:

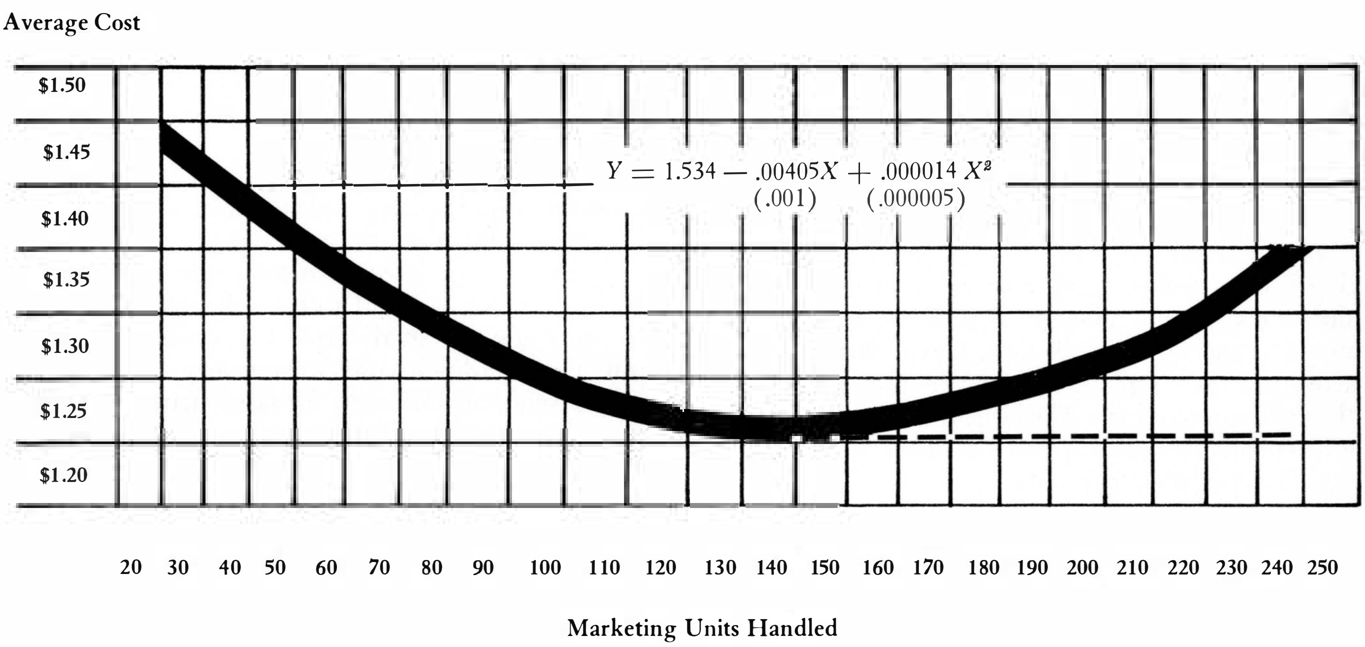
$$Y=1.534-.00405\,X+.000014\,X^2$$
$$\quad\;(.001)\qquad(.000005)$$

Using this equation, the long run average cost curve for commission firms operating at the Sioux City Stockyards was estimated (See Figure 1). In general, the regression analysis suggests that the minimum point on the long run average cost curve is at 132,000 marketing units. It cannot be definitely concluded that the long run average cost curve actually turns up since there is only one observation past the point where it reaches its minimum, and that observation may not be representative. Nevertheless, it seems that nearly all of the economies of size are realized by the time firms reach an annual volume of 100,000 marketing units.

Relationship Between Composition of Volume and Average Cost

The receipts of the different commission firms were composed of varying proportions of cattle, hogs, and sheep. Regression analysis was used to determine if the composition of the receipts handled by a firm had any effect on that firm's average costs. The analysis revealed that none of the *beta coefficients* were significantly different from zero and the *regression coffiecient* was so low as to indicate that the relationship between a firm's average cost and the proportion of total receipts accounted for by the various species was very weak (See Appendix A). Therefore, it is concluded that during 1966 the proportion of a firm's total receipts accounted for by each of the various species had no effect on the firm's average costs.

