

A CIVIL UNION 2008: Dairy-Beef Integration

Alan McDermott

AgResearch MIRINZ Meat Industry Workshop

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Farming, Food and Health. **First**

Te Ahuwhenua, Te Kai me te Whai Ora. Tuatahi

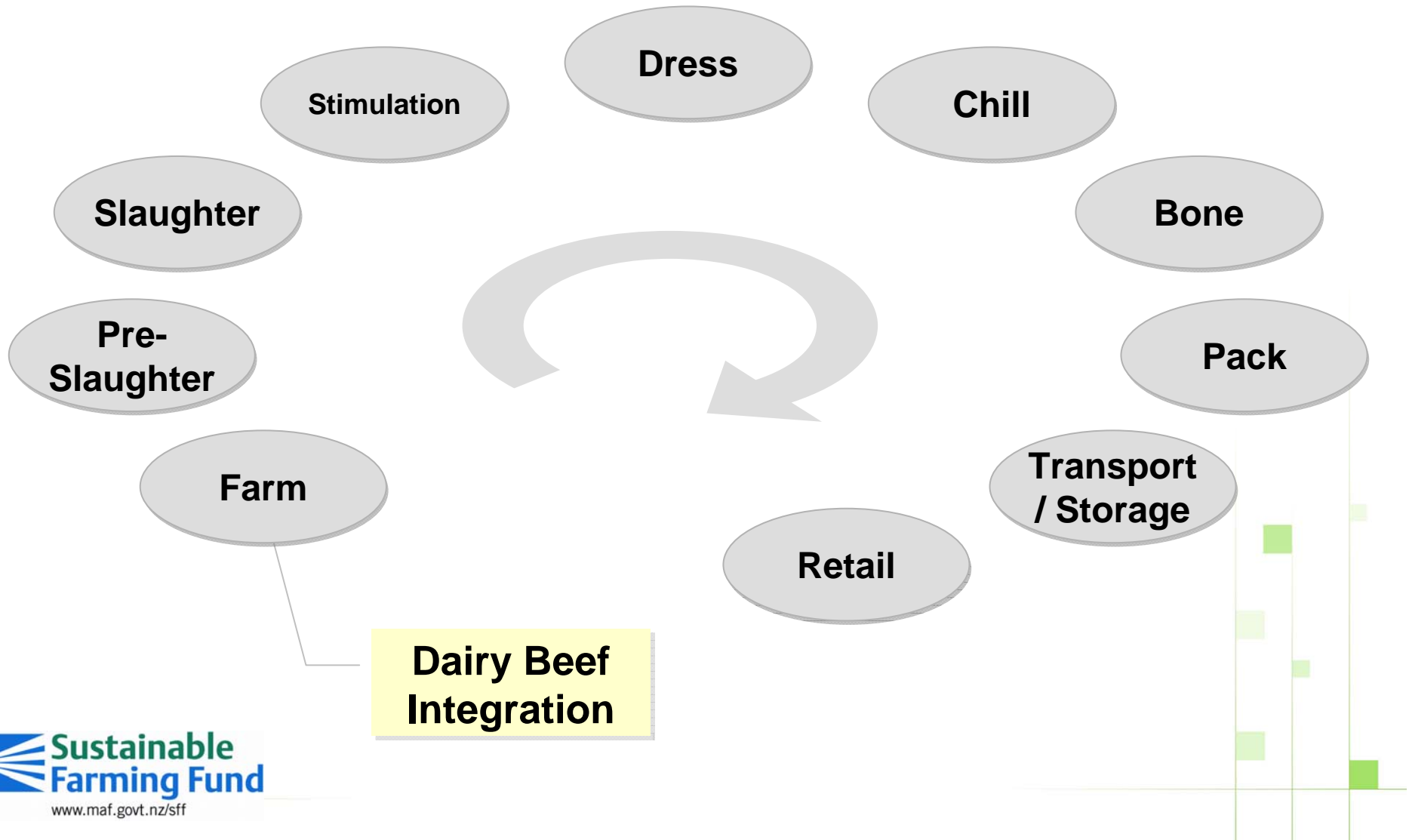


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MEAT & WOOL NZ

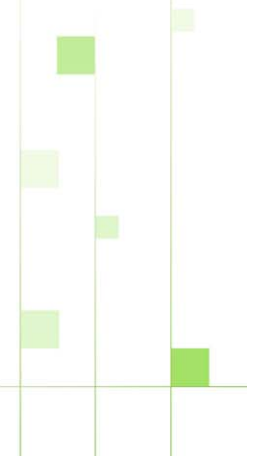
Beef Council

Fit within value chain

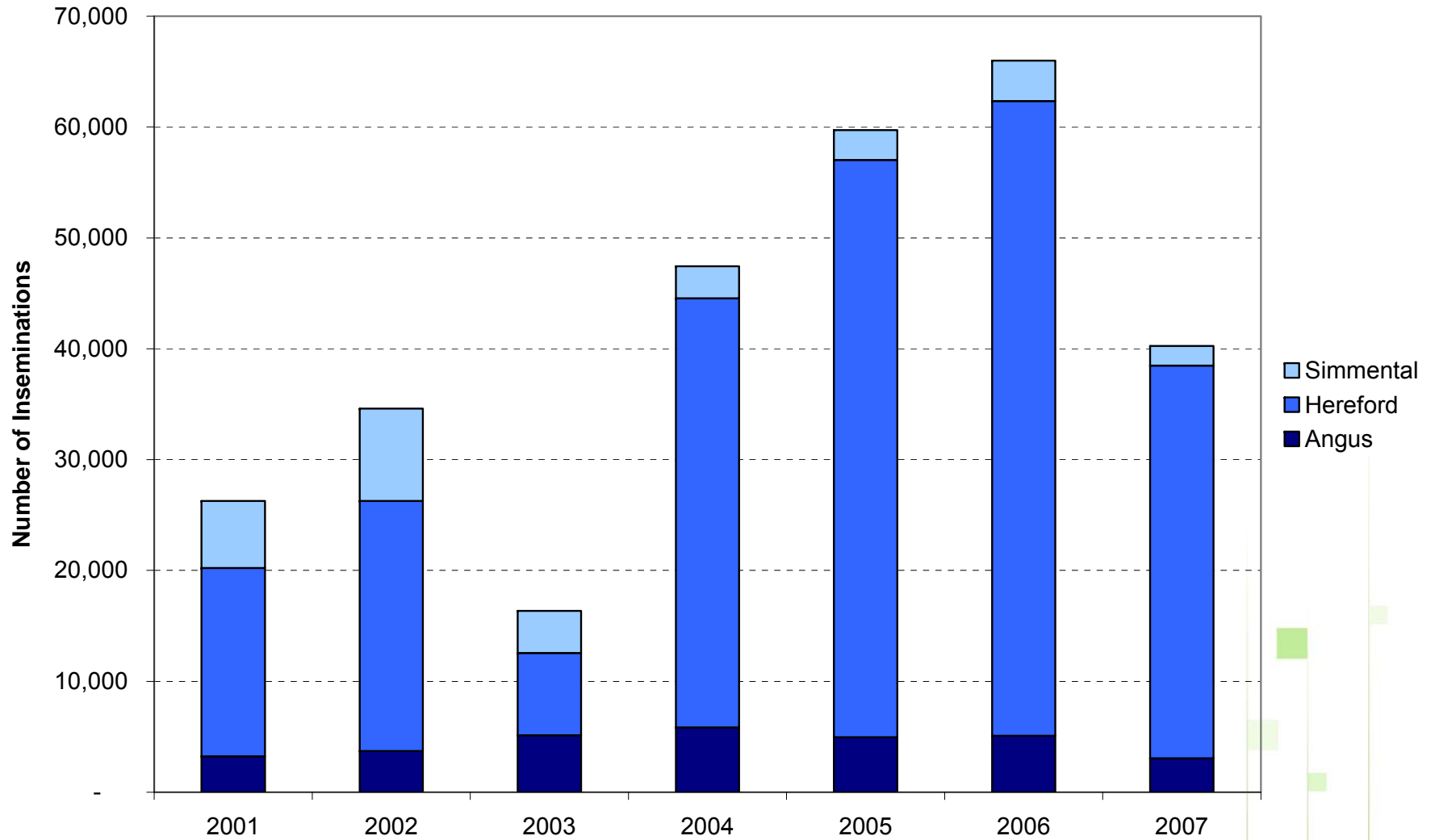


Why more dairy beef integration?

