

# Contract rearing – why

Rearing animals on contract offers higher output, with minimal capital expenditure

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**H**igh output per hectare is a key driver of profit on beef farms. Contract heifer-rearing provides an option to increase output per hectare at a lower cost than increasing the numbers of beef stock on the farm. The animals are not purchased and there is no money tied up in the stock. Payment is normally by monthly direct debit, so the system provides a steady cashflow to the rearer. Achieving the target weight gains for the heifers and getting them in-calf are the key benchmarks for good performance.

## What does success look like?

The key to the arrangement is the relationship between the rearer and the dairy farmer. This is built on good communication, trust and respect for each other. Success for the rearer is where the dairy farmer is happy with the performance of the animals and pays the agreed amount of money on the agreed date.

Success for the dairy farmer is that the animals reach their bodyweight and breeding targets.

## How is an agreement set up?

A written agreement which records all the details agreed between the rearer and the dairy farmer is essential. There are two template agreements available from Teagasc: a flat-rate contract and a weight bonus contract. Don't rush into the arrangement. Before completing these templates, the rearer and the dairy farmer must reach agreement on all the practical issues around the movement and rearing of the stock. This should include, among others:

- The number and identity of the animals to be reared.
- The date when animals arrive.
- The date when animals return.
- The rate and frequency of payment.
- A schedule of weighing.
- Vaccination programme.



- How AI and breeding will be handled.

Once agreement is reached on all the practical issues, the template agreement should be completed and signed by the rearer and the dairy farmer. Both parties must have a signed copy of the agreement and it may also be advisable to leave a third copy with a nominated person (a facilitator). Template agreements are available at [http://www.teagasc.ie/collaborative-arrangements/contract\\_rearing\\_of\\_heifers.asp](http://www.teagasc.ie/collaborative-arrangements/contract_rearing_of_heifers.asp)

## Achieving performance

Including a schedule of weighing takes the guesswork out of the arrangement for both the rearer and the dairy farmer. It is vital that the animals reach the target weights shown in Table 1. Animals should be weighed individually at the beginning of the agreement to give a starting weight.

They should also be weighed at

agreed intervals during the rearing period to identify poorer performing animals.

Animals that are found to be underweight or underperforming may need to be given preferential treatment. This includes access to top-quality grass and higher meal feeding, to allow them reach the targets. A schedule of weighing during the rearing period must be set out at the beginning to monitor performance.

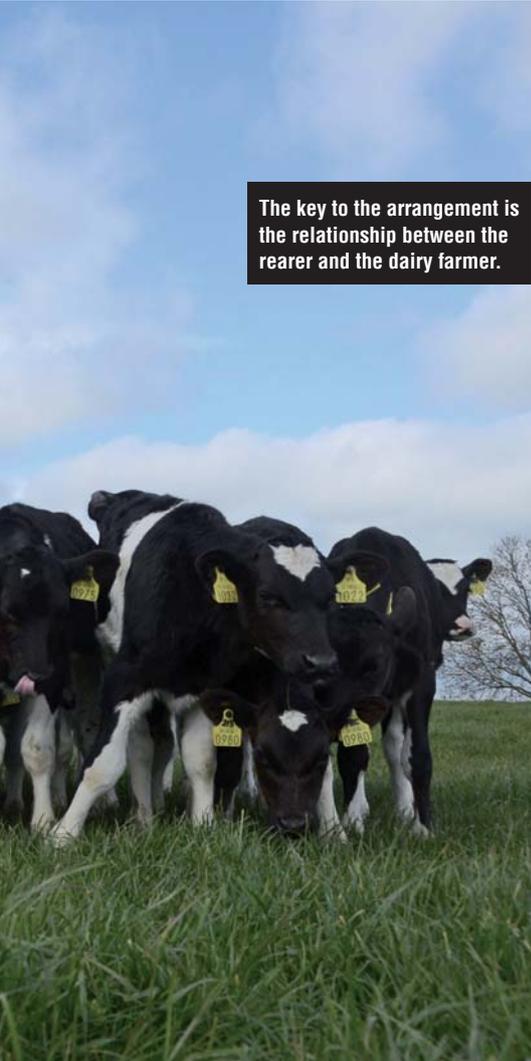
## Breeding performance

The second key indicator of performance is the proportion of heifers that are in-calf. A minimum of 90% should return in-calf. Decisions around the breeding season must be agreed at the beginning of the arrangement.

