PRACTITIONER COMPETITIVENESS IN VELVET HARVESTING

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INTRODUCTION

This paper is an attempt to indicate some of the procedures adopted by our practice, to provide a production orientated velvetting service to our farmer clients Thus it does not overlook the costs incurred by farmers for this service, but it attempts to justify to them why their investment in our services will assist their returns

A PRACTICE ORGANIZATION

Organizational procedures adopted by our practice were summarized in a paper given to the Deer Branch Course (1991) These included farmer education in the form of newsletters and seminars, education of vets and standardization of procedures within the practice, and the mechanics of running the practice during the velvetting season to ensure an efficient and professional service to farmers

B VELVETTING COSTS

The veterinary profession are often criticized for their charges for velvetting services I would like to put that criticism in perspective so that it can be refuted

1 Cost Survey

Each year we take a sample of clients and break down their actual velvetting cost structure (Table 1)
This takes account of the size of the herd, the distance from the clinic, the number of stags handled per visit, and the drug, service and travel costs All costs stated are exclusive of GST or any discounts applicable These are specially selected clients with reasonable sized velvetting operations There will always be farmers with a smaller number of master stags whose costs are greater than $30 / stag

The figures given reflect a fee scale which we have devised based on the number of stags velvetted per visit, with the larger operations incurring a lesser marginal cost It also recognizes the variable drug quantities used in different ages of stags i e 2 year old, 3 year old and mixed aged

These costs can then be placed in perspective in a velvetting operation (Table 2)

Table 1   VELVETTING COST BREAKDOWN

No Visits	27	22	18	19	12	12	18	12	6
Stag Total	514	405	276	223	271	334	95	105	217
Stags/visit	19 03	18 41	15 33	11 74	22 58	27 83	5 27	8 75	36 16
Aver Fee	4 58	4 35	5 28	5 48	3 82	3 84	8 10	6 13	3 46
Aver Drug	4 74	4 45	4 65	5 16	4 89	4 61	4 32	5 17	3 84
Aver Trav	0.96	0 59	1 33	1 21	1 44	0 56	1.44	0 82	0 55
Total Cost /Stag	10 28	9.39	11 26	11 86	10 15	9 02	13 86	12 12	7 85

Table 2   VELVETTING COSTS IN PERSPECTIVE

	Farmer A	Farmer B	Farmer C
Income/Stag	$337 13	$308	$248
Fees/Stag	$12 03	$12 50	$11 88
Fee/kg Velvet	$5 15	$6 25	$7 74
% Gross Income	3 6%	4 1%	4 8%

Livestock Selling Commission   5 5%
Selling Costs of Velvet $12 -$15/kg
     including GIB levy

2 Velvetting in crushes

Many farmers are now electing to use crushes and local anaesthetic for velvetting stags They give many reasons why they select this option including convenience, drug residues, other uses for the crush, like TB testing, scanning etc and cost of veterinarians performing the velvetting It is important that the farmers decision to use a crush is made for the right reason and not just a counter measure for veterinary fees

The following calculation demonstrates some of the costs of using a crush, which many farmers will not recognize when justifying to themselves the reasons for installing a crush

The two scenarios used cover the two most probable crush options

a) Hydraulic crush

                  cost of hydraulic crush $6500
                  installation cost $1200

                  total cost $7700

Allow a 10 year write off for this equipment, assuming that it has then either become obsolete or in need of replacement An interest factor must also be allowed for, the level of which depends on whether the money is borrowed or in the bank

Thus, the write-down per year $770
Interest at 8 5% on $7700 $654 50

Total cost per year for hydraulic crush is   **$1424 50**

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b) **Drop-floor crush**

Cost of drop-floor crush $1700
Installation $1200

Total cost $2900

Thus, write down per year $290
Interest 8 5% $246 50

Total annual cost for drop-floor crush   **$536 50**

Fixed velvetting costs per stag irrespective of the number of stags velvetted includes

a) Local anaesthetic per stag

20mls / stag + materials $2 75 / stag

b) Extra labour - assume a throughput of 8 stags / hour in a crush and a labour cost of $12 / hour

therefore extra labour cost / stag $1 50 / stag

c) Prescription fee - This allows for on farm instruction once at the beginning of the season The per head cost will vary according to the number of stags velvetted

assume fee of $125

I am asssuming that mustering and yarding of stags, sorting of those for harvest, handling of velvet including weighing and recording will need to be done whatever method of velvet harvesting is used