Figure 1. Estimated relationships between average total costs and volume of livestock marketing units handled by commission firms at Sioux City Stockyards, 1966.



INCOME

Though all commission firms charge standard rates for services, the 1966 income derived from these services varied among the commission firms studied. Large firms averaged \$1.51 per marketing unit of livestock, medium firms averaged \$1.44 and small firms averaged \$1.46 (See Table 3).

There are several factors which can cause such differences. First, commission rates decline as the number of head in a consignment increases. Therefore, a difference in the average size of consignments handled by the various commission firms results in differences in the average income received per head. Second, the rates for buying livestock are less than the rates for selling livestock. Therefore, when a higher proportion of a firm's volume results from selling livestock, its income per unit is greater than the income from a firm which does a greater percentage of buying. Third, commission rates vary according to the composition of the livestock volume handled:

For example, the commission rate for selling one marketing unit of cattle is \$1.75, one marketing unit of calves—\$2.10, one marketing unit of hogs—\$1.68 and one marketing unit of sheep—\$2.50.

Thus, firms, handling proportionally more marketing units of sheep than cattle may have a higher income per marketing unit than other firms who handle higher proportions of cattle than sheep. There was, however, no indication that the composition of livestock volume handled by the various size commission firms in 1966 had any effect on the average income per marketing unit for any of the size categories.

The volume of three of the large firms and three of the small firms was accounted for almost entirely by hogs and cattle and in all of these cases the firms were handling between 52%and 65% of their volume in cattle and between 20% and 35% in hogs. Their average incomes per marketing unit ranged from \$1.31 to \$1.51.

Although the large firms averaged a higher gross income per marketing unit, they did not have the highest average net income per unit. Medium and large firms averaged 15 cents net income per unit compared to 2 cents for small firms (SeeTable 3).

The Cost of Marketing Livestock

The cost of marketing livestock at a terminal market includes charges for both the selling and buying of livestock. Additional services, for which additional charges are assessed, are available at the request of either buyers or sellers. The rates assessed for performing these services are approved by the Packers and Stockyards Division of the U.S.D.A.

Selling Charges

Charges assessed against the consignor for the sale of livestock include charges for commission, yardage, veterinary inspection, insurance and meat board. Commission and yardage charges are the major items. All of these charges vary with the species of livestock being sold, and commission and yardage charges also vary with the size of the consignment. The other charges are assessed at a constant rate per head, regardless of consignment size.

Yardage charges for livestock, except livestock sold direct to packers, are \$1.08 per head for cattle, 60 cents per head for calves, 37 cents per head for hogs and 11 cents per head for sheep. The yardage charges assessed for livestock sold direct and delivered at the yards are equal to one-half the regular yardage charges. Veterinary inspection expense is 2½ cents per head for cattle, calves and hogs. Sheep are not usually inspected. Insurance rates to protect the consignor of livestock against loss by fire, lightning, tornadoes, and windstorms are ½ cent per head for cattle and calves and 1 cent for every seven head or fraction thereof for hogs and sheep. The meat board checkoff is 2 cents per head for cattle and ⅔ cent for calves, hogs and sheep (See Appendix B).

When brand inspection is necessary to identify brands on cattle and calves a charge of 18 cents per head is assessed by state brand assocations against the consignor. Another service, although optional, which usually is requested by the consignor is the provision of feed. This service is provided by the stockyards company at the average cost of the feed, f.o.b. stockyards plus 60 cents per hundredweight for hay and 50 cents per bushel for corn and oats. Fees for bedding are also assessed f.o.b. to stockyards plus 35 cents per bale. In the winter a charge of 2 cents per head on hogs is assessed when the majority of the commission firms request bedding. In this case it is not an optional charge.

