

# Bobby schedule drop will flow through to calf prices

Prices for four-day-old calves suitable for rearing will be down this season based on at least a 35% drop in export returns for bobby veal and calf byproducts.

Poukawa Dairy Beef Project manager Alastair Ormond says he expects calf rearers will be prepared to pay around \$85 for calves this spring.

"The price of the four-day-old calves is really where it all starts. There is always rigorous debate over what that price should be but the critical factor for rearers is to make sure they do a budget and to make sure that the price they pay for calves works for them," Ormond says.

Richmond and Riverlands released bobby schedules in the last week of June. In Richmond's case, the schedule is back more than 35% and the return for a 20kg carcass weight bobby calf is back from \$112 a head last year to \$64 this year.

Early in June, Ormond estimated that calves suitable for rearing would be around \$120 a head landed. However, he has revised this figure down based on the updated bobby schedule.

"I had predicted that farmers in Hawke's Bay, for instance, would be doing well to land them (calves) here for \$110-\$120 net but now it will be more like \$85," he says.

Export market returns for bobby veal and

the byproducts have dropped and the export schedule for bull beef is also lower than this time last year.

"Every one cent rise in the NZ:\$US exchange rate is equal to about a seven cent drop in the schedule, so the 8c rise in exchange rate over recent weeks has knocked \$140 off the value of a 270kg bull," Ormond says.

Calf milk replacement costs have dropped this year to around \$70/20kg bag (excluding GST) but calf pellets are expected to increase in price after July 1 by around 15%.

He would like to see a more consistent approach by stock agents to establishing the price for 100kg weaned bull calves and has assisted in the development of a computer model to calculate a value which incorporates the rearing costs and a margin for rearers.

"The current approach means that once a price for 100kg calves is mooted, it's very hard to shift. News travels quickly and it becomes the price, regardless."

"It's important to have a basis for estimating the value of a 100kg calf that is understood by both rearers and finishers," Ormond says.

He urges rearers and finishers to investigate the Meat New Zealand website where an interactive version of the calf rearing budget and 100kg calf price estimator are available.

Ormond is also keen to see more rearers sign supply contracts with finishers to remove

a budget for calf rearers			
Costs	Price	Total kg	\$ per/head
Calf price			85.00
Cartage and comm.			20.00
CMR/20kg bag	70.00	19.1	66.85
Meal (20%/25kg bag)	19.10	21.5	16.40
Meal (16%/25kg bag)	17.78	52.5	37.30
Animal health			5.00
Bedding			3.00
Housing			10.00
Straw			2.00
Power			2.50
Interest			6.00
Tags (as per AHID)			1.55
Losses (3%)			8.10
Total rearing costs			263.70
Rearer margin			75.00
<b>Ave calf value</b>			<b>\$338.70</b>

Notes:

- Inputs and calf prices vary with regions.
- Bobby calf prices for a 20kg bobby are estimated at \$64 — the price of \$85 reflects a margin of \$21 to the dairy farmer.
- There should still be premiums for early calves and a discount for later calves.
- Prices exclusive of GST.

the uncertainty out of the rearing margin. He suggests these contracts could even involve an element of risk-sharing between both parties.

"For that to work, a finisher would need to be fully aware of the rearer's set up and cost structure. But the point really is that I don't think any rearer can afford to rear a large number of calves on spec anymore."

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## Calves diverted

Richmond livestock manager Lloyd Fitness says the company will continue to divert suitable bobby calves for rearing away from slaughter.

However, he says bobby calves remain a valuable source of income for a dairy farmer despite the softening in returns this year.

"The value of bobby calves climbed steeply last year and for the first time ever we had inquiries from dairy farmers about dressing out percentages, as farmers took more interest in the carcass weight and value of their calves."


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## Warning to rearers over calf milk replacer makeup

Rearers beware, calf milk replacers (CMRs) are not all manufactured with the same ingredients.

Poukawa Dairy Beef Project research manager Paul Muir says there has been an increase in the number of companies marketing calf milk replacers (CMRs) based on vegetable rather than milk protein.

The vegetable-based protein CMRs are normally a little cheaper than milk-based CMRs but there are questions over their suitability for young calves and the weightgain performance of calves reared on them. It requires careful consideration and Muir is urging rearers not to buy solely on price this season but to do more homework on the makeup of CMRs they plan to buy.

Generally, the higher the concentration of vegetable-based protein in the CMR, the lower the calf weightgain. "Milk protein is 99% digestible by calves but the soy-based protein is only around 70% digestible for calves up to two weeks of age," he says.

"There is also the potential for greater health problems with the vegetable-based protein CMRs. Because they are less digestible, the leftover protein sits in the gut and becomes a substrate for bacteria to grow in."

"I also have a real issue with the CMR manufacturers because the labeling of their products does not include a breakdown on the type of protein. Rearers don't know where the protein is coming from - if it's vegetable or milk based protein."

However, Muir says a curd test is one simple solution for determining the source of the protein in a CMR. "Vegetable protein will not curd so you can either do the test yourself or take

a sample into your local vet clinic and get the answer back in a day or two."

Feedback from last year's rearing season suggests that some calf rearers struck problems with vegetable-based CMRs but it is impossible to make a general recommendation because calf weightgains are affected by many different issues.

Poukawa Dairy Beef Project coordinator Alastair Ormond says with the reduction in price of CMRs this season, he questions why rearers would want to take the risk of raising calves on "fat-filled" (vegetable-based protein) product.

"To me, it's just another risk factor that could make you vulnerable," he says.

However, at the North Island round of the annual roadshow of calf rearing seminars, Ormond says he heard examples of calves being reared quite successfully on the vegetable-based protein CMRs.

"In fact, the suggestion's been made that we should be putting together a study to compare weightgains on both products. So, that feedback is great and that's what the project is all about."

Ormond says CMRs are expected to be 20% cheaper this season, putting the price at around \$70/20kg bag (excluding GST).

"The reduced price and improved availability of ingredients should mean that quality is improved. However, it would still be prudent for calf rearers purchasing large quantities of CMRs to test for curdling ability and quality."

"A relative test of the curdling quality of milk powder can be performed at home. Simply mix up a small quantity of the CMR and organise a similar amount of cow's milk (from the supermarket). Add rennet to both containers and compare the results.

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