

VETCARE GRAZING LIMITED

NEWSLETTER AUTUMN 2018



Economics of grazing heifers with 'Vetcare Grazing'

The following table summarises the average start weight, end weight and weight gain data for jersey, friesian and cross bred heifers grazed with Vetcare Grazing from May to May over the last few years

	Avg start weight (kg)	Avg end weight (kg)	Avg weight gain (kg)	Avg weight gain per day (kg/day)
Friesian	220	470	250	0.68
Cross bred	200	420	220	0.60
Jersey	175	365	190	0.52

Keep in mind these are average figures. Individual lines based on genetics and frame size have gained more weight and reached higher end weights e.g. bigger framed predominantly American genetic Holstein Friesians have achieved end weights of 550kg. Likewise, bigger framed jerseys 400kg.

In respect to the above table, the following table includes the annual dry matter required (at 11MJ ME/kg DM) to achieve the weight gains for the different breeds and the cost of that dry matter in respect to our weight gain charges.

	Avg weight gain (kg)	Avg DM (kg)/day required at ME=11.0	Total annual DM required (kg DM)	Grazing charge per annum	Grazing cost per kg DM
Friesian	250	6.90	2518	\$596.90	24cents
Cross bred	220	6.20	2263	\$552.00	24cents
Jersey	190	5.65	2062	\$504.50	24cents

Note that the grazing cost per kg of dry matter is the same for jerseys, crossbreds and friesians. Our maintenance price formula evens out the cost of the different feed requirements for jerseys versus crossbreds versus friesians i.e. jerseys require more feed in the winter to keep warm and they use up more feed later as they mature earlier than friesians.

Obviously, the cost per kg of dry matter needs to be similar for all breeds otherwise our graziers would have a breed preference which would disrupt the business

Average return of production per kg DM

ME required to produce 1kg MS	Dry matter Required (kg DM). (average 11.0 ME)	\$ Return per kg DM (assume \$6.50/kgMS)
165	15	43cents

In summary: You can expect nearly twice as much income from production compared to the cost of our grazing per kg DM. As well you can expect improved production, improved reproduction, increased genetic gain, and improved longevity of better grown heifers over their lifetime compared to poorer flat rate grazing

PREGNANCY TEST RESULTS



Pregnancy testing has been completed. There were 6583 heifers scanned with 433 empty heifers. Average empty rate of 6.6%. However, 29 heifers were found to be infertile with no chance of getting in calf bringing the actual empty rate down to 6.1%. The empty rate across all the lines scanned ranged from 0% to 16%.

Since 1996; 88979 heifers have been pregnancy tested on the heifer scheme and 5627 heifers found empty with the average empty rate = 6.3%. Over the years there has been on average 0.6% of the empty heifers found to be infertile so the actual empty rate = 5.7%

Due to one of our bull farmers not being able to provide many yearling jersey bulls last year because they got sick just before mating we joined quite a few lines of heifers with only 2yr jersey bulls. An analysis of the pregnancy test results of these heifers showed $166 / 2351 = 7\%$ were empty which is higher than the lines that had a mix of yearling and two-year-old jersey bulls which proves conclusively that it is not necessary or maybe a disadvantage to use only 2yr old bulls which are often requested.

As well an analysis of the lines where a bull ratio of 1:10 to 1:15 was requested instead of the usual 1:20 showed an average empty rate of 7.5%; higher than the overall average rate showing more bulls than 1:20 is not necessary and perhaps a disadvantage due to over mating and additional cost.

Finally, there are a few farmers that request the bulls be removed after less than 3 cycles (63 days). Most were around 2.25 to 2.5 cycles. These heifers had an average empty rate of 12% showing that joining for at least 3 cycles is necessary to get acceptable in calf rates. Bulls need to be out long enough as on average they will only get around 66% of heifers in calf each cycle.

NORMAL PREGNANCY LOSS RATES

Every year we get calls to tell us that a heifer or heifers that were pregnancy tested in calf are now empty. Be aware that calving details won't always correlate exactly with pregnancy testing data. Usually this apparent discrepancy is due to natural loss of pregnancy. This is particularly so if pregnancy testing is carried out early. Recent New Zealand data shows very similar trends to overseas studies.

