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PRESIDENT'S REPORT

By Jim Moir

I would like to thank the SA branch for organizing the AGM in Adelaide. It was well attended and the evening dinner was a great success.

At the executive meeting, the DIAA finances and membership fee structure were discussed that options reviewed. It was noted that we have not had an increase in membership fees for 11 years. It was agreed to put to the AGM a motion to remove the "99 animals or less" category fee. This means that there will only be a single fee for all deer farmers and all other fees will remain as is. Also it was noted that the NVAS scheme was losing money. The extra returns from the membership fees mentioned previously would require an offset from non-DIAA members and an increase of \$35 per annum was recommended, in line with the new fee structure.

The year started off with the promise of a recovery in the velvet trade. Prices started where they left off after the second pool last year, giving the prospect of higher prices for this season.

However, the Pools in New Zealand started slowly, with no sales and prices were below that of the previous year. The prices were actually dropping on a monthly basis. By the time of ADH&CP's first Pool, the Koreans had virtually boycotted the market. However, we did manage to get prices close to the previous year. Regrettably, our buyer was caught up in the Korean quagmire and couldn't on-sell the velvet. The result was that payment was delayed and after many, many phone calls, monies due were only coming in dribs and drabs.

The second Pool was held in February with a lower volume than last year. With a falling market, it has taken us nearly three months to sell the Pool. We are in a much better position than those farmers who still have freezers full of velvet.

Some people are talking gloom and doom about the velvet market and I agree that the pricing uncertainty is a pain. I have compared my returns from last year to this year and found that I am actually better off this year. In both years, the majority of my product was sold in the first pool. I lost out last year but won this year. This, coupled with the reduction in levies, plus the new ADH pricing system, means that my net returns per kg are actually up by \$7.36 per kg.

We have often complained that we are held to ransom with only having the Korean market to sell our velvet. This year China has been buying heavily into the New Zealand Pools and this will open up new opportunities and will certainly flow over to the Australian market. Whilst concerned about the market uncertainty, I believe that the velvet market is and will be the most viable sector on my farm over the next ten years.

The venison market has contracted, with fewer animals available for slaughter. There has been a slight increase in the domestic consumption which has both a positive and negative effect. On the processors side, it is annoying that as they are opening up new markets, the farmers are not keeping pace with the increase in demand. This should lead to an increase in \$/kg for farm-gate prices. However, it could also have a negative effect in that, if the processors cannot meet the new demand, then the end-purchaser will source other suppliers or a different meat product. I think that we should focus on other meat products as our major concern rather than other suppliers of venison. It would be twice as hard to win back those end-users after we have lost them to an alternative product.

On the farmer's side, he needs a viable price for his product and a certainty of demand. For those reasons I think that an ongoing relationship with an alliance or processor is vital to the survival of the venison industry. So get to know your processor as I think you will find you are both on the same team.