Such decisions may involve the proportion of animals to be in-calf, the use of heat detection aids, synchronisation protocols, AI usage and the provision of stock bulls.

# it is worth considering

The key to the arrangement is the relationship between the rearer and the dairy farmer.



**Table 1:** Target weights for dairy heifers based on age and breed

	Month	% mature liveweight	Holstein Friesian	New Zealand Br Friesian	Jersey X Holstein Fr
<b>Birth</b>	<b>February</b>		<b>41</b>	<b>38</b>	<b>34</b>
Six weeks	March		63	56	56
Three months	April		90	80	80
Six months	July	30%	155	148	138
Eight months	September		175	170	160
Nine months	October	40%	220	210	196
12 months	February		280	267	250
15 months	March	60%	330	315	295
19 months	September		450	425	390
21 months	November		490	470	437
24 months (pre-calving)	February	90%	550	525	490

**Table 2:** Rearing

Five stages of rearing:	Costs and labour* input
1. Calf-rearing (birth to 12 wks)	High cost, high labour
2. First grazing season	Low cost, low labour
3. First winter	High cost, moderate labour
4. Second grazing season	Low cost, low labour
5. Second winter	High cost, moderate labour

**Table 3:** Beef costs

	2014 average suckling-to-beef farms	Rate: €1.20/heifer/day
Stocking rate (LU/ha)	1.73	1.73
Receipts (€/ha)	1,242	1,140
Variable costs	€/ha	€/ha
Feed	272	130
Vet/AI	82	121
Fertiliser and lime	156	156
Contractor	120	120
Other variable	79	79
Total variable	710	606
Gross margin	532	534

Source e-Profit Monitor Analysis Drystock Farms 2014

**Assumptions**

- Heifers arrive as weaned calves on 1 May and leave the rearer's farm on 1 November of the following year (549 days).
- Each heifer unit includes a calf and a yearling heifer. So, 2.18 heifer units/ha on 40ha is 87 calves and 87 yearling heifers.
- 300kg of meal (€250/t) fed to each heifer (1kg/day for two weeks after turnout and 1.5kg/day for six weeks pre-housing, 1.5kg/day over 92 days of first winter).

**Risks of contract heifer-rearing**

The person that you are signing up the agreement with may be a risk. Are they trustworthy, reliable and honest? Can you establish a good working relationship with them so that the agreement runs smoothly? The answer to these questions must be yes. Conflict can be minimised or avoided by developing a strong working relationship where both parties honour the commitments made in the written agreement.

Good communication and putting in place a well-written agreement gives clarity to the arrangement. The Teagasc contract rearing templates enable farmers to nominate a facilitator should an issue arise that cannot be resolved between the parties themselves.

Disease is a risk when any farmer takes in animals from another herdowner. The rearer and the dairy farmer should seek the advice of their own local veterinary surgeon

and also inform the local District Veterinary Office of the arrangement. It is wise to establish the current disease status of both herds. This will determine the likelihood of disease exposure before the heifers arrive on the farm, and is critical to the management of the heifer herd once they are brought into the farm. They will need protection (e.g. management and vaccination strategies) against circulating diseases in both herds before their introduction.

**Guideline costs**

Farmers often ask for a guideline cost for rearing heifers. But, it is important to note that there are five stages of rearing dairy heifers and the overall cost is very much dependent on these stages and also how input costs are structured between the rearer and the dairy farmer.

In many situations animals arrive on the rearer's farm weaned at 10 to 12 weeks of age while, in other cases,

they arrive as early as three to four weeks of age. This must be factored into the payment agreed.

**Financial return compared with beef**

The figures in Table 3 are indicative of the potential return of contact rearing on a per hectare basis.

With good grassland management, rearing heifers at a stocking rate of 1.73LU/ha may require a lower meal input when compared with finishing beef animals. Veterinary and AI costs are likely to be higher with heifer rearing due to breeding and vaccinations.

Contract rearing has the potential to increase output per hectare on the rearer's farm without investment in beef stock.

It provides cashflow through regular monthly payments paid directly into the bank account. The profit for the rearer depends on good technical performance at grass to achieve the necessary weight gains.