



Left: Farm consultant and farmer Kerry Dwyer will be rearing calves again but is wary of the market and spring grass growth.

Is rearing worth the risk?

BY: KERRY DWYER

We have been rearing calves in North Otago since the mid 1990's. Results have fluctuated over that time, with the past season being one of the tougher years. After taking a pasting on last year's production many calf rearers are contemplating not continuing this coming spring. It has been possible to buy weaned dairy-sourced calves at below rearing cost for much of the past six months, due to the combination of drought and the downstream effects of killing space shortage, then being compounded by Covid-19.

At the May 21 Temuka store sale, the first after restrictions eased, Friesian bull calves reached \$400 for 175kg animals. They

bottomed out at \$240 for 140kg calves. Beef cross steers weren't much better at \$2/kg liveweight while the beef cross heifers were maybe \$1.50/kg liveweight.

The average rearing cost to professional calf rearers this past spring was about \$350/head, so there hasn't been much profit in those calves sold at Temuka. Rearing costs will vary a bit depending on calf price and whether you are using whole milk or milk replacer (powder). The costs for the coming spring are looking similar to last year (see table below).

There were some contracts available last spring for 100kg calves at about \$450/head. After that the market dropped away sharply and plenty of rearers were left carrying too many calves with no home to go to. After losing money this last season calf rearers have to consider whether they want the risk of losing more in the coming season.

WHAT DOES THE MARKET WANT?

The market is farmers who buy calves at over 100kg liveweight and take them through to slaughter or for store sale at a heavier liveweight.

Pure beef calves consistently sell at a premium to dairy-cross calves, of at least 50c/kg liveweight. But calf rearers source calves out of the dairy industry so that cuts that premium option. It would be great if dairy farmers could implant pure beef calves into surplus dairy cows, but that isn't likely given the costs involved. So, we are stuck with either 50% or 100% dairy genetics in the calves we rear.

Friesian bull calves are the staple for calf rearing, ending up in the manufacturing beef trade at slaughter. Jersey-Friesian bulls grow and finish well, but the store market discounts them considerably. Contracts for 100kg Friesian bull calves discount later spring delivery. The buyers want the early calves that can get to the best weight before next winter. By December there are few contracts available, because the "best" calves are gone and the market is flooded with uncontracted bull calves. We find we need bull calves born in August to get them to November delivery at 100kg, after that it gets tough even in a good year. Rearing bull calves without a contract has been a loser more times than a winner.

Beef-dairy cross calves are easier to sell, since they can head towards prime export beef, local trade or manufacturing markets. I would love to get all Charolais cross calves, but dairy farmers are wary of the calving problems involved so I struggle to get any interested. The staple cross is Hereford bulls used as chasers after AI is finished. The white-faced black bull progeny are well sought after at all stages of their lives. Unfortunately, we get a lot of red calves coming out of crossbred dairy cows. They are heavily discounted in-store market because of the risk of "yellow fat"

Table 1: Potential costs and profit for calf rearing

Calf rearing costs	Per calf	
Calf price	\$100	
Cartage	\$20	
Calf milk replacer	\$84	1 bag @ 20kg
Meal – 20% protein	\$22.50	25kg @ \$900/t
Meal – 16% protein	\$37.50	50kg @ \$750/t
Animal health	\$10.00	
Dehorning	\$6.00	
Bedding	\$6.00	
Housing	\$6.00	
Straw – feed	\$8.00	
Grazing	\$25.00	100kg DM @ 25c/kg DM
Power & fuel & machinery	\$10.00	
Interest	\$4.50	Overdraft of \$200/calf for 120 days
Losses @ 3%	\$15.00	3% of \$450 calf
Total	\$354.50	
Contract sale price	\$427.50	\$450/calf contract less 5% commission
Net profit	\$78.20	

and slower growth rates. My experience is that the red Hereford cross calves grow at least as well as the black ones and finish the same or better, but I don't set the market. Putting the red ones to auction normally hurts.

