Rural Economy & Development Programme

# Guidelines to Contract Rearing

teagasc
Agriculture and Food Development Authority

***Contract Rearing should not be entered into without the independent legal advice of your solicitor, advice on taxation from your accountant and related advice from your agricultural advisor.***

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# Foreword

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This booklet, **Guidelines to Contract Rearing** is one of a series of booklets produced by the Farm Management Unit in Teagasc on Collaborative Farming Options. Other booklets in the series include: ***Guidelines to Forming a Registered Farm Partnership*** and ***Guidelines to Long-term land leasing.***

Contract rearing involves the movement of livestock from the owner's farm for rearing on contract by another farmer on their holding. In the majority of cases it involves the rearing of dairy replacement heifers but there are also examples where beef livestock and store lambs are contract reared. Reductions in organic nitrogen stocking rate allowances, difficulty sourcing land to lease, high land rental costs and labour shortages are some of the reasons farmers might consider the option of having their livestock contract reared by another farmer. On the other side of the arrangement, for the contract rearer, not having to make the financial outlay to purchase stock, a regular income throughout the year and a reduction in the financial risks associated with other enterprises may make contemplating this enterprise an appealing option.

The purpose of this booklet is to determine if contract rearing is a suitable option for particular farmers, to guide prospective contract rearing partners through the process of finding a suitable rearing partner, outlining what should be covered in the contract rearing agreement, setting realistic targets and determining costs that are fair to both sides of the arrangement. For any agreement to last long term, it needs to be win win for both parties. This arrangement should be built on mutual respect and trust that has been earned. The agreement can be tailored to suit both parties and therefore no two contract rearing arrangements need to be the same. There are many examples of successful rearing agreements in place that have been running for several years – the key to a successful agreement is to pair with a suitable partner, ensure the arrangements is of benefit to both parties and maintain honesty and respect at all times.

# Introduction

## Why Should Farmers consider Contract Rearing?

For farmers that are faced with having to reduce their on farm stocking rate, there are a number of possible options;

- Reduce stock numbers
- Scale back or eliminate the beef enterprise on dairy farms, if there is one
- Contract rear the replacement heifers
- Investigate the possibility of dairy cows dropping a nitrates band
- Lease additional land
- Export slurry (due to changes in the official book value of the nitrogen content of slurry in 2023 from 5 to 2.4kgs N/m3, the volume required to export has more than doubled to reduce N by the same level)

There are financial considerations with all of the above options, which should be evaluated. A combination of some of the above options might also be considered.

## What makes contract rearing attractive to livestock owners?

- Reduced farm stocking rate, freeing up more ground for milk production
- Increased milk output and should result in more profit
- Reduced workload on farm
- Fewer groups of livestock
- Reduces requirements for calf house accommodation and slurry storage where calves/weanlings/ yearlings are housed on the rearer's farm over the winter thus reducing the demand for capital investment in housing and slurry storage
- Reduces the requirement for leased land and the associated costs that come with outblocks
- Where the correct rearer is sourced, performance levels may improve as more attention can be focused on the rearing enterprise.

## Why might a potential contract rearer choose this as an enterprise?

- No requirement to financially invest in purchasing livestock
- Steady monthly cash flow as payments are often made on a monthly basis;
- Removes the associated risk of volatile markets and price
- May complement an existing farm enterprise
- It is potentially more profitable;
- Animals may be more docile

# Impact of Contract rearing on farm stocking rate

Removing the replacement heifers from the dairy farm can have a significant impact on the overall farm stocking rate. A farmer with 44ha (110 acres), 100 band II cows, 20 R1s and 20 R2s would have had a whole farm stocking rate of 245kg organic N/ha. By contracting out the rearing of those heifers from when they are calves to 21 months old, they are able to drop their overall stocking rate to 217kg organic N/ha. For comparison purposes, if the same dairy farm was to use slurry export as a means of reducing the whole farm stocking rate, he would be required to export almost all of the slurry produced by the dairy cows over a 16 week winter to reach a similar reduction in stocking rate. This is a significant cost to the dairy farmer based on the loss of the nutrient's being exported from the farm

## How to source a suitable contract rearing partner?

For those considering a contract rearing arrangement, it is vitally important that you find a suitable partner for the operation to run smoothly.

### *Getting started*

The dairy farmer needs to ensure that calves receive sufficient colostrum and a good start so that they are healthy and well prior to moving to the contract rearers farm. Where calves leave the dairy farm unwell, or behind target, it is an uphill battle for the contract rearer going forward. In relation to payment, they need to agree a fair price for the rearer and ensure that this is paid on time on the agreed dates throughout the contract.