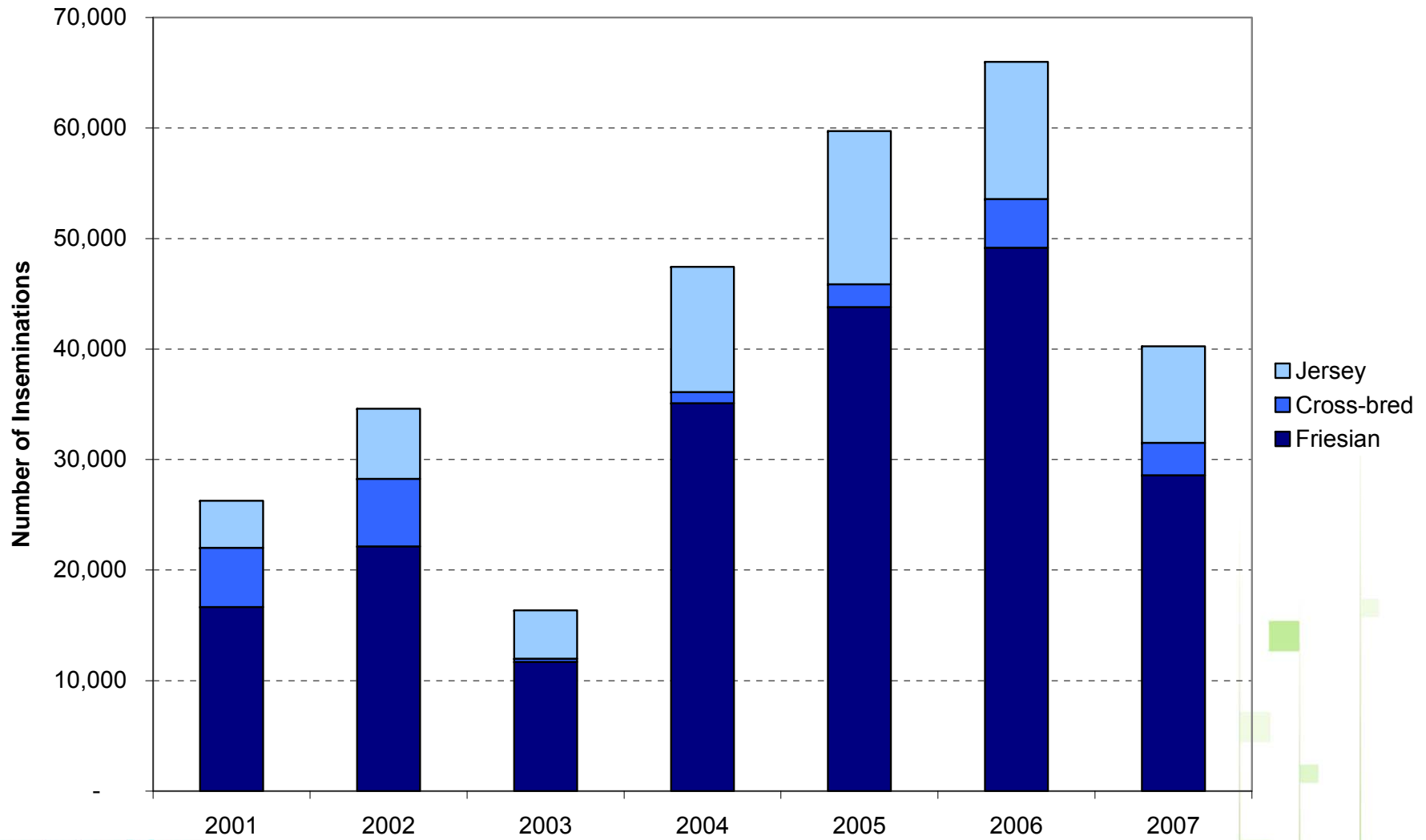
- High comparative returns for dairy driving conversion
- High number of converting farms require cows – reduced supply of cull cows, and encouraged rearing of dairy heifers
- Fewer dairy farmers using beef semen in 2007 (LIC beef semen sales declined by 28%)
- Some “beef bulls” still being used
- Less prime beef x dairy calves over the next 2-3 years, many with unknown performance potential
- Demand for dairy cows is unlikely to persist for more than 1-2 more years - emphasis will move to quality cows
- Should encourage dairy farmers to seek other high value opportunities for their calves such as dairy-beef production