Buying Charges

Normally, the only cost to the buyer is the commission assessed by the commission firms in filling the order. The commission charges per consignment of one head only are \$1.55 for cattle, 90 cents for calves, and 65 cents for hogs and sheep (See Appendix B). The commission charges for buying consignments of livestock of more than one head decrease in a manner similar to the commission charges for selling livestock. However, for purchase orders shipped out by rail, there is an additional minimum charge of $25 per car lot for cattle, and 13 cents per hundredweight for hogs. In cases where animals are bought from other firms by the purchaser himself and the commission firm bills the animals out, extra service charges are assessed for services normally included in the commission charge.

Other Charges

There are a number of other services available at the stockyards for the convenience of either buyers or sellers. These services include: branding, vaccinating, dehorning, castrating, dipping, testing, spraying and marketing. The number and amount of the optional services requested by a consignor add to the cost of marketing livestock.

Livestock Procurement Areas

The bulk of the livestock received at the Sioux City Stockyards in 1966 came from near the Sioux City area. The commission firms individually do not try to encompass the total area around Sioux City. Rather, firms tend to specialize in specific localities and build up regular clientele. The combined efforts, however, of these firms cover quite completely the entire area within 150 miles of the stockyards.

The average distance from which commission firms obtain their livestock is much less for slaughter livestock than for stockers and feeders, because of the relatively heavy supply of slaughter livestock in the Sioux City area. The average distance from which firms obtained 50% of their stocker and feeder livestock in 1966 was over four times as large as the average distance from which they obtained their slaugher livestock (See Table 5).

The medium size firms averaged a distance of 600 miles for obtaining 50% of their stocker and feeder cattle. That distance increased to an average of 625 miles for 75% of their stockers and feeders and 640 miles for 90% of their stockers and feeders. The large firms, however, obtained 50%, 75%, and 90% of their stockers and feeders from average distances of 425 miles, 495 miles and 745 miles, respectively. The small firms averaged the shortest distances—going 310 miles, 410 miles and 500 miles to obtain 50, 75. and 90% of their stocker and feeder cattle (See Table 5). Less than half of the firms handled significant volumes of sheep. In general, though, those medium firms that did handle a few sheep obtained their feeder sheep from shorter distances than did the large and small firms. Small firms averaged 665 miles for 90% of their feeder sheep receipts, while large firms averaged 550 miles and medium firms 325 miles.

The large firms tended to obtain their slaughter cattle, hogs and sheep from greater average distances than did the medium and small firms. In general, the large and medium size firms obtained their slaughter cattle from greater distances than slaughter hogs, while the smaller firms tended to attract their slaughter cattle from about the same distances as their slaughter hogs. There was little difference in the average distance from which large, medium and small firms attracted their slaughter sheep receipts.

Using the data in Table 5 the primary supply area for each of the species received at the Sioux City Stockyards was estimated. It was estimated that about 90% of all the livestock received at the Sioux City Stockyards originates in an area encompassing a 250 mile radius from Sioux City. Although the average distances for 50% of the feeder and stocker receipts are much greater than the 250 miles, these receipts account for only about 10% of total receipts.

It should be emphasized that the stockyards does not obtain receipts from all areas within this 250 mile radius. Rather, most of their receipts come from selected areas located mostly to the west, northwest and southwest of Sioux City.

Table 5. Average Distance from Which Commision Firms Obtained 50, 75, and 90% of Livestock in 1966.*

Percent of Livestock Receipts	Average Distance in Miles: Small Firms	Medium Firms	Large Firms
Calves			
50	560	610	435
75	560	675	535
90	625	700	715
Cattle-Stocker			
50	310	600	425
75	410	625	495
90	500	640	740
Cattle-Slaughter			
50	60	85	115
75	80	115	150
90	100	175	240
Hogs-Slaughter			
50	50	65	65
75	80	90	100
90	100	130	150
Sheep-Feeder			
50	333	225	450
75	450	325	500
90	665	325	550
Sheep-Slaughter			
50	75	90	75
75	110	90	110
90	165	140	125

*Based on information provided by commission firms.