It is important that a contract rearer has good stockmanship and grassland management skills. The rearer will need to ensure that livestock achieve good live weight performance so that they realise weight for age targets. The heifers need to be on target at the time of

breeding to achieve maximum conception rates and are subsequently returned to the owner where they are ready to join the dairy herd post calving. Farmers that consistently have good quality livestock with good live weight for age being achieved from a grass based system demonstrate that they possess these skills.

Your agricultural advisor may have a list of farmers either looking for or available to contract rear. Some agencies also provide a service of linking up possible partners. Don't be afraid to approach any farmers that you feel may be interested in such an arrangement and discuss proposals with them.

If initial contact proves positive, what steps should then be taken to ensure both parties are satisfied to go into business together? From the stock owner's perspective, he needs to be satisfied that he is not sending the replacement stock into a disease 'black spot'. A 'black spot' is an area where disease outbreaks occur every second and/or third year (or more often).

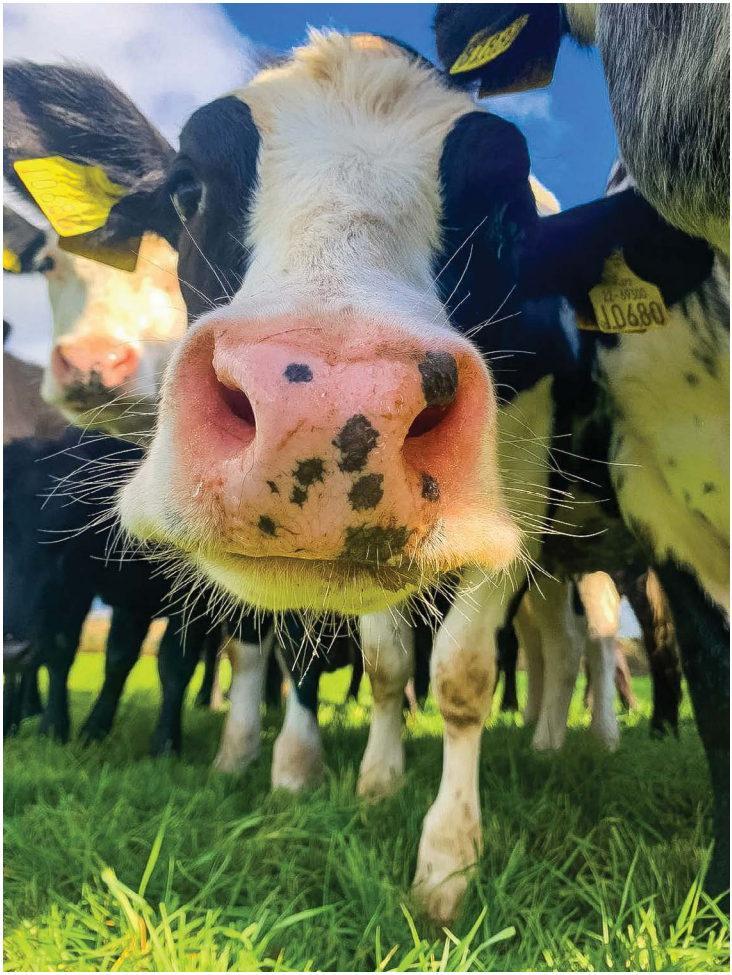
- Establish if the Department is checking the local badger population for the presence of TB;
- Determine if neighbouring farms are restricted;
- Ask the contract rearer for evidence that his two previous herd test results are 'clear'.

***On a first visit to the contract rearer's farm, the owner should:***

1. Walk the farm with the contract rearer to satisfy himself/herself that the standard of grassland management is good enough to achieve the growth rates required by replacement heifers.
2. Observe the quality of existing stock on the contract rearer's farm.
3. Observe the condition of boundary fences.
4. Observe the quality of current housing facilities.

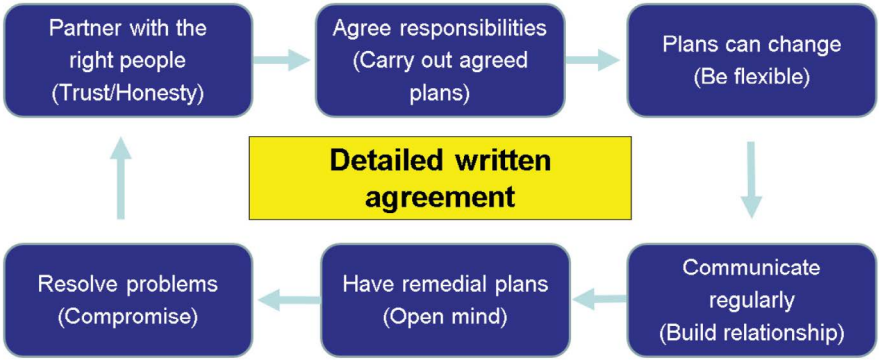
One preliminary visit may be all that is required to establish that the contract rearer is capable of doing a good job. The contract rearer should also visit the owner's farm to assess the standard of farming on the owner's farm i.e., the standard of grassland management, the

facilities and the quality of the existing stock on the farm. Both of these visits are essential in helping both parties to build a working relationship and finally to decide if they want to go into business together. Both parties should have a good understanding of how the potential partner's farm is managed and first impressions are important. Partners should listen to their "gut instincts" following the initial on farm visit.



