

dairying

Making a success of contract

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Contract heifer rearing involves the movement of the replacement heifers from the owner's farm to another farm for rearing under a contract agreement. Individual agreements can differ greatly.

How does the dairy farmer benefit?

• **Increased milk production and profitability:** Where heifers were previously reared on the milking platform, this land can now carry more milking cows.

• **Additional land, labour and facilities:** The contract rearer is, in effect, providing additional labour to the dairy farmer. Animal housing, slurry storage and silage holding facilities are also provided on the contract rearer's farm, reducing the need for capital investment.

• **Ease of management:** With only one group of animals (dairy cows) to be managed on the dairy farm greater efficiency is possible.

What are the advantages for the contract rearer?

• **Cashflow and income:** having an agreed fee per head per day gives the contract rearer a guaranteed monthly income and independence from an uncertain beef price. They can make plans and commitments based on a stable monthly cashflow.

• **No investment in stock:** The need for stock loans and the risk of paying high prices to purchase livestock are eliminated. Rearing agreements can include the rearer keeping a certain level of stock of his/her own.

• **Potential to be more profitable:** In an efficiently run contract-heifer rearing enterprise, where grass and silage management are very good, healthy profits are possible.

What's involved in a contract heifer rearing agreement?

There should be a written legal agreement between a heifer owner (dairy farmer) and the contract heifer rearer. The agreement should be signed and dated by both parties and witnessed.

The basic details that must be included in an agreement are:

First schedule

- Date the heifers will be moved to and from each farm.
- Fee agreed and payment process.
- Details of the land to be used by the

contract rearer.

• Breeding procedure, methods involved, who's responsible for each action such as synchronisation, heat detection, ordering of AI straw, calling the AI service technician, etc, and the number of weeks that breeding is to be carried out.

- Bonus/penalty clauses if applicable.
- Arbitrator, should a dispute arise.

Second schedule:

- List and tag numbers of all heifers.
- Vaccination protocol and who is responsible for supplying and administering.
- Weighing schedule and targets.

What are the costs involved?

Each contract heifer rearing agreement will be different; therefore the fee per head per day will vary.

The highest cost periods for the contract rearer will be during calf rearing and winter housing periods. Some of the main questions are:

What age are the calves moved to the contract rearer at? Fourteen days old versus weaned calves?

When will they return to the dairy farm? Before or after the second winter? Who will pay for the veterinary (vaccination, dosing, TB test, etc,) and breeding costs?

What happens if there is an outbreak of TB?

This is a very common question in contract heifer rearing scenarios.

• **Reduce the risk:** Ideally, contract rearers would only take in heifers from one source farm. Assess the TB history of the farm to ascertain if there is a higher risk of a repeat breakdown.

• **Follow the recommended protocols:** Ensure good fencing exists between neighbours to avoid nose-to-nose contact. An excellent bio-security protocol in both herds is essential. Feed animals in raised troughs, not along the ground. Fence off badger sets and ensure farm buildings are badger-proof.

• **Have a plan should a TB outbreak occur:** Ideally the contract rearing farm should have facilities to manage calving, feeding and milking of the replacement heifers in the event of a TB outbreak.

Where there is a concern about animal welfare, prior permission from DAFM should be sought to move animals under licence.

Further information on TB management in contract heifer rearing herds can be viewed at: <https://www.agriculture.gov.ie/animalhealthwelfare/diseasecontrol/bovinetb/>



DAVID GUIRY: CONTRACT

Farming outside Fethard, Co Tipperary, David Guiry combines his contract heifer rearing enterprise with his full time role as an area sales manager with Farm Relief Services, Cahir.

David is contract rearing heifers for a number of different dairy farmers. "Each dairy farmer's heifers stay together and don't mix with other stock," says David. "This allows each group of heifers to be managed to the owner's requirements and helps reduce the health risks."

Most of the heifer calves arrive on David's farm at two to three weeks of age. They are reared on milk replacer, meal and forage up to weaning. Following their first season at grass, supplemented with concentrates, they are housed on good quality, meals and minerals for their first winter.

The yearling heifers are turned out to grass early in the spring for their second grazing season to maximise their gain from grass and shorten the expensive winter housing period.

Most of the heifers leave the farm around the beginning of November to return to their parent farm well in advance of the calving season. "We house heifers for one farmer for the second winter and these return to their home farm around 1 January a couple of weeks prior to calving down," adds David.

heifer rearing



REARER'S VIEW

What are the costs involved?

In most situations David is providing the land, labour, facilities, silage, straw, meal and management while the heifer owner is covering the cost of the milk replacer, some meals, veterinary and breeding inputs.

"As the calf rearing and wintering housing periods are the most expensive stages, the cost of each stage is worked out for each farmer and averaged out over the full rearing period so that there is a flat daily fee for every day that the heifers are on the farm," says David.

"Terms and conditions and the inputs supplied vary from one arrangement to the next, so for each agreement we sit down and thrash out targets for performance, mortality, etc."

The fee must allow the dairy farmer to get a well-reared, in-calf heifer in good condition returned to his/her farm, at a cost that provides a worthwhile margin for David.

"Owners should be welcome to call and check on their heifers at any time," says David. "This allows clients to see that the weights are being achieved; the body condition of their heifers; the quality of the grass in front of them and the general management of their stock. This all helps develop a good strong relationship."

"Each member of the agreement must accept that things may change and things will occasionally go wrong. It is during these times that you need to be able to have an open and honest discussion to come up with a plan to rectify issues as they arise."



Key messages

For contract heifer rearing to be a success a level of trust, honesty and flexibility must exist between both parties. Nonetheless a written agreement is essential so that all parties are in no doubt as to their responsibilities.

For further information on contract heifer rearing, contact your local Teagasc advisor.

A booklet on guidelines for contract rearing of replacement heifers can also be viewed on the Teagasc website.



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