Weeks Pregnant at Scanning	5	7	9	13	>17
% loss to Calving	6.1	4.6	3.7	2.5	1.0

If the pregnancy loss rate after scanning is greater than these figures, then suspect a fertility problem e.g. Neospora, BVD and get cows or heifers tested if the loss rate is too high.

BULLS

To reassure you; especially those with higher empty rates, that the bull management has been as per contract.



-
- i.e. A ratio of no less than 1 bull: 20 heifers unless requested otherwise
- At least 2 bulls have been with every line no matter how small the lines
- At least one two-year-old Jersey bull has been in all the Jersey bull mobs. Some mobs have had only two-year-old bulls.
- All yearling bulls were above the specified minimum weight and condition. 280kg Jerseys, 330kg Angus.
- Bulls have been replaced if they have gone lame; sick or suspected not to be mating.
- Only Vet certified bulls have been used i.e. Vet checked, blood tested negative for BVD virus and vaccinated against Lepto, BVD and IBR.
- All bulls have been joined for at least 3 cycles unless requested to be removed earlier.
- The mating programmes have been managed by a Vet.

IS A RUN-OFF A VIABLE DAIRY GRAZING OPTION?

On superficial examination the idea of buying a run-off can look attractive

e.g. Assume a run-off is purchased at \$20,000/ha. in Taranaki. (Average price for dairy farms sold in Taranaki in Jan 2018 = \$40,000/ha)
 Money is borrowed from the bank at 5.0% interest.
 This would mean having to find \$1000per hectare in interest /annum.

It is assumed that the run-off can run 4-yearlings/ha and \$10/ head/week is currently being paid for grazing.

This would result in a saving/ha of $\$10 \times 52 \times 4 = \2080

On the face of it you'd be better off by about \$1000/ha leaving enough to pay the rates and put on maintenance fertiliser etc.

However, this over simplistic analysis has a lot of snags in it. Let us look at them.



Cashflow

The bank will undoubtedly want to see some principal repaid. While this might make no difference to theoretical profitability, on the above figures it would most likely reduce overall cash surplus, so there will be less actual cash in hand.

Carrying Capacity

Is a major weakness. On our grazing scheme, most of our Graziers have a stocking rate between 3-4 heifers per hectare even though they have quality fertile flat land available to graze. They are prepared to run a lower stocking rate as they are being paid on weight gain with the knowledge that the customer wants his or her heifers grown as big as possible to maximise life time performance.

Most newly purchased run-offs will be poorer quality land, less fertile with poorer pasture species. To grow big heifers, stocking rate won't exceed 3 heifers per hectare.

Substituting 3 heifers/hectare in to the equation would now result in a saving of $\$10 \times 52 \times 3 = \1560 . Now the budget has been tested further

Distance Factor

Often the run-off is a fair way from the home farm. Distance from the home farm is probably the most significant feature after price. The ideal is to have the run-off so convenient that stock can easily be walked to it and farm vehicles can easily and quickly shift hay and silage to and from the home farm. This offers flexibility to overall management, which lessens rapidly with increasing distance from the home farm. At the same time the cost in time and money of getting stock, machinery, management and labour there increases conversely. At extreme, duplication of vehicles, plant and machinery may be required.

Labour

Grazing stock off under a contract system reduces the labour requirement for the total overall operation; a runoff increases it. This must carry a cost, in either paying for extra labour or in lost productivity from short cuts and neglected work.

It is worth noting with our grazing operation there is no labour requirement because we take care of everything, providing the complete service including cartage, monitoring, drenching, animal health, nutrition, mating, AI, pregnancy testing, selling empties etc.

Size of Run-off

The size of the run-off is an important factor. If it is too small to graze all the dry stock, it is not offering maximum benefit.

If it is bigger with land to spare, it usually results in less efficient and less profitable land use. Common policies would be to run beef cattle or to sell hay from the extra land.

Unless these activities are carried out as profit driven operations in their own right, it is unlikely they will be making the economic returns being captured in total by the grazing operations; hence, the net returns/ha, and the total value of the run-off to the farming operation will be diminished.

State of Development

On average, run-offs are on poorer quality, less developed land therefore costs in terms of capital fertiliser application, pasture development, drainage, fencing, yards etc can easily be high in terms of both time, labour and money.

Out of Sight, Out of Mind.

From our experience it is quite common for many run-offs and the stock grazing them to be neglected hence the term 'out of sight, out of mind.'