# The Contract Rearing Agreement

## Requirements for a Successful Agreement




If you are considering contract rearing as an option, there are a number of aspects that should be examined. The Teagasc contract rearing template is a useful document for starting the conversation as to how the arrangement could work. For the arrangement to work long term, it is important that it is a "win win" for both parties, the dairy farmer and the contract rearer. The dairy farmer needs to be confident that the rearer is capable of managing his stock, achieving good conception rates to first service at the commencement of the breeding season, reaching target weight for age milestones and returning the heifer's in-calf and ready to join the dairy herd. The contract rearer needs to receive healthy calves that have had sufficient colostrum to maximise wellbeing and future performance. They must receive a fair price for their labour and inputs, payments should be made on time and there should be regular contact with the dairy farmer so as to update them on how the stock are performing and to outline any possible issues in a timely manner.

Each contract rearing agreement should be tailor-made to your own circumstances. There are many different arrangements operating successfully on farms and it is important that a lot of time and effort is put into drawing up an agreement that all parties are happy with and

fully understand what is expected of them. Making sure that as many possible scenarios are covered in the agreement will result in a better understanding of each parties' roles and will help to prevent possible disagreements in the future. Teagasc have developed template agreements to help start the discussions, which are available on the Teagasc website. Topics that should be covered include;

- Arrival and removal date of animals on contract rearer's farm and who pays for the transport?
- Will heifers be mixed with stock from other farms?
- How often will the owner visit the rearer's farm to check stock?
- What alternative methods will be used to update the owner on animal performance where the farms are not geographically close?
- How will heifers be managed for the winter months?
- How will they be managed over the grazing season?
- Will stock be weighed during the contract and if so by whom and when?
- Is reaching weight targets part of the agreement and what are the implications if targets are not met?
- What happens in the event of a regulatory disease outbreak?
- What is the agreed cost, outline what this includes and excludes in detail and what method and interval of payments are in place?
- The breeding programme – is it A.I. and/or stock bull, who does the heat detection and what costs are included/excluded from the agreement?
- Is there a bonus where the percentage in calf in the first three weeks of the breeding season exceeds 75-80%?
- How will mortality and empty heifers be addressed?

# Animal Performance Targets

As part of the contract rearing agreement, livestock should be weighed on a regular basis with the weights made available for the livestock owner to view. A new facility is now available through ICBF that allows the contract reared animals to be linked to the original home farm. This means that when animals that are linked to their original herd are weighed, these weights can then be viewed by the owner. It should be stated in the agreement, the interval between weighing's and who covers the cost of the weighing if the contract rearer does not have a weighing scales available. Some agreements have bonuses for reaching age for weight targets and specifies dates throughout the contract that livestock need to be weighed on. This allows the livestock owner a degree of security as to how the stock are being managed.

Knowing the weights of the replacement dairy animals and reaching target weights on time is critical for successful calving at two years of age. The research on heifer weights is clear; serving heifers at 60% of their mature body weight is the optimal weight for survivability in the herd. For example, a herd with mature cows weighing 550kg will have a target weight for heifers of 330kg at 15 months of age for breeding. It is important that these targets are done on an individual animal basis, based on the heifers own maintenance figure which is available through their EBI evaluation.

Nationally, only 73% of heifers calve down at 22-26 months of age. 27% or around 90,000 heifers calve at over 26 months of age. This can have significant consequences on calving pattern, production and will ultimately increase costs on dairy farms. Table 1 below identifies the required % bodyweight replacement heifers should be at during different stages in their lifetime. February-born weanling and yearling heifers should be 30% and 70% respectively of their pre-calving body weight on August 1st if they are to be successfully calved at two years of age.

Heifers that are bulled too light may well go in-calf but they are likely to struggle thereafter as 1st and 2nd calvers because they will have difficulty reaching the correct body condition score for subsequent mating.