SUMMARY

There were 24 commission firms operating at the Sioux City Stockyards in 1966. These 24 were divided into three size categories based on their total marketing units handled in 1966. Analysis of the costs of operating these various size commission firms indicated that nearly all economies of size are attained by the time firms reach an annual volume of 100,000 marketing units.

There was not sufficient evidence to conclude that the long run average cost curve actually turns up, although some of the larger firms did experience higher average costs than the small firms. These diseconomies resulted primarily from increases in the per unit costs of labor, advertising and publicity, yard supplies, bad debts, and donations. There was little variation in average income per marketing unit between three size categories. The composition of the volume of receipts had little effect on the average costs of firms. Most of the receipts at the stockyards were procured from within an area representing a 250 mile radius from Sioux City.

APPENDIX A
Relationship Between Composition of Volume and Average Cost

The receipts of the different commission firms were composed of varying proportions of cattle, hogs and sheep. To determine if the composition of the receipts handled by a firm had any effect on that firm's average costs, the following regression model was developed:

$$Y = a + bx_1 + bx_2$$

Y=the firm's average cost

a=constant term

x_1=percent of firm's total receipts accounted for by sheep

x_2=percent of firm's total receipts accounted for by hogs

Preliminary analysis indicated a high degree of multi-colinearity between the proportions of cattle, hogs and sheep composing a firm's total receipts. Essentially this meant that changes in the proportion of cattle handled by a firm explained the same variation in average total costs as did the proportions of sheep and hogs handled. Therefore the regression analysis included only hogs and sheep.

The analysis yielded the following results:

$$Y = 1.3626 + .00137\,X_1 - .00133\,X_2$$
$$\qquad\qquad (.00161) \qquad (.00309)$$

The standard error of Y was .1276 and the R^2 was .08. The standard error of the beta coefficients for both X_1 and X_2 were so large as to render the coefficients not significantly different from zero. Also the R^2 of .08 was very low, indicating that the relationship between a firm's average cost and the proportion of total receipts accounted for by hogs and sheep was very weak.

APPENDIX B[3]
Cattle (1)
Cost of Selling Livestock Through Commission Firms

Cattle

Commission	
Consignment of 1 head	$1.75/Head
Consignment of more than 1 head:	
First 5 head	1.50/Head
Next 10 head	1.40/Head
Each head over 15	1.27/Head
Yardage	1.08/Head
(a) Direct to Packers	.54/Head
Inspection	.025/Head
Insurance	.005/Head
Meat Board	.02/Head

Calves

Commission	
Consignment of 1 head	$1.10/Head
Consignment of more than 1 head:	
First 5 head	1.05/Head
Next 10 head	.95/Head
Each head over 15	.87/Head
Yardage	.60/Head
(a) Direct to Packers	.30/Head
Inspection	.025/Head
Insurance	.005/Head
Meat Board	.0067/Head

[3]Data contained in this appendix was obtained from the Sioux City Stockyards.

Hogs

Commission

Consignment of 1 head	$ .78/Head
Consignment of more than 1 head:	
First 10 head	.56/Head
Next 15 head	.51/Head
Each head over 25	.43/Head
Yardage	$ .37/Head
(a) Direct to Packers	.19/Head
Inspection*	.025/Head
Insurance	.017/Head
Meat Board	.0067/Head

*Not to exceed 50 cents for up to 30 head lot.

Sheep

Commission

Consignment of 1 head only	$ .70/Head
First 10 head in each 225	.50/Head
Next 20 head in each 225	.43/Head
Next 30 head in each 225	.37/Head
Next 40 head in each 225	.28/Head
Next 125 head in each 225	.22/Head
Yardage	.21/Head
(a) Direct to Packers	.11/Head
Insurance	.017/Head
Meat Board	.0067/Head

Buying Rates

Cattle

Commission

1 head only	$1.55/Head
Consignment of more than 1 head	
First 5 head	1.35/Head
Next 10 head	1.30/Head
Each head over 15	1.15/Head