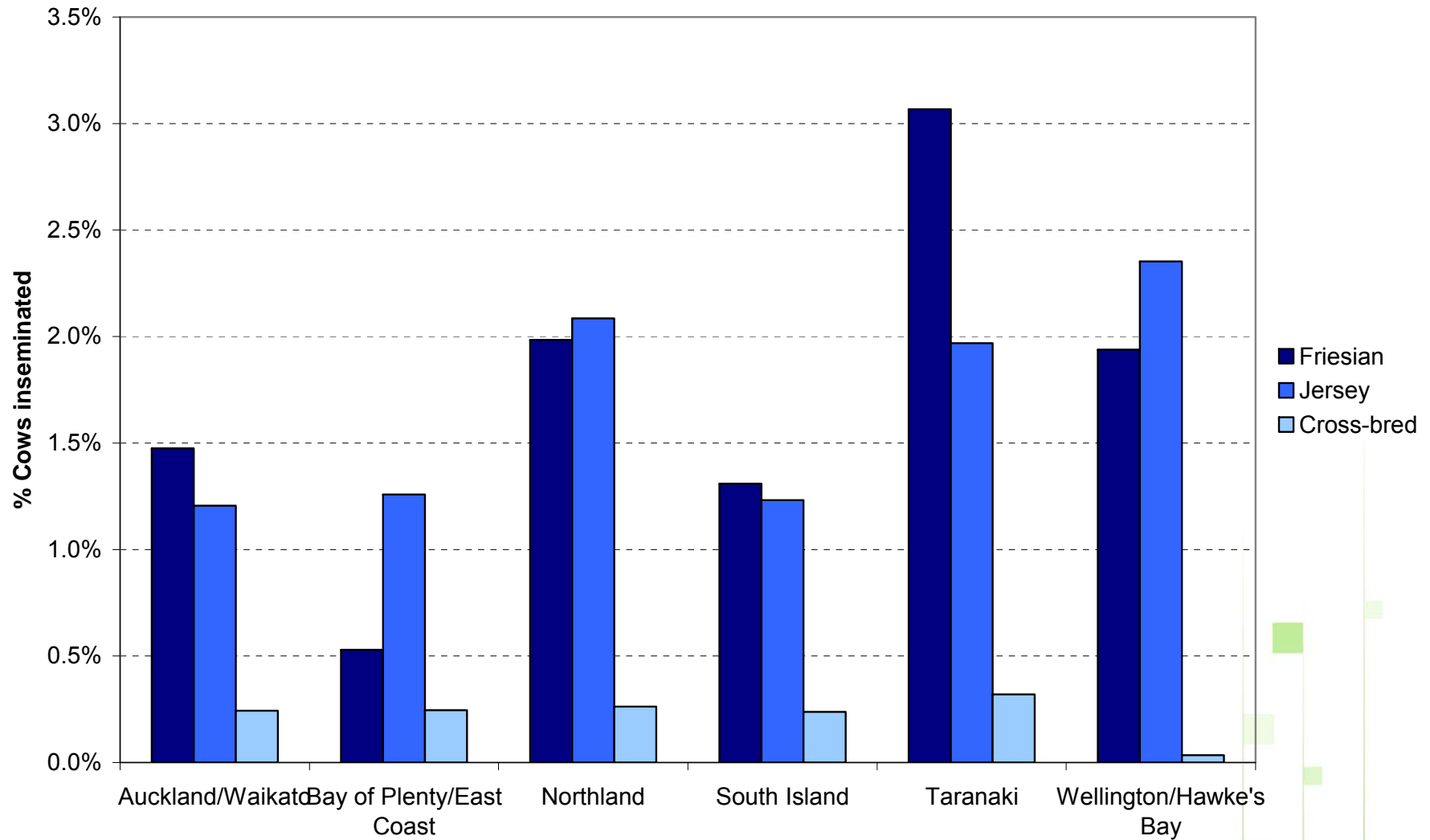
Beef inseminations in dairy cows



Beef inseminations by cow breed



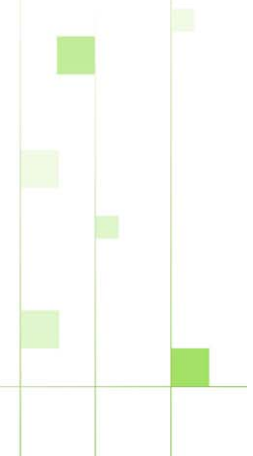
% of cows inseminated with beef semen



Gestation length

Breed	Breed Average Gestation Length (days)	Breed Variation
Angus	281	+/-14
Shorthorn	283	+/-9
Hereford	284	+/-15
Simmental	287	+/-13
Charolais	287	+/-14
Limousin	289	+/-13

