



November (Spring) 2008, 3 pages

## REPORT TO THE DIAA AGM – DEER R&D PROGRAM

### Rural Industries Research and Development Corporation

#### Overview

- The Deer R&D Program has been affected by decreased production volumes upon which statutory levies are based
- This is the second year of the current Five Year Plan
- The R&D Program had built quite high reserves but participation in the DAFF Industry Partnerships Program and reduction in the R&D levy have reduced reserves substantially
- A total research budget of \$100,000 is proposed for 2008-09 (\$350,000 budgeted in 2007-08).

#### Goal of the Five Year Plan

The Program objective is to improve industry performance in four key areas where the industry has identified problems at both whole-of-industry and industry sector-specific levels.

#### Key long term R&D Strategies

- Improve understanding of and cooperation between participants in the value chain for venison and velvet products
- Improve market demand for venison and velvet products by improving product quality and quality control systems and improving consumer understanding of deer products
- Improve market demand for deer products by improving end-user knowledge of the attributes of Australian venison products and developing new value-added venison and velvet products that reflect current and emerging market requirements
- Promote utilization and adoption of research results to improve the uniformity and quality of industry products and the capacity of producers to consistently supply them
- Communicate research outcomes and promote their adoption to the deer industry through strong relationships with key industry organizations

#### Review of progress against the Five Year Plan

2007-08 is the second year of the current Five Year Plan for the Deer R&D Program.

Evaluation of the Deer Program in 2005-06 as part of the development of the Five Year Plan found that the program had addressed all objectives to some degree but proposed an initial focus on support for vertically integrated supply chain alliances and then expenditure of the majority of program funds under Objective 2. While this approach has been followed, limited funding has meant that some objectives are not being met.

**The budget below shows expenditure against objectives  
under the current and previous Five Year Plans**

Objective	Proposed Expenditure 2007-08 (Yr 2)	% of budget	Expenditure 2006-07 (Yr 1)	% of budget	Expenditure to date under current Five Year Plan	% of budget	Expenditure under previous Five Year Plan	% of budget
1. Production efficiency, profitability and sustainability	\$4,333	1.45	\$195,256	69.35	\$199,589	34.39	\$569,695	48.55
2. Supply chain efficiency, quality management and value adding	\$227,930	76.29	0	0.00	\$227,930	39.28	\$154,517	13.25
3. Market access and marketing arrangements	\$53,497	17.91	\$81,950	29.11	\$135,447	23.34	\$166,982	14.32
4. Human capital formation, industry organization and communications	\$13,000	4.35	\$4,333	1.54	\$17,333	2.99	\$274,950	23.58
<b>TOTAL</b>	<b>\$298,760</b>	<b>100</b>	<b>\$281,538</b>	<b>100</b>	<b>\$580,299</b>	<b>100</b>	<b>\$1,166,144</b>	<b>100</b>

### Report of key outputs and outcomes against goals

#### Objective 1: Production efficiency, profitability, and industry sustainability

A postgraduate scholarship awarded in 2005 to analyze the deer industry, identify reasons for lack of growth, and identify change management strategies has been finalized but will not be published as it contains commercial-in-confidence information. Interim reports have ensured research outcomes have been accessible to the research committee and up to date.

#### Objective 2: Supply chain efficiency, quality management and value adding

The majority of funding has been expended against this objective, largely in association with the Market Focused Venison Alliance initiative. Projects have focused on Fallow Deer product development and systems analysis; assessment of regional abattoir requirements for processing of deer; development of supply chain efficiency; and improving knowledge of constraints to value added venison products.

#### Objective 3: Market access and marketing arrangements

A project to review current Australian domestic venison industry supply chain marketing practices and recommend options for expanded, commercially viable food service market access has been commissioned.

#### Objective 4: Human capital formation, industry organization and communication

There has been no direct investment against this objective so far.

The Deer R&D Program produced two new publications in 2006-07. Four final reports from the Alliance initiative were submitted for clearance but were not published. Three Market Focused Venison Alliances will complete the Program in April 2008 and a review of this initiative has been commissioned.

### Proposed approach for 2008-09

With a gross value of production of approximately \$3.0 million, the deer industry is a small industry that continues to decline due to drought, production and slaughtering costs and international competition.

The deer industry has been deeply affected by severe drought conditions over the last two years, with numerous herds being culled and breeding stock sold to negate rising feed and husbandry costs. The domestic industry has also struggled to compete with New Zealand imports and the velvet pools have been poorly supported, leading to reduced benefits from cooperative marketing.

These trends have led to a progressive decrease in the amount of R&D statutory levy income received by RIRDC in recent years. The industry has also been required to increase its levy contribution to the National

Residue Survey, which led to its statutory R&D levy being reduced from 9.5 cents to 4 cents per kilogram in July 2007.

A core contribution of around \$50,000 has been provided to supplement R&D levy revenue to the Deer Program over a number of years but, due to the expansion in the number of new programs managed by RIRDC and the fixed revenue pool with which to support these, no core funding will be provided to the deer program this year. The option of moving the Deer R&D Program to the New Animals Program to reduce the effect of administration costs on program revenue was explored but rejected. Savings have been achieved in 2007-08 by operating a 'bare bones' R&D Advisory Committee and conducting meetings via teleconference. This arrangement will be reviewed by the DIAA in 2008-09. Program reserves will be used to supplement R&D expenditure of \$100,000 (\$350,000 in 2007-08).

### **Strategies for 2008-09**

- Improve market demand for deer products by improving end-user knowledge of the attributes of Australian venison products and developing new value-added venison and velvet products
- Promote utilization and adoption of research outcomes to improve the uniformity and quality of industry products and the capacity of producers to consistently supply them

### **Expected key outputs for 2008-09**

- Definition of the efficacy of velvet antler as a natural anti-inflammatory for animals
- Development of a database of deer industry practitioners to improve research dissemination and facilitate expansion of the R&D levy
- Communication of research results through a newsletter

### **Expected key outcomes for 2008-09**

- Identification of potential uses for velvet antler in the animal health industry
- Understanding of deer program research outcomes through more effective communications

### **Key Performance Indicators**

- Development of an industry database
- Resumption of an industry R&D newsletter
- Completion of trials to determine effectiveness of antler velvet for medicinal purposes
- Release of one new research report