**EBI Maintenance Sub Index Figure:** The maintenance figure is the main tool used to determine a cows projected mature body weight. The higher the maintenance sub index, the lighter the cow. The maintenance value in the EBI report gives an indication of maintaining her as a cow in a dairy herd based on her genetic make-up. Therefore, it gives an indication of the cost of keeping a cow, without her producing any output i.e. to purely maintain her. The value that you see on the EBI report is representative of a mature cow which is a third calver in mid lactation (June/July).

A €0 value for maintenance indicates a cow that will be 641kg live weight and as you move up or down from this, the expected live weight of the cows will change. Every €10 change in maintenance results in a change in the live weight of the cow by 50kg and depending on the direction of movement the cows will be either getting heavier or lighter. Positive € values for maintenance are good as they indicate lower live weight animals that in turn have lower feed requirements as they do not need to consume as much to maintain themselves. This means that they have extra energy available to partition towards milk production, therefore with similar intakes, lower live weight cows can produce more milk solids than higher live weight cows.

Accordingly, negative € values are less desirable as they deliver an increase in the live weight of the cow and an associated increase in dry matter requirements to simply maintain themselves. Currently, the national average maintenance value is €13 which is equivalent to a mature cow live weight of 576kg.

August is a good time to weigh replacement heifers to help identify underweight heifers and address any issues so that they are on course to achieve their desired live-weight come mating start date. If not at the correct weight, supplementation should be provided as it will become too late to address the issue of underweight heifers at mating start date in April /May. Heifers should be provided with top quality silage (75% DMD +) over the course of their first winter in order to improve performance and live weight gain. It is also important that they have enough feed space when supplemented with meal at grass and at housing during their first winter. Grouping of lighter heifers can also be useful during the first winter as it can allow rearers to

prioritise this particular group of stock and give them additional supplementation during housing. Early turnout for replacement heifers is also beneficial with higher weight gains usually achieved from grass as oppose to winter diets. If the group of heifers are not uniform, lighter heifers should be prioritised and turned out first.

| Age | Month | % Mature Wt. | Maint. -10 (690kgs) | Maint. 0 (640kgs) | Maint. 10 (590kgs) | Maint. 20 (540kgs) | Maint. 30 (490kgs) |
|---|---|---|---|---|---|---|---|
| 6 months | August | 30% | 205 | 190 | 175 | 160 | 145 |
| 15months (bulling) | May | 60% | 415 | 385 | 355 | 325 | 295 |
| 18 months | August | 70% | 485 | 450 | 415 | 380 | 345 |
| 24 months (pre calving) | February | 90% | 620 | 575 | 530 | 485 | 440 |

Table 1:
Target weights for heifers at 6, 15, 18 and 24 months of age depending on their maintenance score

ICBF HerdPlus have added a profile screen to view recorded liveweights on dairy heifers quickly and easily. The profile allows dairy farmers to benchmark heifer liveweights against industry target weights for replacement dairy heifers based on age. Each animals target weight is based on their EBI maintenance figure. This will help to identify any underweight heifers and ensure they are the correct weight by mating start date. This will ultimately lead to heifers calving down at the optimal age of (22-24) months and maximise farm profitability.

# Stocking Rate and Grass Growth Requirements

The proposed stocking rate on the rearer's farm should be determined by the ability to grow grass. As the grass growth rate increases, the carrying capacity of the farm in relation to the overall stocking rate increases. Where stocking rates are too high compared to the grass growth rates, additional feed will need to be purchased (silage/ration), thus reducing the profitability of the enterprise. It is suggested that any feed costs that are associated with the rearing enterprise are covered by the contract rearer, and the fee paid per day includes an allowance to cover an agreed amount of concentrates. This means that those contract rearing farmers that manage their grass well and are able to reduce the level of meal fed are rewarded financially for their good grassland management skills. Table 2 below outlines the required grass growth rates for different stocking rates based on a 20ha farm.

| | Average Stocking Rate | Medium/High Stocking Rate | High Stocking Rate |
|---|---|---|---|
| Organic N/Ha | 130 | 170 | 210 |
| No. Heifer calves taken in (20 Ha farm) | 42 | 55 | 68 |
| Heifer Units/Ha | 1.6 | 2.1 | 2.6 |
| Forage/Heifer Unit (Tonnes) | 4.5 | 4.5 | 4.5 |
| Total Grass Grown requirement/Ha (Tonnes) | 7.2 | 9.4 | 11.7 |

Table 2:
Level of grass growth required to support different stocking rates where stock are reared from a weaned calf to the end of the second grazing season

The calculations above in table 2 are based on the following assumptions;