1/3 x 300 cows x 5 days @ 1.6 kg MS/cow x \$6.50/kg MS
 = \$17.35 per cow per lactation ≈ 2.67kg MS



Additional revenue from calves

$1/3 \times 300 \text{ cows} \times ((\$125/\text{calf} \times 95\%)$

less $(\$18/\text{calf} \times 90\%))/\text{calf}$

= \$10,255 per lactation

= \$34.20 per cow per lactation $\approx 5.25\text{kg MS}/\text{cow}$ at \$6.50/kg MS

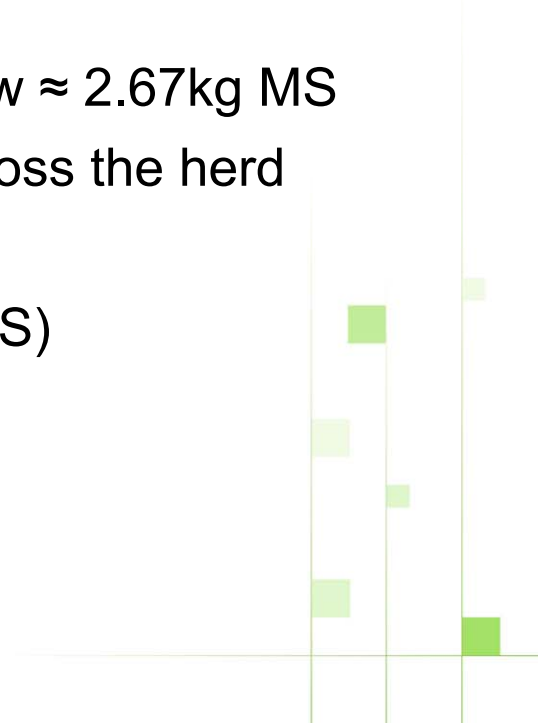
$\approx 1.75\%$ increase in milk

Plus benefit of shorter gestation length of \$17.35/cow $\approx 2.67\text{kg MS}$

= \$51.55/cow or 8kg MS extra $\approx 2.6\%$ more milk across the herd

Will need to feed an extra 10-12 litres of milk (1kg MS)

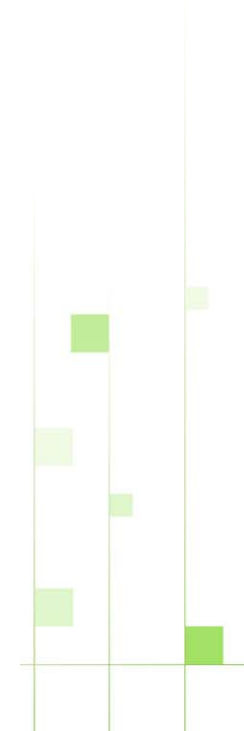
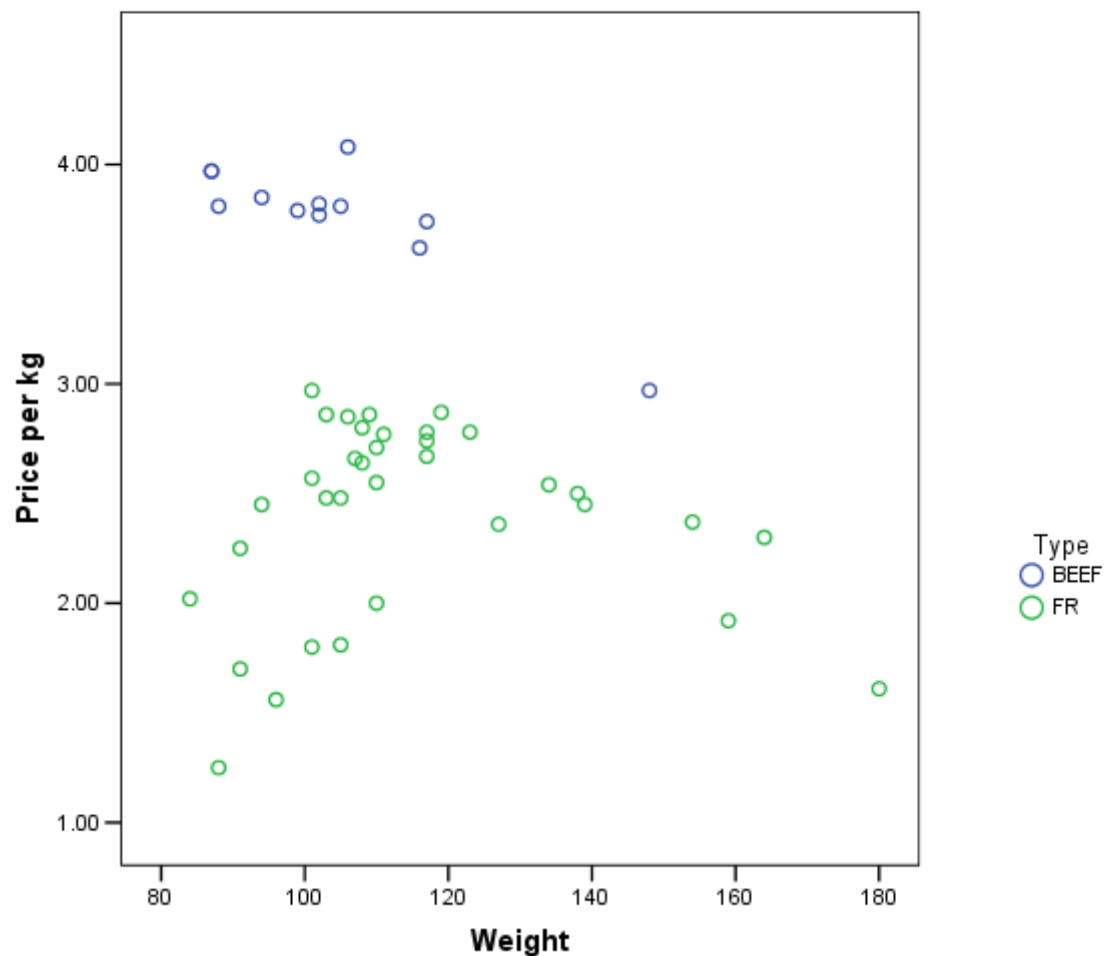
= **\$45/cow net margin**



