

**Breeding is an Investment.**

Many older farmers have a great interest in breeding, how the progeny perform but more particularly how they will look.

You only have to go to a Calf Club day and stand by those older farmers, who will talk about breed, dairy type, and performance all day long. I know that when I ran my own dairy farm, it was great to stand and talk to them about how they saw our younger stock particularly at Calf Club.

Dairy farmers have a number of sources of bull semen in New Zealand. The question always begs, do you go for the bull of the day, or select one bull and get a "line" of heifers. My dad was a breeding man and for some 27 years, purchased lines of dairy calves, ran them for 18 months, then sold them as in-calf heifers. He would always look carefully at the breeding established and the pedigree background, but importantly the line. Successive auction sales showed purchasers would pay a premium for a line of heifers, which had proved themselves in the previous season.

You can look around the Waikato, or New Zealand for that matter and there are a few purebred herds which look absolutely wonderful. A top producing Jersey herd will sell at a premium if it is a line and they all look relatively similar.

Now looking at the investment or the cost model of having top quality stock, the issues are as follows:

- The costs of breeding is fully tax deductible
- Good breeding and good animal health is an excellent investment
- Its all about about improving the longevity of the animal
- It is preventative maintenance and wealth creation for the future

We'll shall we compare the animal investment to that of a car:

If you spend \$40,000 on a car and it lasts 8 years, then the capital has a cost to you of \$5,000 per annum. If it only lasts 4 years, presuming it has no residual value like a cow and it has cost you \$10,000 per annum.

Now looking at the cow, if you breed a top animal and look after it, then a cow will be worth say \$1,000. In New Zealand the cow's average lactations are 5 or 6 years, which means you need 20 replacements annually for 100 cows. If you get 8 lactations per cow, then you only need 12½ replacements per 100 cows. Big difference isn't it?

Some herd wastage is so low that "culls" are actually sold as budget cows, which improves the income and improves the bottom line. This bottom line is further improved if the stock is well bred.

If you can reduce replacement numbers down to 13% per annum (ie. 13 per 100 cows) then you may not need to graze replacements off. Again, this should improve the bottom line.

Animal health costs are tied closely to feeding levels and mating management. A healthy, well fed, well bred cow is almost always going to produce better, but more importantly get in calf and thereby reduce herd wastage.

Let's also look at the costly facial eczema. This has been an exceptionally bad season for facial eczema in the greater Waikato. Early signs of eczema produce flu-like symptoms in the cow. Do you produce well with the flu? No, so why should the cow? The remedy: invest in animal health as prevention, keep well bred stock, feed them well and reduce herd wastage.

Footrot is another big loss in dairy herds. The cost to fix the hoof and the loss of production and subsequently loss of income, is a huge cost to the industry and your pocket. Do some breeds have less footrot than others? What can you do on the farm to reduce foot problems?

Invest in prevention and quality by:

- Selecting top quality semen / bulls

- Not overstocking.
- Keeping your cows in good health.
- Looking out for hardware in the race, ie. pick up all those staples, bits of wire, hard rock etc.
- Forming up the races better.
- Having lime-rock for the last 40 meters before the year, so the hard chip drops out of the cows' feet.
- Keeping the bulls out of the herd in the yard.
- Managing the cows carefully in the yard.
- Keeping the copper, cobalt, selenium levels correct.
- Have a long term breeding programme.

Other issues include:

- Dirty water troughs – have you seen how much muck and rubbish gets into the bottom of a water trough over the year? Would you drink the water you are feeding to your cows? Give your troughs a thorough clean out every year.
- Bloat in the Spring. Do you like massive indigestion? Cows don't either.
- Metabolic problems in the spring also causes losses. Make sure that you get it right. Have the materials on hand, for preventative maintenance.
- Skinny stock are more susceptible to disease. It should be called "disease"!

You should treat your cows like you should treat your woman folk:

- With kindness.
- With care.
- With support.
- With realistic expectations.

If your mate is having a very stressful life at the time of having your baby, she will not be able to feed that child. This is because there will not be enough Oxytocin in the blood to signal a milk let down. The same goes for cows. They need to be treated

quietly in the cow shed and moved from the paddock to shed and back to the paddock gently. because cows are a gentle animal.

I sold my own herd in the 1990's and got an absolute premium at our own milk herd sale. Why? The cows were well recorded, well bred, in good order, but most importantly they were quiet. So quiet that we had to push them into the ring, and the farmers voted with their cheque books.

## **SUMMARY**

- It is very clear that animal breeding and animal health is not a capital expenditure or a luxury.
- It is an essential expenditure, fully tax deductible and essential for the health and wellbeing of the animal, the farmers and their business.
- Good breeding and good animal health is an investment and part of the wealth creation process for the farmer.
- In these tough and uncertain times, it is essential to programme sufficient capital out of the farm budget to meet your breeding and animal health requirements.

These are the opinions of Don Fraser of Fraser Farm Finance. Any decisions made should not be based on this article alone and appropriate professional assistance should be sought.

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