- The farm is 20ha/ 50 acres
- A Heifer Unit = 0-1 year old and 1-2 year old
- Period of the proposed rearing arrangement is from a weaned calf (1st May) to 1st Nov. (Year 2), assumed therefore that the heifer is on the rearing farm for three quarters of her first two years
- A Grass/silage utilisation rate of 75 - 80%
- 225kgs Concentrate fed/Heifer reared
- Farmers that are farming above 170kgs organic N/ha would be required to apply for a nitrates derogation to farm at these stocking rates

Removing the replacement heifers from the dairy farm can have a significant impact on the overall farm stocking rate. A farmer with 44ha (110 acres), 100 band II cows, 20 R1's and 20 R2's would have a whole farm stocking rate of 245kgs organic N/ha. By contract rearing those heifers from calves to 21 month old heifers, the farmer would be able to drop their overall stocking rate to 217kgs organic N/ha. This also allows for the ground used by the heifers to be allocated to the dairy cows, which should have benefits for cow performance and also save on input costs. In this example, an additional 6ha (15acres) would be required to meet the same equivalent level of organic nitrogen reduction per ha. Where leasing additional land is being considered, it is important that the financial implications are addressed as there can be considerable costs associated with outblocks. In a number of cases, it would make more economic sense to have the heifer's contract reared rather than leasing additional ground.

# Breeding the Replacement Heifer

The dairy farmer should provide a detailed breeding programme to the contract rearer. The principles of this needs to be agreed between the dairy farmer and contract rearer and all the details should be outlined in the contract rearing agreement. The following should be included/ addressed;

- The method of insemination to be used
- In the case of A.I, who selects the bulls and covers the associated cost of the straws
- Where a stock bull is to be used, at what stage is this to be introduced and removed and what rate is this being charged at
- If used, will the stock bull be fertility tested in advance of arriving on the rearer's farm
- What heat detection aids will be used and who covers the cost of this
- Are the heifers to be synchronised, who provides the relevant drugs and who will administer these
- If additional help is required around the time of breeding, how will this requirement for labour be met
- Following the breeding season, are heifers to be scanned for pregnancy rate, if so when will this take place and who pays for this service
- Is there a minimum in-calf rate that needs to be met as part of the contract and what are the implications if this is not met
- Is there a bonus to be included where breeding performance is above average (over 70% in calf within the first three weeks of the breeding season)

# Cost Structure

Given that there are no two rearing arrangements that are the same, it is impossible to give a guide price that fits all systems. The price being paid will be determined by what is and isn't included in the arrangement and at what stage animals arrive and leave the rearers farm. Obviously, the calf rearing stage is the most expensive followed by the winter periods, with the cost to manage stock at grass being significantly cheaper. Teagasc have developed an excel based calculator that can be used to determine the proposed costs. This allows for the costs associated with each rearing term to be divided up into six distinct time periods, starting with calf rearing. The six stages are, the calf rearing stage, the first grazing season, the first winter, the second grazing season, the first half of the second winter and the second half of the second winter. The programme can therefore be tailor made to suit all of the different rearing arrangements that are in place. It also takes into account the rearer's own labour, a land opportunity cost and estimated rates for the associated variable and fixed costs. All of these costs can be entered at your chosen rate, therefore it more accurately reflects what it costs you to run the enterprise. These calculations can be done with your Teagasc advisor, who can guide you through the process. Contact your local Teagasc office for further details.

It is vitally important that all parties complete their own costs based on what each is covering in the agreement and what their costs and expectations are. In the example below, the livestock owner is covering all of the breeding and vaccination costs and transport and the remaining costs are being covered by the contract rearer. Any variations to what is included in the contract should be reflected in the daily rate that is charged or paid.

Using the excel based calculator, the figures presented in table 3 are based on a two week old calf moving to the contract rearer's farm and remaining there until the 1st of November of the following year. These figures have been based on the following input costs; labour at €16/hour, fixed costs at €300/heifer, straw at €25/4x4 bale, milk replacer at €52/ 20kg bag, concentrates ranging from €350-€420/t,

silage harvesting contractor costs at €130/acre, CAN at €370/t, Urea at €510/t, super phosphate at €490/t and muriate of potash at €495/t. The grass growth rate on the farm is estimated at 10T of DM/ha grown on the grazing area with a utilisation rate of 80% and at 5T of DM/ha on the silage ground with a utilisation rate of 90%.