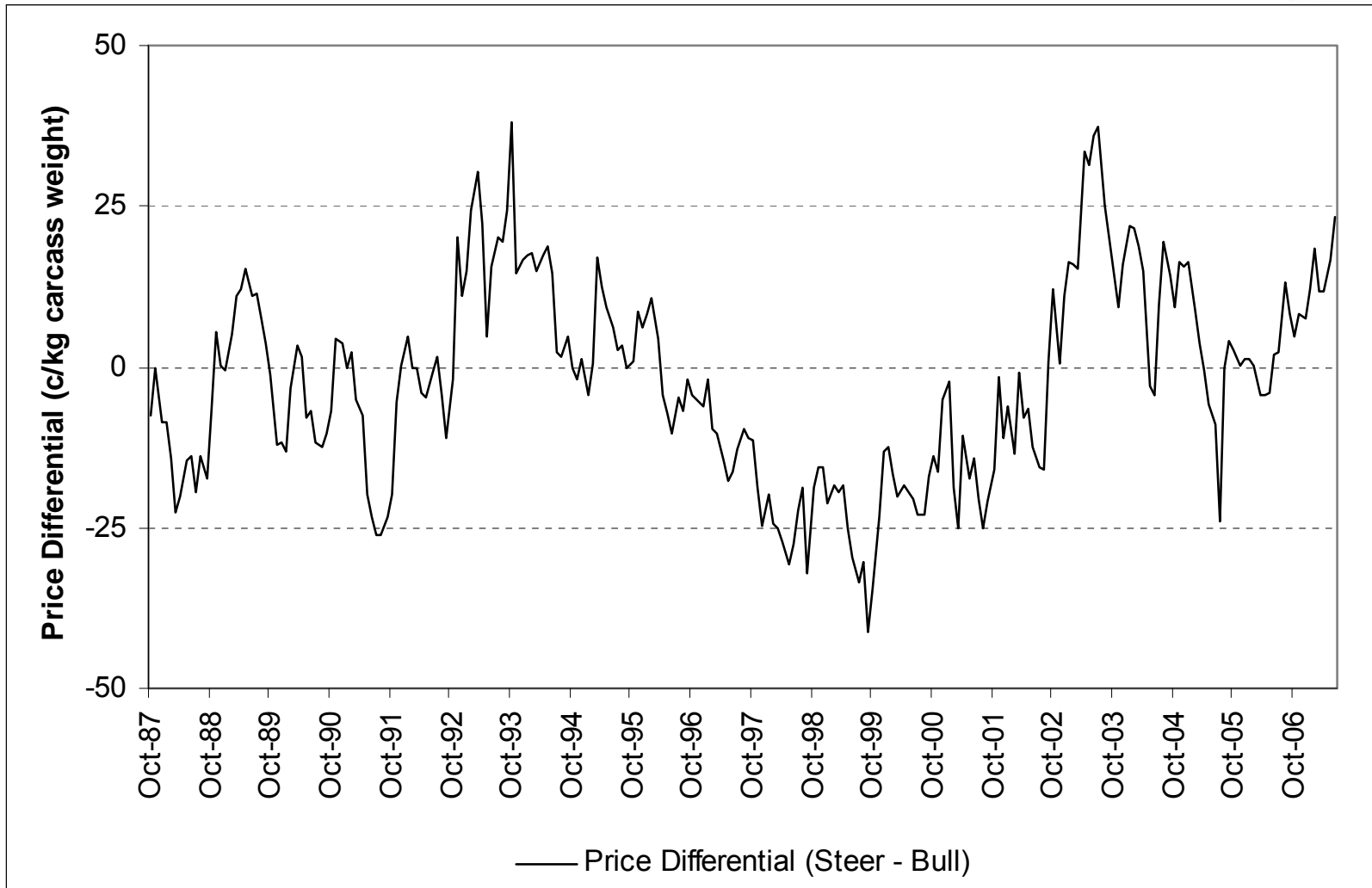
Weaner Price Difference



Frankton Dairy Beef Weaner Sale 22/11/07



Steer – Bull Schedule Price Differential



SSF dairy beef integration project



Purpose:

Regionally-based extension project that provides information, tools and shared experiences to increase the confidence of farmers to become part of a profitable dairy-beef industry

