



March (Autumn) 2007, 2 pages

PRESIDENT'S REPORT

By Jim Moir

The New Year started on a sad note with the passing of Terry Mahoney, at his home, on January 11th. Terry's enthusiasm and energy will be missed by the whole industry. He will especially be missed by the DIAA Board for all his tireless work with DIAA and the elk fraternity. He was a major player in the elk industry and championed the breed at the drop of a hat. We have many happy memories of an exceptional man our condolences go out to Joan and the family. He will be sadly missed.

The fires are now under control without any deer farms being burnt out. The El Nino pattern in the Pacific is breaking down, giving us the possibility of normal seasonal rains in most of the states. Let's hope that the worst is behind us and that we can look forward to some good seasons with plenty of growth.

The levies reductions are now with the minister and we are hopeful that it will be approved in the next few months. This would add a few more dollars to next season's cheques.

The financial returns for velvet have definitely turned the corner with the February ADH&CP velvet pool results improving by an average (for all grades supplied in the pool) of approximately \$32/kg over the November pool.

At present, the venison prices are holding. With the supply availability reducing, I had hoped the prices would improve. However, after reading an article in the February/March New Zealand "The Deer Farmer" regarding export venison shipped from New Zealand, I am not so sure. It notes that last year (to Sept 2006) NZ exported 1,213,175kg of venison to Australia for a value of \$3,990,357 which is an average price of NZ\$3.29/kg. "The Deer Farmer" notes

"Australia averaged around \$800,000 from 1999 to 2003 then doubled – up to \$1.9million in 2004 and more than doubled again in 2005, taking product worth \$5.6million in the year to September 05. In 2006, it was down slightly at \$3.9million, representing 1.16% of total earnings. A lot of the product going across the Tasman was lower meat value: manufacturing and trim venison for uses like pies and sausage."

We know that a good amount of NZ premium cuts are sold into the major markets so let's assume that 90% of the venison is trim and/or manufacturing product with an average selling price of NZ\$2/kg. This would mean that the premium cuts are 10% or 121,317.5kg and are valued at NZ\$14.89/kg. (refer to Table 1 for calculations).

Let's make a basic assumption that the farmer, abattoir/boning room and the shipper/processor all make an equal amount on the final shipping price (refer to Table 2).

If I have some errors in the assumptions I would like someone to correct me if I have. It would appear that our processors are right when they complain that they cannot compete with NZ prices and still pay Australian farmers a fair price. I do know that A\$2.44/kg HCW is well below my breakeven price.

The total NZ venison export is valued at NZ\$246,314,722 for 26,693,986kg. The average export price is only NZ\$9.23/kg. With what they pay their farmers (\$3.50-6/kg HCW), I can only assume that their efficiency after the farm gate is far better than ours or they have fewer people in the chain or they work on a smaller markup or ???

Well, I live in hope that venison prices in Australia can rebound as much as velvet has.

The quantity of velvet that ADH&CP received this season was down on previous years and is at a stage that the ADH&CP board is presently reviewing its operation and will be presenting options to the next AGM. The

AGM will give you the opportunity to express your opinion on the pools future so please try and make it to the Quality Hotel/Motel Mickleham Rd, Tullamarine, Melbourne on Sat the 21st April, 2pm. Your support and ideas are important so please make an effort to be present.

Jim Moir
President DIAA

Table 1

	Kg Shipped	Declared Value NZ\$	Est. Average NZ\$/kg	Conversion @1.14 NZ\$-AUS\$
90% trim	1,091,857.50	2,183,715.00	\$2.00	\$1.75
10% top end	121,317.50	1,806,642.00	\$14.89	\$13.06
TOTAL	1,213,175.00	\$3,990,357.00		

Assume and average 55kg carcass		
Assume 54% are value cuts	55kg x 54% @ A\$13.06 =	\$387.88
Assume 16% are trim & shanks	55kg x 16% @ A\$1.75 =	\$15.40
Assume 30% bones & waste	55kg x 32% @ A\$0.00 =	\$0.00
	Total HCW value =	\$403.28

Table 2

Assume each group makes 1/3 of total		\$/kg HCW
Farmer	\$134.43	\$2.44
Abattoir/boning room	\$134.43	
Processor/shipper	\$134.43	
Total HCW value =	\$403.28	