



# Non-replacement Calves

## Changes to Terms of Supply

December 2022

### Introduction

This document is intended as a guide for farmers to help support their choices on-farm relating to non-replacement calves as we approach the change to Terms of Supply on 1 June 2023.

If you have further questions, please contact your **Area Manager**.

### Common questions

#### What is happening?

- Most New Zealand farms rear 20 – 25% of their calves each year as replacement heifers for the milking herd. All other calves (not reared as replacements) are non-replacement calves.
- We have introduced a new clause within the Terms of Supply which means calves can only be euthanised on-farm when there are humane reasons for doing so.
- On 1 June 2023, when the clause comes into effect, Fonterra farmers must ensure all non-replacement calves enter a value stream - either beef, calf-veal (bobby) or petfood.
- We signalled that this change would be coming in February 2022 in order to allow time for you to assess your options and plan any changes to your current management practices, including for those with autumn-calving herds.

#### Why is this change happening?

- We're proud that Fonterra farmers are already world leaders when it comes to animal wellbeing.
- Consumers in New Zealand and around the world are increasingly interested in how their food is produced, including the quality of life experienced by the animals who produce it.
- As part of our strategic choice to lead in sustainability, Fonterra places a strong emphasis on calf wellbeing and a big part of this is ensuring dairy calves have a useful life.
- It's part of Fonterra's long-term strategy to grow the value of the milk produced by our farmers by meeting the demand for food with great animal wellbeing credentials.
- Other countries and companies have already introduced policies and assurance schemes that provide consumer guarantees about the on-farm treatment of calves. It's important for Fonterra to address this complex issue to ensure we remain competitive in-market.

## What records do I need to keep from 1 June 2023?

It will be important to maintain accurate records to show the destination of all calves born on farm.

- You can do this through any of the following options:
  - MINDA records
  - NAIT tracking
  - Processing dockets or receipts
  - On-farm mortality records, vet reports etc.

Your calf records will be verified during the 24/25 season farm dairy assessment, alongside other verification checks.

## Has Fonterra talked to the meat processors about this?

- We understand sale options in parts of New Zealand are currently limited.
- That's why we've been working closely with meat processors, transporters, petfood processors and other industry groups (e.g. Feds, Dairy NZ, Beef & Lamb) for many months on changes which can be made to support farmers meet the new Terms of Supply.
- It is likely there will be transport and processing delays again next season due to general labour shortages. It's important to prepare a plan to manage calves on-farm longer, in case they aren't able to be collected at 4 days of age.
- Some processing companies use booking applications which help to match calf collections with available processing space. It can be frustrating when there is no space available to book. However, apps like these are great for calf wellbeing as they reduce transport distances and shorten lairage times. There are environmental benefits too, through reducing kilometres travelled and avoiding 'empty kilometres'. It is expected more processors will implement apps like these to manage calf supply chains in the future.
- We're also investing in R&D and exploring long-term solutions such as dairy-beef partnerships and opportunities

## What about bobby calves?

- The change to Terms of Supply isn't focused on bobby calves. The intent of the change is to highlight calf wellbeing and ensure all calves have a useful life.
- Calves sent for processing as vealers (bobbies) are fully utilised to make a huge number of valuable products, such as meat, leather, adhesives, and even pharmaceutical products. If you're interested in more information about what applications vealer calves contribute to, you can read more in the [2021 Kellogg Report](#) on bobby calves by Greg Hamill.

## I don't like putting my calves on the bobby truck.

This is a valid viewpoint – and you should be commended for caring about your animals.

