

“More calves would be reared if the meat companies didn’t fight to kill the bobbies. I have regular customers for weaned calves and am inundated with requests to finish cattle but a lot of opportunists just ring around looking for supplies.” – Ian Farrelly

Beef bonus goes begging

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LITTLE evidence is showing that beef rearers and finishers are taking up the powerful incentive of \$5 a kilogram for cattle carcasses.

Professional calf rearers say numbers this season were similar to the past few seasons and Beef + Lamb New Zealand’s economic service was forecasting only a slight increase.

Executive director Rob Davison expected 450,000 bobby calves would be retained from the dairy industry for rearing as beef bulls or steers.

That compared with 435,000 last year but was well down on the 660,000 reared in 2001 before the loss of beef cattle finishing country to dairy conversions really started to bite.

In addition, the beef cow herd continued to shrink, down to 986,000 on July 1 compared with 1.12 million three years ago.

“We don’t expect that drop in beef cattle to be replaced out of the dairy herd, although the potential is there.

“Anecdotally it seems that no one is holding on to any extra calves this year.



LACKING: Large-scale calf rearer Ian Farrelly believes the beef industry lacks loyalty.

“The bobby calf kill was up 10% at the end of August compared with last year, which would be as a result of the expanding dairy industry.

“There is no indication that a greater proportion are being saved for beef rearing,” Davison said.

NZX Agrifax senior beef analyst Nick Handley said while the beef cattle kill was low at this time of the



MORE: B+LNZ economic service executive director Rob Davison says the bobby calf kill was up 10% this year.

year it was higher than in previous years.

And kill weights were lower than usual, indicating farmers were selling earlier to take advantage of the very high schedule prices.

With milk payouts potentially smaller than beef schedule prices, Handley wondered if a financial case could be made for intensive beef

finishing on supplementary feed as a competing land use to dairying.

Agrifax colleague Chris Taylor said store cattle prices up to \$3/kg liveweight for 400kg rising two-years would make for small margins from buying in, finishing and selling in say, six months.

Beef-cross calves, weaners and yearlings had been in greatest demand through the saleyards and there was no sign Friesian bull calves had suddenly taken off.

Large-scale calf rearer Ian Farrelly of Te Awamutu said he would do about 10,000 calves during a full year, about the same as previous years.

While it wasn’t too difficult to source calves the costs of rearing were still high, averaging about \$200 a head.

Milk powder prices had come down but meal prices and the calf buy-in prices were high.

“At the start of the season the economics didn’t look good so we elected to do the same numbers again this year,” he said.

About 1.9m bobby calves are processed every winter for veal and by-products exports, up from 1.3-1.5m a decade ago.

Farrelly said the meat companies “compete at both ends” of the life of a cattle beast and the industry lacked any sort of strategy to grow cattle numbers and beef production.

“More calves would be reared if the meat companies didn’t fight to kill the bobbies.

“We have a wonderful product and fantastic markets but the industry lacks loyalty.

“I have regular customers for weaned calves and am inundated with requests to finish cattle but a lot of opportunists just ring around looking for supplies.

“Perhaps it didn’t stack up for them but it is a pity Silver Fern Farms pulled out of contract bull beef grazing after a few years.”

Davison said local market demand was rising with NZ population growth of 33% since 1990.

During that time the dairy herd

Sharing shed

BEEF schedule prices have never been higher.

After decades of \$3-4/kg carcassweight values, while farming costs kept rising, they were now at \$5/kg or more for local market and for the best bulls and steers for export.

New Zealand meat companies killed nearly two million bobby calves each winter, from out of the dairy sector, and the numbers of bobbies retained on farms for cross-over into the beef industry were falling.

NZ was almost unique in having that dairy-beef tradition, which could be exploited for the doubling of annual beef production and export earnings.

Fonterra director, former head rural banker, and large-scale calf rearer Ian Farrelly said the beef industry lacks a strategy for adding value to those bobby calves.

Instead of a million or two fully grown cattle worth billions of dollars when killed we settle for \$100m in veal and by-products.

Why won’t more farmers rear more calves when the supply is on their doorstep and is renewed every spring?



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NO SIGN: Anecdotal evidence suggests few farmers are holding on to calves for rearing as beef cattle.

grew 90% and the beef herd fell by 18%.

Beef consumption was steady at 27kg/head annually.

The quality of the eating experience had increased along with the professionalism of local retail butchers.

During winter supplies of Australian beef supplement our shortages at a rate of 1000-1100 tonnes a month.

This year that import rate had continued through August and September, Davison said.