Calves

Commission

Consignment 1 head only	.90/Head
Consignment over 1 head	
First 5 head	.85/Head
Next 10 head	.80/Head
Each head over 15	.75/Head

Hogs

Commission

Consignment 1 head only	.65/Head
Consignment more than 1 head	
First 10 head	.43/Head
Next 15 head	.38/Head
Each head over 25	.33/Head

Sheep

Commission

Consignment 1 head only	.65/Head
Consignment over 1 head	
First 10 head in each 225	.45/Head
Next 20 head in each 225	.38/Head
Next 30 head in each 225	.32/Head
Next 40 head in each 225	.32/Head
Next 125 head in each 225	.17/Head

Charges for Optional Services

Feed

Average cost price f.o.b. stockyards plus:
(a) 60 cents/cwt.—prairie and alfalfa hay.
(b) 50 cents/bu.—corn and oats.

Brand Inspection

$.18 per head.

Bedding

(1) Average cost price f.o.b. stockyards plus 35 cents per bale.

(2) Hogs bedded during winter at request of majority of selling agencies will be 2 cents/head.

Immunization—Hogs

(1) Driving charge=2 cents per head with minimum 50 cents/drive.

Dipping—Sheep

15 cents/head and minimum of $15.

Spraying-Testing-Vaccinating-Marking-Branding-

Dehorning-Castrating

(1) Driving charge $1 for each drive and/or delivery.

Other charges

For driving cattle or calves for branding, dehorning, etc.=5 cents/head and minimum of $1.50/lot.

Note 1—Charge on butchers and cows for immediate slaughter—13 cents per hundredweight.

Note 2—Min. charges on a purchase order of cattle shipped out by rail will be $25 times the number of cars required for shipment.

(Effective June 16, 1966)

Average Selling Rates for Cattle

Average Charge/Per Head

No. of Head	Yard	In-spection	Insur-ance	Meat Board	Com-mission	Total	Average/Head
1	$1.08	$.03	$.01	$ .02	$1.75	$ 2.89	$2.89
10	1.08	.025	.005	.02	1.45	25.80	2.58
20	1.08	.025	.005	.02	1.39	50.45	2.52
30	1.08	.021	.0033	.02	1.35	74.28	2.47
Calves							
1	$ .60	$.03	$.01	$.01	$1.10	$ 1.75	$1.75
10	.60	.025	.005	.007	1.00	16.37	1.64
20	.60	.025	.005	.007	.955	31.83	1.59
30	.60	.021	.003	.007	.927	46.73	1.56

Average Selling Rates for Hogs

Average Charge/Per Head

No. of Head	Yard	In-spection	Insur-ance	Meat Board	Com-mission	Total	Average/Head
1	$ .37	$.03	$.01	$.01	$.78	$ 1.20	$1.20
10	.37	.025	.002	.007	.56	9.64	.96
20	.37	.025	.002	.007	.535	18.76	.94
30	.37	.017	.002	.007	.51	27.25	.91

Average Selling Rates for Sheep

Average Charge/Per Head

No. of Head	Yard	Insurance	Meat Board	Commission	Total	Average /Head
1	$ .21	$.01	$.00	$.70	$ .92	$.92
10	.21	.002	.004	.50	7.16	.72
20	.21	.002	.004	.465	13.61	.68
30	.21	.002	.004	.453	20.17	.67

Average Buying Rates

(Effective June 16, 1966)

Cattle			Calves		
Head	Commission	Average Charge/Head	Head	Commission	Average Charge/Head
1	$ 1.55	$1.55	1	$ .90	$.90
10	13.25	1.33	10	8.25	.83
20	25.50	1.28	20	16.00	.80
30	37.00	1.23	30	23.50	.78
Hogs			**Sheep**		
		Average Charge/Per Head			
1	$ .65	$ .65	1	$ .65	$.65
10	4.30	.43	10	4.50	.45
20	8.10	.41	20	8.30	.42
30	11.65	.39	30	12.10	.40