It is so easy to forget about stock being grazed off the home farm. A combination of excess jobs to do on the home farm, milking herd given priority and insufficient labour often results in the stock on the runoff not being attended too as often as necessary. This can result in below average growth rate, inadequate drenching, animal health crises and unnecessary deaths.

Finally, when you weigh up all the pros and cons, using a professional grazier who gives consistent top results year after year can be a very attractive alternative option and most likely with less cost. In addition, a value must be put on the 'peace of mind' by knowing that your future replacements will be well cared for and grown to target weight

NAIT RECORDING

A big reminder that it's now become very important that all Dairy Farmers and Graziers record all stock movements in the NAIT system; this includes heifers; weaners; carry overs and bulls. A large number are not doing it at present. We will supply the NAIT numbers as required to make the transfers as simple as possible.

The Minister of Agriculture Damien O'Connor has recently stated that NAIT clearly hasn't worked as it should have. His comments have come with the deepening crisis of Mycoplasma bovis as it keeps spreading to new farms partly due to the failure of NAIT to give adequate traceability. Mr. O'Connor has said that clearly animal identification and traceability is the at the core of a good biosecurity system and he has initiated a review of NAIT so much needed improvements can be made so it does work.

O'Connor says changes will be made, education given and there will be clear signals that non-compliance with NAIT will not be tolerated and penalties dished out to those **farmers** that don't comply.

HEALTH INSURANCE



There is often confusion about the health insurance policy we have in place in all our contracts. It strictly covers animal health costs. It doesn't cover the value of a heifer if she dies unless it is proven that the cause of death is due to negligence by the Grazier which very rarely occurs. Therefore, the health insurance covers the cost of Vet time, travel, drugs and laboratory fees when sick heifers are treated, or a post mortem carried out on a dead heifer.

It is a unique service as we believe we are the only grazing Company in NZ and probably the world that has this health insurance cover in place.

It has been a real winner because with the grazier not being charged; sick heifers get attended too quicker with less deaths. The death rate is always below 1% and in quite a few years it has been less than 0.5% over all the heifers on the scheme

In some cases, there can be some huge savings for both the grazier and dairy farmer. It is not unusual to have outbreaks of disease e.g. Yersinosis. when the whole line of heifers has to be treated with antibiotic at considerable cost. .

Finally, you can be assured that Vetcare Grazing won't spare the cost when there is a need. as we are very conscious of the value of the stock under our care and the importance of keeping heifers healthy, so they can grow to their genetic potential and achieve optimum performance.

PREVENT FACIAL ECZEMA BY BREEDING



With continuing climate change the risk of facial eczema is becoming greater every year and on-going challenge and huge cost to try and manage. No preventative measure is 100% fool proof.

A very good option and the only sustainable option for long term control is to use facial eczema tolerant identified sires

Facial eczema tolerance is a highly heritable trait at 30% and with the right breeding programme can reduce the severity of the disease over time.

Research and development completed by CRV Ambreed, AgResearch and DairyNZ resulted in the ability to identify facial eczema tolerant bulls. These sires will typically breed off-spring that are 25% less reactive to a facial eczema challenge, compared to the average bull.

By selecting the right bull team - and using genetics alongside other farm management practices - you can help increase your herd's tolerance to FE challenges considerably.

Cows resulting from FE tolerant sires will typically have:

- Improved tolerance to FE spores
- Improved production

For a herd starting a breeding programme with FE tolerant sires the first benefits (FE tolerance in young stock) are not available for 18 months after first insemination. Gains in FE tolerance will be made as each generation of daughters from FE sires enters the herd. A full herd with FE tolerance is achievable in 7-8 years which is not a long time.

There are now 300 bulls that have been FE tested now on offer.

It is well worth while using tested bulls to reduce the incidence of FE and to reduce the risk of young stock getting it whilst out grazing. It is also worth considering that it is a huge worry and cost for our graziers to contend with every year as well.

CENTRAL DISTRICTS FIELD DAY

The Vetcare Grazing team will be present at the Central Districts Field Days on the 15th; 16th and 17th March being held in Feilding. If you find some time to get along, please don't hesitate to find our tent; make your self known and have a chat with us. You will be made very welcome.

WINTER GRAZING AVAILABLE

We have grazing available for 300 in calf heifers. Be in quick if you need it as it will soon go.

Contact John Guiniven 0275357211

John Pickering
Veterinarian