Approach:

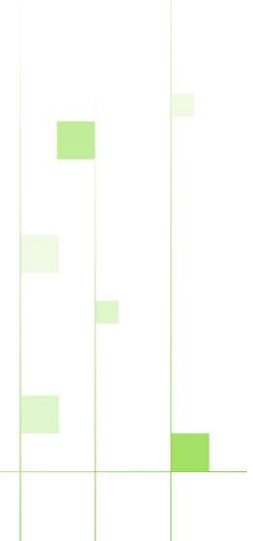
Focus value chain groups – demonstrate, monitor and analyse

Focus on BULLS rather than BREEDS

Field days & workshops – AB technicians are key influencers

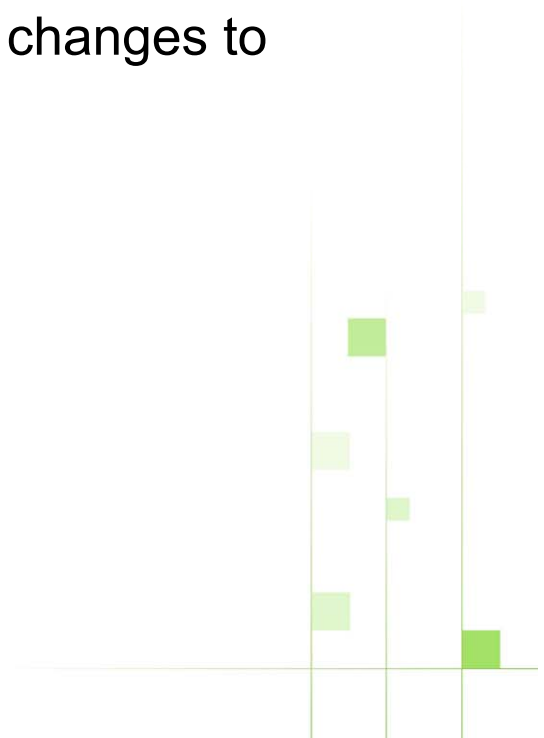
Working with:

Farmers, LIC, NZ Beef Council, Breed Associations, AgResearch, meat companies



Dairy farmers want ...

