

4. Contracting out heifer rearing to maximise dairy investment

As the cost of dairying land rises and the emphasis on milk production continues to drive farm profitability, dairy managers with limited time and resources are contracting out the care of heifers to concentrate on the core business of milking, breeding and farm management. In this way, dairy managers can fully exploit the production potential of their dairy enterprise while utilising the services of specialist heifer rearers.

A good heifer rearer will, at the end of contract, deliver animals in good condition, at an agreed weight for age, and if stipulated, pregnant. Specifications should be approved by both parties and documented in the contract.

Gaining maximum contract benefit

Understanding the real cost of rearing heifers is the first step in developing an agreement with an independent rearing contractor. By assessing and placing a monetary value on the time and resources required to raise heifers onsite, the dairy manager can then determine the amount the service is worth to the dairy business when externally contracted.

Western Australia has a network of rearing contractors who specialise in growing juvenile heifers to a pre-determined weight and/or age. The contract between the dairy manager and the designated contractor needs to document not only the agreed target weights but also the dairy manager's expectations on heifer management and conception.

To rear a heifer to 550 kilograms live weight and ready for calving at two years of age, the expected cost would be in excess of \$1000/heifer. Up to 75 percent of this cost can be attributed to feed and fertiliser. Given the extra cost of labour and the added benefit of maximising the use of dairy pastures for milk production rather than heifer rearing, contracting out heifer rearing offers the dairy manager the opportunity to exploit available dairy land and to maximise profits.

Young heifers need unrestricted nutrition to achieve average target weights. In order to calculate a fair price, determine the cost of growing heifers from weaning to 14 months with an average weight gain of 0.6 to 0.8 kilograms/day.

Heifer rearing is particularly suitable for grazing properties where pastures are low maintenance in comparison with intensive dairying pasture.

On-site structures should include stock facilities such as yards, a crush and weighing equipment. Together with good stock handling skills, the contractor can minimise animal stress, injury and death.

A heifer's diet should be comprised of pasture grass, conserved fodder and specialised feed including concentrated supplements of digestible carbohydrate and protein. Unimproved, low quality, unfertilised forage does not provide adequate nutrition for dairy replacement heifers and inadequate nutrition will ultimately affect fertility.

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Success Story

Brian Yates of Witchcliffe started agisting out his young stock about five or six years ago after running short of feed for his milkers following an increase in the size of the herd. The decision to contract rear his heifers offsite has resulted in a lift in herd production from an average of 6000 litres/cow to 7500 litres/cow.

"We send the heifers to a contractor who rears them at Capel, handling 50 at a time and totalling about 200 animals a year," Brian said. "The young stock are sent off when they reach approximately 160 kilograms and are returned at 540 kilograms, pregnant and within a month of calving. We have been able to boost herd numbers whilst still keeping a production focus."



Good rearing contractors will aim for steady growth and early puberty. Heifers achieve puberty at about half their mature size and those that cycle early will more likely conceive when mated at 15 months.

To ensure animals are growing consistently and at an expected rate, they should be weighed regularly – every three months is recommended.

The Contract

Before entering into a heifer-rearing arrangement, it is important that a detailed contract is agreed upon and signed by both the dairy manager and the contractor.

The heifer rearing contract is a document that details both expectations and responsibilities. In drawing up a contract, consideration should be given to the following key points:

- ◆ Daily management – how often will the heifers be checked;
- ◆ Veterinary attention – who pays veterinary expenses;
- ◆ Mating and pregnancy testing - whose responsibility is this;
- ◆ Target weights – what weight the heifers are expected to reach by a specified age;
- ◆ Delivery and collection – who pays for transportation costs;
- ◆ The date for delivery and collection of animals;
- ◆ Weighing procedure and frequency – specify intervals between weight reports;
- ◆ The payment schedule and timing of payments – payments should be staggered in line with animals reaching agreed interim target weights. Plan on a monthly payment system that includes expenses;

- ◆ Penalties for not achieving the target weight – if animals are not growing, the ability to remove the animals should be specified in the contract;
- ◆ Disease assurance program – an assurance the rearing property is disease free;
- ◆ Other stock – an assurance that all other agisted heifers originate from Enzootic Bovine Leucosis (EBL)* free herds, and
- ◆ Penalties for deaths and losses – 3 percent allowance for death is recommended.

* EBL is present in beef herds in WA and both contract rearers and dairy managers should be aware of the status of any cattle that are agisted or pastured on the same property, in order to manage risk. Certificates of monitored free status are now issued to appropriate dairy herds.

In most cases, the contractor is responsible for the health maintenance program including routine parasite protection, vaccinations and drenching. The owner may agree to provide nutrition products, pay for transportation of animals and manage the AI program. Whatever the arrangement, it is important that all of the above points are discussed and noted in the contract before it is signed by both parties.

Conclusion

Contracting out heifer rearing provides dairy managers with the opportunity to focus effort and resources on the milk production enterprise. While the onus is on the dairy manager to set the targets, flexibility and common sense should prevail, with concessions made for unusual and unexpected circumstances.

Dairy managers will achieve optimum success if their expectations are realistic and clearly communicated to the rearing contractor.

Check list for choosing a contract heifer rearer

- ◆ Stock skills and cattle handling facilities – a contractor will have access to weighing facilities to ensure each animal meets the contractual obligations of weight for age;
- ◆ Ability and facilities to manage an effective Artificial Insemination (AI) program if desired;
- ◆ Resources to handle bulls – fencing, yards and a separate bull paddock are all essential;
- ◆ Good external fencing with no neighbouring properties holding bulls;
- ◆ Knowledge of dairy heifers, their health and growth requirements – supply of licks (cobalt, selenium), supplementary feed and good rotation through paddocks;
- ◆ Property in or near a common dairy area – finding a contractor in a convenient location minimises transport costs and improves stocking rate flexibility throughout difficult seasons.

Further information:

Local veterinarians, semen suppliers and other farmers who are experienced in using heifer rearing contractors are a recommended source of information.

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