| | | Cost/Head € Yr 1/ Yr 2 | Number of days | Notes: Includes land charge |
|---|---|---|---|---|
| General | Labour | 109/74 | 1st March (Yr 1) - 31st October (Yr 2) | €16/hour |
| General | Fixed Costs | 159/75 | 1st March (Yr 1) - 31st October (Yr 2) | Over 20 mths |
| General | Veterinary | 60 | 1st March (Yr 1) - 31st October (Yr 2) | No vaccinations |
| Calf Stage | Milk Replacer | 101 | 56 | 0.67kg/day |
| Calf Stage | Concentrates | 12 | 56 | 0.5kgs/day |
| Calf Stage | Straw | 18 | 56 | €25/bale |
| First Summer Aver. 165 kgs | Concentrate | 46 | 184 | 115Kgs |
| First Summer Aver. 165 kgs | Grass | 74 | 184 | 11 -14 c/Kg DM |
| First Winter Aver. 265 kgs | Concentrate | 44 | 135 | 110Kgs |
| First Winter Aver. 265 kgs | Silage | 219 | 135 | 26 - 32c/Kg DM |
| Second Summer Aver. 390 kgs | Grass | 200 | 230 | 11 -14 c/Kg DM |
| | **Total** | **€1,191 - €1,315** | **605 days** | **€1.97-€2.17** |

Table 3.:
Sample figures generated when using the excel based cost calculator where a heifer is contract reared from two weeks of age up to the end of the second grazing season. The variation in costs for grass and silage are based on if a land change of €200 or €300/acre is applied.

The range in cost of grass and silage produced is as a result of the variation in the land opportunity cost, where the land was charged at either €200/acre or €300/acre.

Any change to the costs or what is included in the arrangements will alter the cost and daily rate. These figures are show as a demonstration only and each party needs to complete their own calculations.

Generally payments are made to the contract rearer's bank account on a monthly basis based on the agreed fee and the number of livestock present on the farm for that respective period. Details of bank account number should be included in the contract agreement.

In relation to VAT, farmers that are contract rearing may choose to remain unregistered for VAT purposes. For contract rearers that are registered for VAT, they must charge 13.5% for their service.

For the livestock owner, when considering the financial outlay that is required with contract rearing, it is important to take into account the costs that are saved by not having the heifers at home. This includes,

- a reduction in the fertiliser required for both grazing and silage production,
- the concentrate and /or silage purchased,
- the silage contractor costs as less silage will be required if the heifers are not there for one / both winters,
- fixed costs including labour, machinery running, land leasing and depreciation (if capital investment was required to retain them at home)

All of the above could add up to a significant amount and this should be deducted from the rearing costs to get a true figure of the final cost to the heifer owner of having them reared.

# Disease Control Guidelines

The fundamental step in any biosecurity programme is the maintenance of a closed-herd policy i.e., no cattle movement onto the farm. When engaging in the practice of contract heifer rearing, the herd can no longer be considered a closed herd. However, a number of other biosecurity measures should be strictly implemented to reduce the disease risk. When contract rearing is being practiced, always;

- Establish the current disease status of the contract rearer's herd. This extends to asking the contract rearer questions about their TB history and the TB incidence in their local area. Guidance on this is available from the Department of Agriculture by using the TB herd history risk statement and report, this can be downloaded from their website. Such information is important in determining the likelihood of disease exposure before the heifers leave the farm, and is absolutely critical to the management of the heifer herd once they are reintroduced to the dairy herd.
- Depending on the level of TB risk, including the history of any other herds the contract rearer may be rearing cattle for, a private TB testing arrangement should be discussed with the rearer. They will need protection (e.g., management and vaccination strategies) against circulating diseases in the herd of origin before their re-introduction. They should also undergo an appropriate isolation period prior to re-joining the herd.
- It is advisable to discuss with the contract rearer, what biosecurity measures have been implemented on their farm. Has the farmyard and housing facilities been cleaned and disinfected, is there a protocol of routine cleaning and disinfection? Is the farmyard, housing and feeding areas bio secure from wildlife? Have badger setts been identified on the farm and have these been fenced to prevent livestock access? Details on this are available from the Departments of Agriculture website under bovine TB
- Ideally, engage in a contract with a single rearing farm. Single rearing contract options reduce the risk of disease exposure from other herds.

- Ensure that there are stock proof boundaries between the contract rearer's farm and neighbouring farms. In addition to a stock proof boundary, it is advisable to have at least a three-meter buffer zone between neighbouring herds to prevent nose to nose contact from other cattle. This can reduce the risk of respiratory diseases such as IBR and TB spreading from neighbouring herds.
- The pre-movement test should be carried out on the contract rearer's farm at not less than 120 days before the planned return date of the in-calf heifers to the owner's farm. A test should also be carried out on the owner's farm at the same time. Such tests, in the event of a reactor, should provide sufficient time to have two further tests done and enable clear herds to be achieved. The specific date of a test should take into account the time lag between the taking of tests and the results being returned to the farmer e.g. the TB and blood tests take three to five working days before the results are returned to the farmer.
- Where there is an outbreak of TB it is vitally important that all options/ possible movements are discussed with the Veterinary officer in the District Veterinary Office of the Department of Agriculture. If heifers must be moved from a welfare point of view, a risk mitigation plan will need to be put in place in advance of any possible movement and this must be fully implemented.
- Implement a strategic vaccination protocol for heifers based on the disease status of the farm of origin e.g., if required, BVD vaccination should be carried out at a specific time before breeding (specified by the vaccine manufacturer) and heifers should receive a primary course of two injections separated by a correct time interval. Incorrectly administered vaccines will not yield the desired level of disease protection.
- Implement a parasite control strategy to include roundworm, fluke and lungworm.
- Ensure that in-calf heifers are returned to the owner's farm in good time before they calve down. This is to ensure that they are not being transported on the point-of-calving and are properly acclimatised to their environment.