- Simple mating systems
- Easy-calving
- Easy identification of beef-type calves
- Calves that are easy to sell
- Information on costs and margins associated with changes to their farm business management



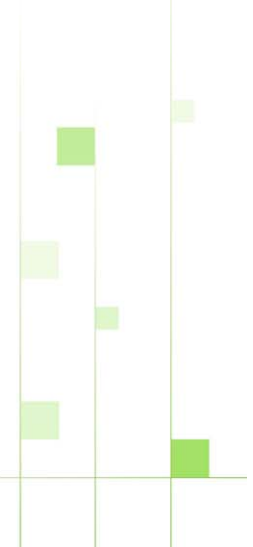
How to for farmers

Contact a reputable breeder with top records whose bulls suit your operation

- Direct calving ease & Birth weight EBVs
- 200 and 400 day growth rates
- Colour
- Gestation length
- Recorded bulls
- Structural soundness
- BVD Vaccinated and EBL Negative

Start marketing next season's progeny prior to mating (so before the sperm cracks the egg you should have an idea of how you're going to market it!)

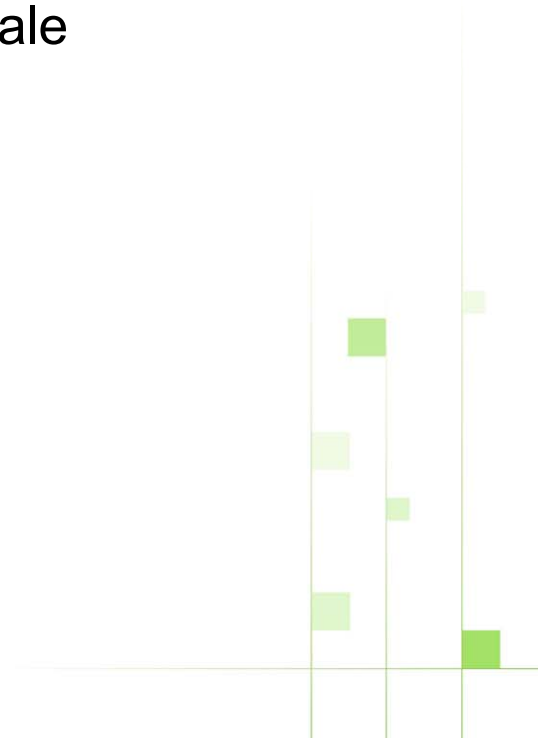
SELECT A BULL NOT JUST A BREED



Calf rearers want ...

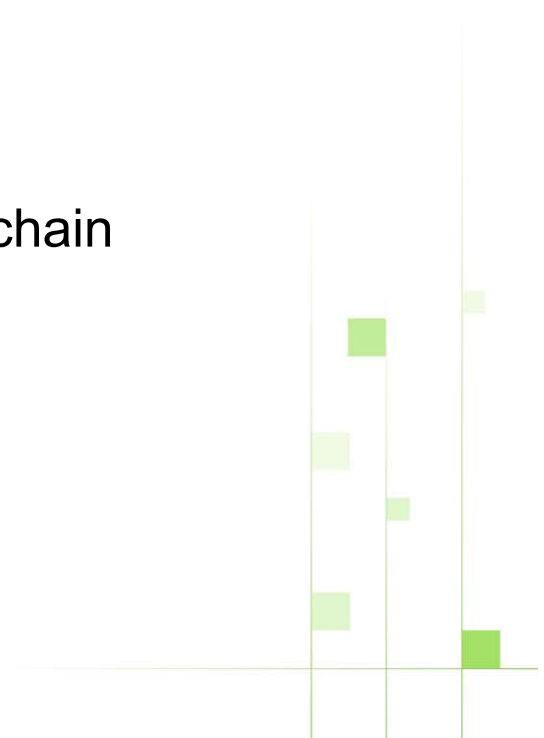


- **Certainty** - especially around sourcing calves and selling weaner calves = certain, sustainable margins
- Many are relatively small and part-time, they need to know what are realistic costs and margins, and how to manage risk to ensure long-term profitability
- To know how these factors vary with business scale



Beef finishers want ...

- Greater certainty around
 - prices of weaner calves
 - supply of calves
 - growth rates
 - carcass attributes
- To establish fair and equitable contracts
- Learn about the value added by others along the chain
- Compare other finishing systems



SSF dairy beef integration project



The outcomes arising from this project include:

- Increased use of beef semen by dairy farmers
- Increased use of high quality beef bulls by dairy farmers
- Increased calf revenue and lactation length for dairy farmers
- More calf rearers being in long-term stable relationships, earning stable, sustainable margins
- Increased revenue for beef finishers through access to a greater number of high quality, efficient dairy-beef progeny
- Increased supply of beef type cattle to provide more quality beef for expanding markets like North Asia

