The Deer Industry Association of Australia

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10 YEARS AGO

By Andy Cowan

"Although you don't need me to remind you, the industry is going through tough times at present, although a large percentage of the depressing influences are those over which the industry has no control." Chris Tuckwell. *Australian Deer Farmer*. Vol. 9. No. 2. March/April, 1998.

Some people think that the weather cycles every 10 years. Some think it cycles every 17 years. I think it cycles about every 200,000 years. One thing that may be a little more predictable is agricultural cycles. There are probably many economic models outlining why agricultural prices fluctuate and/or cycle. One such model is the "Hog Cycle". Hog cycles are caused by factors that occur both within and outside the industry. The underlying reasons include the reproductive biology of hogs and time lags in the adjustment of production levels to price changes. There are modifying factors which include variations in feed grain production, supplies of competitive meats and substitutes, economic, social and political factors that affect the demand for pork. Things that all farmers appreciate! The same could be said for most agricultural products.

Take for example the production of deer antler. Whatever price is paid/accepted for the product is meant to be an indication that both parties are content with the price. Both parties can value-add-to or produce the product and make a living. If the buyer of deer antler needs more of a product he will be prepared to pay more if there is reasonable competition. In response to this, growers will want to grow more antler to take advantage of the higher price. In this case, the time lags for an actual increase in supply may be 3 or 4 years. The supply increases to the extent that there is too much for the buyer and, now that he can pick and choose, he lowers the price. Farmers, because they expected the high price, are annoyed and sell their stags for meat. This cycle may be 6 or 7 years. That example should resonate with the velvet growers at present. In the factors mentioned above, that modify the adjustments in production, I did not mention greed and limited time horizons. I find it difficult to understand why so called "marketing experts" spend so much time, money and effort trying to manipulate markets. I believe they should be trying to create partnerships which mutually benefit from their business association. If farmers knew, with reasonable certainty, what their income for the year was going to be, I'm sure their lives would be much easier. If they knew they were going to be paid upon presentation of their product to the buyer – wow!

In 1998 Henry Shapiro, the then President of the DIAA, was about to go to Ireland and speak at the World Deer Conference. In his President's Report, Henry state "It is a very strange thing, you curse and curse at certain New Zealand processors for allegedly dumping product in Europe and causing the venison market to collapse, then you find out who is really tendering the lowest prices. At the time of writing, the lowest price venison going into Europe was being shipped by Australian processors. It is not wise, it is not necessary, it doesn't help the Australian farmers, the deer industry or the reputation of Australia overseas. And it's crippling our industry. It is not going to be easy getting up at the Ireland conference and railing against some New Zealand processors when they are being undercut by our own". Well, we have had a couple of cycles since then and the price of venison is now quite respectable. In New Zealand, it is almost twice what it was two years ago and in Australia it is about half the NZ price – approximately A$3.20+/kg, HCW. Ten years ago the Australian Deer Co-op were offering $3.30 for the top fallow and red deer carcasses.

Ten years ago the ADF magazine was a very different beast. There were about 25 advertisers, about 12 or more contributors and much was happening in the evolution of the DIAA. The DIAA website had just been put online. A lot of the ground work for the website was done by John Hayes and Jeff Fyffe. The website is now being upgraded and will soon have a new look and be more user-friendly.

The velvet prices were appalling in 1998. In the second pool for that season there was about 300kg of elk/wapiti velvet. There had been no sale at the time the magazine went to print. The top priced red velvet was RG1 which sold for $50.61/kg. The next best price was for SA2 which sold for $45.60/kg. The top fallow velvet was FA1 which sold for $40.00/kg. The cycle is there but the modifying factors would be different this year.

Despite all these low prices, the velvet dinner was a great success. 100 growers and friends were present when Dianne and Ross Lawrence's stag "Linford" won the Open Red Competition. Linford cut 5.7kg of SA2 velvet. Norm Craig and Branko Sarunic's stage "Custer" cut 11.6kg of EWS to win the Open Elk Competition. Finally, Mrs R. O'Connor, of Elaphous Farms in Tasmania, won the Open Fallow Competition with a cut of 0.6kg of FA1.

To quote from the report of the velvet dinner "There were many winners on the evening. Most of all, the industry itself benefitted greatly from the show of strength and confidence its members have in the future. Some may feel that the immediate future has never been more bleak with velvet and venison markets having collapsed seemingly overnight".

It was also at about this time that The Emu Company at Myrtleford, Victoria, started killing deer for export. It was the most advanced game killing plant in Australia which had started operating about eighteen months previously under and EU and UK ratite licence. After jumping through the various bureaucratic hoops, deer licences were obtained, enabling export to Europe, US and Asia, including halal slaughter for both cuts and carcasses. Early in 1998 more than 4,000 deer had been killed at Myrtleford. Initially, only whole carcasses were exported but, as the skills in the plant grew, boned product was leaving the country. One of the processors which made use of this facility was the Australian Deer Co-op, a recent formation of two processors – the East Coast Deerfarmers' Co-op and Deerman.

The Deer Industry Quality Assurance Board held its first board meeting in March, 1998. Members of the Board were Dr Tony English (Chair), Terry Mahoney, Colin Ward and Henry Shapiro. The first modules of the Deer Industry Manual had been printed and were entitled "Investment and Economics" and "Fencing and Handling Facilities".

Under the umbrella of the DIAA, there were many active groups promoting the industry both nationally and locally. These groups included the State Branches – NSW, Vic, SA and WA. There were three Deer Farming Associations – in Queensland, Tasmania and The Murray Deer Farmers. Finally, there were three Societies and Networks. These were the Red Deer Society, the Australian W & W Society and the Australian Fallow Deer Network. All the members of all these groups had put in an enormous amount of work in order to promote deer farming in Australia.

