



Contract heifer rearing has increased in popularity over the past number of years since the removal of milk quotas in 2015 and the subsequent expansion of the Irish dairy herd, many dairy farmers are looking at the opportunities to milk more cows and to increase milk output from their grazing platform. To achieve this, they are seeking alternative ways to access additional land, labour and facilities to rear their replacement heifers in order to accommodate this expansion. Coupled with the volatility and price uncertainty of the beef sector, many drystock farmers are now looking for possible alternative income opportunities for their farms. Therefore, contract heifer rearing has increasingly become an option to fill this role for both dairy and drystock farmers.

Contract heifer rearing has come into focus again in recent times due a combination of Nitrates Banding & the proposed cut to Ireland's Nitrate Derogation which both could have a devastating impact on many Irish dairy farms unless alternatives are found. Contract heifer rearing is one such alternative that many dairy farmers will look to.

What is Contract Heifer Rearing?

Contract heifer rearing is a written agreement whereby the dairy farmer supplies a heifer to be reared at an agreed fee per head per day. In return the contract rearer undertakes to care for and return an in-calf heifer in good condition. The replacement heifers may be moved from and returned to the owner's farm at different ages depending on the individual agreements made.

What are the benefits for Dairy Farmers?

1. Increased milk production and profitability.

Where replacement heifers were previously reared on the milking platform, this land can now be freed up allowing the dairy farmer to increase dairy cow numbers, increasing milk sales from the milking platform, thereby increasing farm profitability if completed in an efficient manner.

2. Additional land, labour and facilities

As the contract rearer is completing all the work associated with the management and rearing of the replacement heifers, they are providing additional land and labour to the dairy farmer. Animal housing, slurry storage and silage holding facilities are also provided, thereby reducing the need for capital investment.

3. Ease of management.

With the replacement heifers now contract reared on another farm, there is predominantly only one group of animals, the dairy cows to be managed on the dairy farm. This allows for increased efficiency and improved management as there are now fewer groups of animals to manage.

All the above should also lead to an improved work life balance where the dairy farmer can enjoy time off to pursue other activities of interest.

What are the advantages for Contract Rearer's?

1. Cash Flow and Income

Having an agreed fee per head per day gives the contract rearer a guaranteed monthly income and they are not dependent on uncertain beef prices and volatile markets. Monies are paid directly into the contract rearer's account on an agreed regular basis. They can make plans and commitments based on having a stable monthly cash flow.

2. No investment in stock

There is now no requirement to avail of stocking loans to purchase animals and the risk of paying high prices to purchase livestock is removed. In many cases contract rearing agreements may be run in conjunction with the rearer keeping a certain level of stock of their own. This enterprise may complement the existing farm enterprise.

3. Potential to be more profitable

In an efficiently run contract heifer rearing enterprise, where there is a high level of grassland management and production of high quality silage, a high level of performance can be achieved. Coupled with the removal of the risk of purchasing expensive animals and the beef price uncertainty there is capacity to make the farm more profitable.

What's involved in a Contract Heifer Rearing agreement?

There should be a written legal agreement between the dairy farmer and the contract heifer rearer. The agreement should be signed and dated by both parties and witnessed by an independent person.

The basic details that are included in an agreement are:



First Schedule

- Date the heifers will be moved to and from each farm.
- Fee agreed and payment procedure outlined.
- Details of the land to be used by the contract rearer.
- Breeding procedure and who is responsible for each action.
- Bonus/Penalty clause if applicable.
- Facilitator identified in the event of a dispute.

Second Schedule

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

What are the costs involved?

When discussing the costs involved in Contract Heifer Rearing it is important to realise that one size does not fit all. Every contract heifer rearing agreement will be different; therefore, the fee per head per day will vary. The highest cost periods to the contract rearer will be during calf rearing and winter housing; therefore, key areas need to be considered when the fee is being agreed. Some questions that need to be addressed are:

What age are the calves moved to the contract rearer: 14 days old versus weaned calves?

When will they return to the dairy farm? Before or after the second winter?

Who will pay for veterinary (vaccination, dosing, TB test, etc.) and breeding costs? Heifer owner or contract rearer?

All these areas, plus many others, need to be discussed and agreed before any final fee can be arrived at. The agreement needs to be a win : win for both parties and there must be recognition taken of a rearer that does a good job in terms of:

- management of the heifer
- good weight/condition for age
- high percentage returned in-calf
- calving down early in the calving season

What happens if there is an outbreak of TB?

This is a very common question in contract heifer rearing scenarios. It can be dealt with in a few different steps.

1. 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.

2. 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 critically important. Feed animals in raised troughs, not along the ground. Fence off badger sets and badger-proof farm buildings.

3. Have a plan if a TB outbreak occurs

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. In many cases, this may not be practically possible. Where there is a concern about animal welfare, prior permission from the Department of Agriculture, Food and the Marine (DAFM) should be sought to move animals under licence

Summary

For contract heifer rearing to be a success it must be a win-win situation for all parties. A level of trust, honesty and flexibility must exist between parties. Events may change and things will go wrong, so good communication and a give and take attitude are required. It is important to have a written agreement so that the responsibilities of each party are clear.