# Case Studies

**Case Study 1:** James and Michael Kearney, Ballyduff, Co.Waterford:

James Kearney and his son Michael are farming 45ha (plus commonage) in Ballysaggart, County Waterford. They have been rearing replacement heifers for dairy farmer, Adrian Casey for the last 6 years. Prior to this, the Kearny's were running a friesian calf to beef system on the farm, purchasing their bull calves from Adrian. Adrian lost a block of leased ground that he was using to rear his replacement heifers and he subsequently made the decision to look for a contract rearer. The Kearneys were an obvious choice as he knew their set up and, was confident that the stock would be well managed. The Teagasc contract rearing template agreement was used during the initial discussions about the formation of the rearing arrangement. The agreement was drawn up for an initial three year period and covered all aspects of the arrangement from transport, dosing, vaccination, breeding, weight targets, conception rate targets and also what costs were to be borne by each party. They also agreed a maximum mortality rate and infertility rate and if levels were above this, a penalty system would be applied.

A written contract was put in place from the outset. Both parties agree that there is give and take and that there must be trust between them. Once they had agreed the terms of the contract, the price was the last topic to be discussed. The daily rearing fee is discussed at the beginning of the year and The Kearney's are paid the agreed fee into their bank account on a monthly basis.

Each Spring, The Kearney's collect approximately 80 calves from Adrian in batches. Calves are transferred from 14 days of age. Although Adrian only requires approximately 50 replacements per year for his 250 cow dairy herd, he is anxious that there are no other bovine stock on the Kearney's farm so he ensures that he provides sufficient numbers to fully stock the farm. The Kearney's will therefore buy a percentage of the calves that are transferred. Currently all the calves are Friesian heifers but if there were insufficient heifers born, it has been agreed that beef heifers from Adrian's farm can also be used as an alternative. Following the breeding season, Arian will pick 50-55 of the early calving heifers and the remainder are The Kearney's' to sell at a date that they choose. Adrian's in-calf heifers return home on a phased basis from October to December, at 21-23 months of age. Adrian covers the cost of transporting the heifer's home, vaccines and breeding (synchronisation, AI and stock bulls to mop up) and The Kearney's cover all other costs. Stock are weighed on a regular basis and this information is available for Adrian to view when he visits. They have agreed weight targets based on Teagasc guidelines and it is up to James and Michael to ensure that the heifers reach these targets. Adrian feels it is important that the feed costs are borne by the rearer as it encourages them to ensure stock meet their weight for age targets as economically as possible rather than the livestock owner paying higher feed costs if stock are behind target. The target weights for the various timescales are hanging above the crush where stock are weighed so it is easy for the Kearney's to spot those that might be behind target so they can address this in a timely manner.

The agreement is working well for both parties. The Kearney's have regular, repeat customers for the in-calf heifers that they sell and they appreciate that they are no longer at the mercy of a volatile beef market to make their income. Given that Adrian doesn't have the replacements for the first winter, this has ensured that he is able to meet his slurry storage requirements for his remaining stock. This arrangement has also taken huge pressure off the dairy system at calving time, saving both time and labour – long may it last!

**Case Study 2:** Liam Cassin, Bennetsbridge, Co.Kilkenny

Liam is farming 30ha (75acres) just outside Bennetsbridge in Kilkenny, just 6 miles from Kilkenny town. He took over the home farm in 1996 and was originally a sheep farmer. At the beginning Liam was consistently building up ewe numbers but unfortunately the flock had a scrapie's outbreak and he was forced to depopulate. As a result of the scrapie's outbreak he wasn't permitted to get back into sheep for a number of years. At this stage he was unsure what enterprise he would replace the sheep flock with. In 2009 he saw an advertisement in the Farmers Journal from a dairy farmer looking for someone to rear his replacement heifers. Liam rang the number and discussed a possible rearing agreement with Noel, a dairy farmer from Gort in Galway and he has been rearing his heifers ever since. Liam's farm is divided by a railway line and has a large proportion of natural boundaries. This has allowed the farm to be divided up into independent blocks. Due to the layout of the farm, Liam has been rearing for an average of three dairy farmers each year as he has managed to keep the groups from each farm in separate grazing blocks. Good grassland management is one of Liam's strong points and it is possible for the farm to be divided up into almost 60 individual paddocks – thus ensuring fresh grass is allocated daily and grass growth rates are maximised.