Dairy farmers like the Hereford cross calves because it is a no brainer deciding who the father was. I prefer buying Angus cross calves, because they are all black regardless of the mother's genetics and they grow better.

Beef cross heifers are worth 50c/kg liveweight less than their brothers. I have buyers who do very well taking beef-cross heifers to slaughter, but I warn them that selling on the store market will hurt, so avoid that if at all possible.

Maybe buyers just want the cheapest. That does not fit with a calf rearing business; it could be an expensive hobby.

THE FOUR-DAY-OLD CALF PRICE?

Last spring we paid just over \$100 for four-day-old beef cross calves, with Friesian bull calves being below \$100. That is in North Otago, which may be one of the cheaper priced areas in NZ. Some North Island rearers pay twice that or more for beef cross calves, it doesn't work for us here.

The four-day-old price was once set at about twice the bobby slaughter value, nowadays that doesn't seem to be the case. We work on the basis that we want good calves, well-fed and nurtured before we get them. We certainly don't want MPI chasing us for Mycoplasma bovis. We have been dealing with our dairy farm suppliers for a number of years and that is all worth a premium to us.

Over the past season some calves would have been too expensive to rear even if they were priced at zero. Without buying the calf, it takes about \$250/hd to get them to 100kg liveweight. There have been a huge number of calves sold for that or less in the past six months.

We pay a steady price throughout spring for the calves we get, but early calves are generally traded at a premium and later calves struggle to find a home. We don't get all the calves to hit target weight at the same time, and the profit is not in the first calves sold.

I am hearing that a lot of dairy farmers reared additional calves last spring, rather than bobby them.

The logic being that the calf didn't cost them anything and what sale price they got was an extra. Most of them were poorly paid for their time and effort, and seeing calves flood the auction market doesn't help my marketplace.

WHOLE MILK VS CALF MILK REPLACER

I have used the price, \$84/20kg bag of milk powder in the calculations. Using some lower spec powders will lower this a bit, maybe saving up to \$15/calf. I mix my calf milk at about 12.5% strength, so getting 160 litres of final mix per bag of powder, priced at 52.5c/litre.

Using whole milk will require at least the same litres per calf, maybe slightly more because it will have less solids per litre. At a milk solids price of \$6/kg MS, whole milk works out to be about 55c/litre which is not much different to the milk powder value. Dairy farmers will typically say they have surplus milk at calving, being

colostrum and "red milk", so they value this at less than whole milk that could be sold from the vat. That is well and good until they run out of the surplus and have to take from the vat. The other downsides of whole milk are the antibiotics entering the food chain, and the possible risk of M. bovis transmitting into the calf herd. These may not be such a risk for dairy farmers but certainly are for professional calf rearers. We use milk powder because we get consistent warm milk each day without waste, and I don't want to own a milk tanker.

It is possible to rear a lot of calves in a small area, until they need grass. Every year I hear of someone who has reared 100 calves on two hectares, and then has to meet the market because they are out of feed. Or the dairy farmers (and staff) who rear a few extra calves which is great until they start eating milking feed. If you can't get the calves gone on time then the holding cost can become a business killer. We know we need enough slack to cover delays in delivery and holding the last calves longer. If you don't have that scope you will experience some pain.

THOUGHTS FOR THE COMING CALF REARING

Most businesses are about relationships. Our calf rearing is based on dealing with the same people over many years, at all stages of the process. Marketing is more a 12-month process while selling is taking the calves to an auction and hoping. We can not make a living from selling at the lowest price.

Over the past 25 years there have been some spectacular disasters in calf rearing. The punt is whether the spring grass grows well enough.

If it doesn't then the store markets will not recover sufficiently to make calf rearing profitable.

• *Kerry Dwyer is a North Otago farm consultant and farmer.*



WATCH

Feeding milk in the paddocks
www.youtube.com/watch?v=QFxf-ZcO1OE
 Feeding nuts and grass in the paddock
www.youtube.com/watch?v=w3n0JXP2a94