Life is a gamble. A lot of what we perceive as success in our own lives is attributable to luck. The farmers I feel for are those that have spent a lot of time and money building up herds and genetics over the years to higher production levels, for example with velvet herds, which are crushed by drought, low prices and delayed payments. So many factors beyond their control!! Luckily I am an optimist and a great believer in cycles.

It was also at about this time that Nola Anderson and John Tonard were made Honorary Life Members of the DIAA.

There were about 20 groups buying venison from farmers. Discussion was being held as to whether or not we should sell ADH & Co-Products Ltd. The Deer Industry Company was reporting that the best price for venison was about $2.80/kg HCW. The larger deer studs were still very prominent and involved in increasing and improving the genetic diversity of the national herd. Asian currency crisis was happening and the list goes on.

Dr. John Thonard presented a paper to the 2nd World Deer Farminhg Congress in Limerick, Ireland in June 1998. His paper outlined the evolution of our industry's research and development program and our relationship with RIRDC. At this time, there were eight R & D proposals being supported, six of which had financial commitments for the F/Y 1998-99. Five additional research projects were considered for funding and were to commence in 1998. These projects included R&D Newsletters and subsidizing DIAA personnel to attend conferences. The single most important and largest grant was for $133,000 to the Deer Industry Projects and Developments Co., a wholly owned company by the DIAA. It was to appoint a Deer Industry Development Manager (Mr. Chris Tuckwell) to help promote "The Development of the Deer Industry as a Major Australian Livestock Industry". Unfortunately, budgetary constraints and drastic cuts in Commonwealth government funding put many restrictions on most of the worthwhile projects.

In 1998 there were 13 or more preliminary applications for research projects seeking funding. Six of these applications related to projects involving nutritional studies to enhance on-farm productivity. This could have been the initial stage of the total withdrawal of funding for the study of on-farm productivity increases. It was evident that the applicants were not sufficiently aware of the literature on this subject and many of the research projects were similar to earlier research. It was also argued by many farmers that much of this type of research was being done in New Zealand.

In his conclusion Dr. Thonard remarked "… it is the belief of our industry, obviously shared by our counterparts in New Zealand, that investment of the industry in research and development programs is an essential commitment to the furtherance of a deer industry as a primary rural industry of major national importance. After all, what attracts a market to multi-pronged great weight antlers may not hold the same attraction for a sophisticated market versed in centuries of discerning palate for the subtle fineries of superior venison. Maybe, only research and development programs can differentiate these parameters?"

I have compiled a very limited parcel of farm expenses (see table below). Within the contents of the parcel there would be wide variation all over Australia. It is really meant to highlight how much farm costs have risen and how farm returns have remained constant in dollar terms. The deer farming industry is not alone in this regard.

To highlight this point of view – the lowest prices ever paid for velvet for the last 15 years were in 1998.

Figure 1

It may be of interest to compare prices in 1998 and today. The following figures for comparison are taken given the same volume, weight, time, etc. Most figures are approximations and will vary around the country and shire to sire, season to season, etc. The 1998 figures are taken from my farm receipts.

EXPENSES	**1998**	**2008**	**% Increase**
Diesel Fuel	$0.849	$1.60	88%
Unleaded Fuel	$0.839	$1.50	79%
Farm Insurance	$1,903.00	$3,290.00	73%
Farm Shed Permit	$20.00	$500.00	A LOT
100ml, 5 in 1 Vaccine	$22.60	$25.00	11%
20 kg Bag of Cement	$3.50	$8.10	131%
20 lt. Round-up	$302.00	$385.00	27%
5 kg, 2.5mm Weld. Rods	$25.60	$42.50	66%
Shire Rates	$1,304.00	$2,450.00	88%
Toyota Registration	$220.00	$298.00	35%
Limestone Bulk per MT	$34.00	$50.00	47%
1 MT Oats	$134.00	$315.00	135%
1 MT Lupins	$180.00	$470.00	161%
5' Round Pasture Hay	$50.00	$70.00	40%
5 lt. Ivomec	$190.00	$640.00	237%
Vet. per hour	$60.00	$80.00	33%
Chicken Manure Pellets	$11.00	$28.00	155%
INCOME	**1998**	**2008**	**% Increase**
Venison	$3.30	$3.20	-3%
Velvet	$28.00	$65.00	132%
CPI	**120**	**162**	**35**
In 1998 US$1 bought at A$1.55 and NZ$1.80 **In 2008 US$1 bought at A$1.07 and NZ$1.19**			

As you can see from the table the average price for red deer velvet was $28/kg. The highest prices paid since 1993 were in 1994/95 were SA velvet was $1.56/kg and the average pool price for red velvet was $108/kg. The over-all average, for the whole pools for red velvet, over the last 15 years is about $70/kg. this has been helped considerably by the increase in quality of velvet produced.

Venison is a different story. I have the names of 20 vendors that were in business in 1998, of which there are only three, I think, still operating and only one of these could be called a ‘significant’ player. It has been hard to get any accurate stats from venison vendors at the best of times, so this is only a very rough guide. The one point that has stood out with regards to venison production over the years is the consistently low average carcass weight for all species. Maybe more research should have been done in making farmers realize that bigger is not necessarily better. We should have learned to produced fewer but better quality animals on the land we had available. It has taken me 20 years to realize this about my own place – although there have been other ‘modifying factors’.