Liam has taken stock at various stages from young calves that stayed until the second winter to bulling heifers that only remained with him for a single grazing season. He has now made the decision that,

going forward, he will only take stock for the grazing season and that they will return home to the dairy farms for the winter. He has also decided that he will only take weaned calves. With this new arrangement, he has still retained three out or the four farmers that he was rearing for last year. These dairy farmers are very happy with the way their stock are being managed and are happy to continue the arrangements even with the new structure.

**Case Study 3:** Donal Howard, Ballynoe, Co.Cork


Donal is farming 33ha just outside of the village of Ballynoe, in East Cork. He runs a silage contracting business alongside his contract rearing enterprise. The facilities on the farm are excellent, with both weanling and in-calf heifers housed on cubicles over the winter period. He is contract rearing for a local dairy farmer that was highly stocked and was short of wintering accommodation for the heifers. The calves move to Donal's farm from 10 days of age. Kevin Moloney, the dairy farmer, provides Donal with 1¾ bags of milk replacer per calf. Donal covers all the other costs except for breeding, vaccinations and transport.

Generally 70+ calves move onto Donal's farm from February onwards. Kevin was anxious that his livestock were not mixed with other herds. He has been able to provide Donal with sufficient heifers to stock the whole farm until 2024. Due to a reduced number of replacement heifers being born, Donal discussed possible options with Kevin. It was agreed that Donal would purchase 20 bull calves from the Kevin at an agreed price to ensure that the farm was fully stocked and as a result, all the stock were from the one farm. It is at Donal's discretion as to when he chooses to sell these bulls. Donal feel's in hindsight that it may have been easier for him to have purchased beef heifer calves as all the calves could have been run as a single group therefore not increasing the number of grazing groups on the farm.

Donal is very good at managing grass on the farm and ensures that the silage made is of excellent quality. He therefore manages to keep meal feeding to a minimum while still maintaining a high level of animal performance on the farm.

**Case Study 4:** Billy Gilmore, Cortoon, Tuam, Galway

Billy Gilmore is farming in Cortoon, just outside Tuam in Co.Galway. The farm consists of a total area of 51ha which is made up of both owned and leased land that is divided into three distinct blocks. Billy has been contract rearing for 9 years, having previously run a suckling and sheep enterprise on the farm. He is currently rearing for five individual dairy farmers, from Donegal, Kilkenny, Mayo, Roscommon and one from Galway. He made the decision to change his farming system after having a run in with a cow shortly after calving when she pucked him when he went to check her new born calf – he made up his mind to change from sucklers to more manageable and quieter livestock on the farm.

Billy is pictured above with dairy farmer TJ Kelly. Billy has been contract rearing his heifers for 8 years. PJ was struggling to get leased land for the heifers close to his main farm and as a result was spending a considerable amount of time travelling to see the heifers on a daily basis. He made the decision to have the heifer's contract reared to simplify his system. Billy was an obvious choice. He has known Billy for many years and is very aware that his attention to detail is second to none. He has the upmost confidence in Billy's skills to manage his heifers. The heifers arrive at the farm at different stages depending on individual arrangements but none before they have been weaned off milk. Billy winters approximately 156 weanlings over the winter and they start to return home from mid-September onwards of the following year. In all arrangements, Billy covers the cost of land,

facilities, labour, management, the annual TB test and he A.I.'s the heifers where required during the breeding season. The dairy farmers cover all other costs. The rate that they pay in divided into a housing rate and a grass rate.

Billy's management skills are excellent, this is clearly evident as you drive into the farm where fields are divided into numerous paddocks and everything is stored neatly in its place within the farmyard. In 2024, he won the drystock category of the Sustainable Grassland farmer of the year Awards. His high level of grassland management ensures that he makes excellent quality silage for winter feeding, with the average DMD of the silage over the last few years ranging from mid to high 70's. This ensures concentrate feeding is kept to a minimum.

# Teagasc Advisory Contacts

The following advisors are available to assist clients with queries relating to contract rearing with many running contract rearing discussion groups in their area.

**Collaborative Farming Specialist:** Ruth Fennell, Kildalton Agricultural College, Kilkenny (051) 644400

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