- Since 2015, there has been a huge amount of effort and change across the supply chain – from the dairy farm, through transport, right to processing. As a result, outcomes for young calves being transported are now much better than they were a few years ago.  
If you are interested in these changes (and the impact of them), you can read more [on the MPI website](#).
- If you are still concerned about putting calves on the truck, here are a few other ideas to consider:
  - Speak with your local meat processor (and transport company) about your concerns
  - Contact local petfood processors to enquire about service availability

- Hold calves on-farm for a few extra days before sending them – bigger/older calves may travel better
- Rear calves on-farm for sale as sucklers or weaners (link in with existing calf-rearers and beef producers)
- Join with other local farmers to establish a new rearing operation in the area

### Is rearing on-farm an option?

- Margins are certainly tight when it comes to calf rearing – with the biggest driver of that being sale/market price. If your calves aren't receiving the prices you'd like, here are a few things to consider:
  - Could the herd breeding strategy be changed to generate calves of higher market value?
    - sexed semen (female bias) to market extra replacement heifers
    - beef semen – for beef rearing, and/or to increase the carcass weight of bobbies
    - sexed semen (male bias) to market breeding/teaser bulls, and/or for beef rearing
    - specialty sires for contract sales
  - Could calves be held on-farm a bit longer to increase carcass size?
  - Are there any local dairy-beef partnership opportunities?
  - Could you join with any other farmers in the area to establish a rearing operation?
  - Talk to your local breeding company rep as there are a lot of different beef breed options available that could be used eg Speckled Park, Charolais.

### Some calves are not suitable to transport, what do I do with them?

- Calf wellbeing is the most important consideration, and the Terms of Supply do allow for on-farm euthanasia on humane grounds, including:
  - To relieve suffering in an emergency situation
  - Following vet advice
  - To relieve suffering from a significant congenital abnormality (birth defect)
  - To protect the wellbeing of an animal that is unfit for transport.
- If you have an animal that isn't fit for transport, it's worth considering what other options could be suitable, such as:
  - Holding it on-farm a bit longer until it's bigger (more suited for transport)
  - Selling it for rearing
  - Rearing it on-farm

If none of these options are suitable, then humane euthanasia is likely the most appropriate action. Be sure to document the animal ID and reason for euthanasia in your farm's animal records.

### What if I don't have the infrastructure to rear more calves?

- This is one of the trickier areas to overcome for some farms. Having good infrastructure is really important for calf wellbeing, and also human wellbeing! The location, design, structure, layout, and operation of calf rearing facilities can have a huge impact on the time it takes to feed and effectively care for calves. Facilities also play an important role in preventing disease spread.
- This change provides a good opportunity for you to review your current calf facilities and consider whether they are fit for purpose – whether for replacement heifers, or non-replacement calves.
- New facilities don't have to cost a lot – there are some great lower-cost options such as polytunnels and canvas shelters. These can be a great way to get calves out into pasture quicker (good for disease control, and rumen development), while still ensuring they have adequate shelter.
- Our Farm Source store teams and local Technical Sales Representatives are also available to help with this and can provide some useful information on options.

## What's the long-term view? What will the management of non-replacement cows look like for your farmers in 2030? 2050?

- There's still work to do to improve existing options and develop new solutions for farmers to ensure all their non-replacement calves enter a value stream, so that's our main focus at the moment.
- We are working closely with the beef industry, pet food companies and others on this, as collaboration with the wider sector is key to ensuring continuous improvement.
- We review our Terms of Supply and Co-operative Difference framework on a regular basis looking at what they may need to include in the short-term through to the long-term. Those reviews take into account stakeholder expectations, changing regulations, evolving research and technology, what competitors and overseas markets are doing and many other factors.
- We can't preempt what future changes there might be, but the reason we'll make them will be to ensure we're at the forefront of animal wellbeing practices and building a more sustainable future for our industry. That's how we'll continue getting the best returns for our farmers' milk.

### Where is further information available?

- For further information and FAQs, go to <https://nzfarmsource.co.nz/business/advice-support/animal-health/calf-wellbeing/>
- For information about calf rearing, go to <https://www.nzagbiz.co.nz/nz/en/animals/calves.html>
- There are some useful case studies on the DairyNZ website ([www.dairynz.co.nz/animal/calves/dairy-calf-opportunities/](http://www.dairynz.co.nz/animal/calves/dairy-calf-opportunities/))
- The following websites have information and guidance on calf transport:
  - DairyNZ (<https://www.dairynz.co.nz/animal/calves/bobby-calves/transporting-calves/>)
  - MPI (<https://www.mpi.govt.nz/animals/animal-welfare/safeguarding-our-animals-safeguarding-our-reputation/bobby-calf-welfare/>)