



Do your sums carefully

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There are several reasons motivating farmers to rear a few extra calves this spring: the milk price is down, dairy beef calves might be in demand, the live export of heifers is generating some good coin, and it would be nice to reduce the bobby calf kill.

For those not experienced in calf rearing, caution is urged. There are a few golden rules:

- Put your toes in the water first. Developing an efficient and profitable calf rearing system requires time and experience.
- Verify your market. Don't rear calves without an end game.
- Value your time. Very dangerous to think all the staff are already paid, or family can work for free.
- Know the true total cost of calf rearing.
- Make sure you have NAIT obligations sorted. Any doubt on the source of the calves in this M. bovis sensitive world is a problem.
- These golden rules are best appreciated by those who have been burnt in the calf rearing business.

WHAT IS HAPPENING IN THE DAIRY BEEF MARKET?

Farmers will be looking to re-stock after the drought but places like the Hawke's Bay may be slower and more circumspect. The high value prime beef and premium lamb markets might struggle. Lamb supply could come under pressure making dairy beef options more attractive.

BakerAg does not have a crystal ball with regard to sale prices, so the numbers used in this article are for example purposes

Table: Sensitivity of milk price and labour cost on calf rearing cost

COST TO REAR A CALF	MILK PRICE - CENTS PER LITRE		
	44 (\$5.40/kg MS)	50 (\$6.15/kg MS)	56 (\$6.90/kg MS)
Cost of labour/calf	\$279	\$302	\$325
\$20	\$279	\$302	\$325
\$30	\$289	\$312	\$335
\$50	\$309	\$332	\$355

ASSUMPTIONS:

A 20kg bag of calf milk replacer (CMR), mixed at 125g costing \$85/bag = 53 cents per litre of calf milk replacer. If you use wholemilk at \$6.15/kg MS and 8.16% milksolids test = 50 cents per litre
Guideline for labour is 0.75 of an hour per calf reared, BakerAg used 1.0 hours per calf.

SELL AT FOUR DAYS OF AGE

For this market having pre-arranged buyers is very helpful and both parties have responsibilities. The calves must get colostrum within the first 24 hours and be trained to drink. The buyer must be uplifting regularly. Pushing the pickup a few days later is not a fair deal. Typically, the four-day market will pay 100% of the manufacturing beef price, so an early born 30kg calf at the \$5.50 schedule price will generate \$165 per head.

SELL AS WEANERS

A prior arrangement with buyers is again very helpful. Don't get caught with animals the market doesn't want or get pushed into the tail of the market where profit is lost. Rear early, sell early.

Again, the market tends towards 100% of schedule pricing, so a 100kg calf and a \$5.50 schedule = \$550 per weaner.

REARING AND SELLING SPRING BORN R1YR IN AUTUMN

This is the "be careful" market. Often farmers caught with beef cross weaners that they are unable to sell will look to hold onto them with a view to selling them in autumn. The cost of grazing is rarely retrieved. This market typically delivers at 65% of schedule price, so a 200kg yearling

at \$5.50 x 0.65 = \$715 per head - \$165 above the weaner price but the holding cost will be around \$200.

KNOW YOUR COST OF PRODUCTION:

This table shows that the difference between controlling and not controlling key variables can be \$75 per calf reared.

If you were selling weaned calves then you would add the four-day-old sale value. That's \$150 from above, making the total cost of a weaner \$462.

Sell it for \$550 and you make \$88 per head. If you miss the peak of the market with some of your extra calves and they sell for \$480, you make \$18/head.

Your cost of production only needs to rise \$20/head and you are losing money! 📉

References:

www.ezicalve.co.nz/calf-rearing-calculator

- Chris Lewis is a farm consultant with BakerAg.

Use the Calf Milk Replacer calculator www.nzagbiz.co.nz/CalculateNow# to work out the cost of using whole milk out of the vat versus buying milk calf powder.