The extra labour allowed for substitutes the assistance of the attending veterinarian Most farmers using crushes acknowledge that they need an extra person to assist with velvetting If the extra labour is on the farm, there is still an opportunity cost of where the labour unit is employed

Terms of employment are also not considered 1 e having to employ somebody for the whole day rather than parts thereof

Repairs and maintenance of the crush is also not allowed for in this calculation

Thus all the costs can be summarized

a) Hydraulic crush

Stags velvetted	Labour & drugs/stag	prescript fee/stag	crush cost/stag	Total cost / stag
50	$4 25	$2.50	$28 49	$35 24
100	$4 25	$1.25	$14 24	$19 74
200	$4 25	$0 63	$7 12	$12 00
300	$4 25	$0 40	$4 75	$9 40
600	$4 25	$0 20	$2 37	$6 82

b) Drop-floor crush

stags velvetted	labour & drugs/stag	prescript fee/stag	crush cost/stag	Total cost /stag
50	$4 25	$2 50	$10 74	$17 49
100	$4 25	$1 25	$5 37	$10 87
200	$4 25	$0 63	$2 68	$7 56
300	$4 25	$0 40	$1 79	$6 44
600	$4 25	$0 20	$0 90	$5 34

When this is all graphed out, the conclusions become very logical

e g If a farmer is velvetting 2 year old stags and the veterinary fees are $8 00 / stag for velvetting, he will need to be doing at least 400 stags in a hydraulic crush to equate with the per head cost

GRAPH 1

Relative Velvetting Costs

No. Stags Velvetted
Drop Floor ···•   Hydraulic -8-
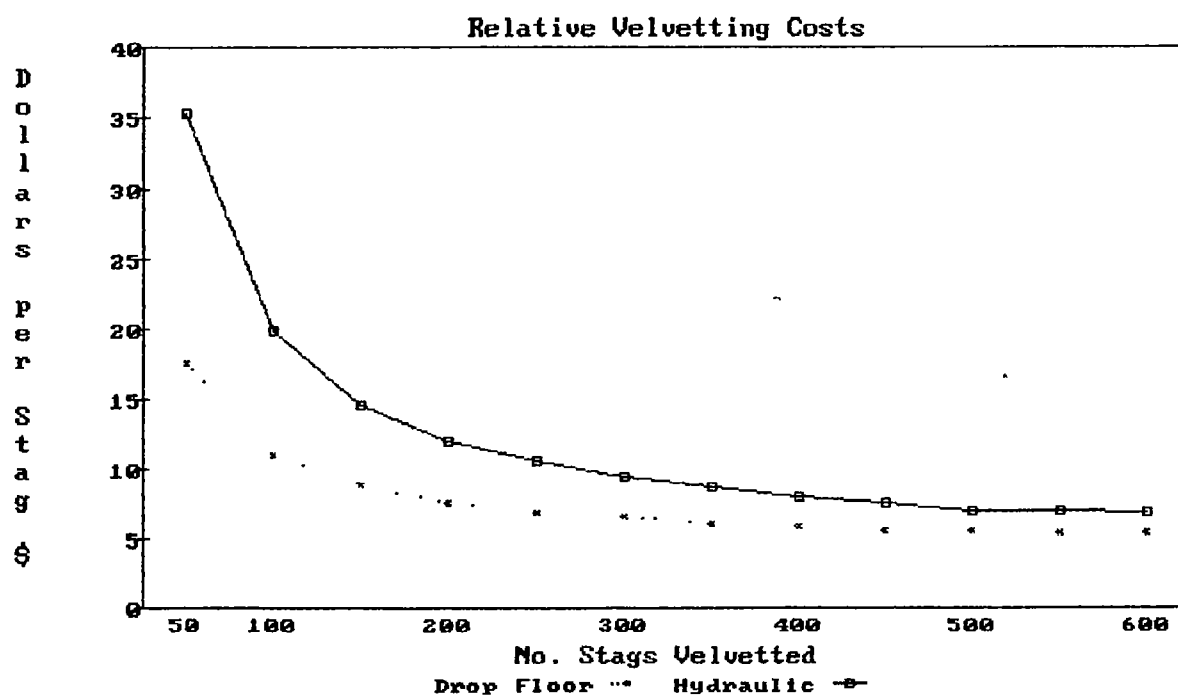
We should not overlook the whole discipline argument of a veterinarian
visiting a farm once or twice a week which ensures the farmer checks his
stags regularly
A farmer's enthusiasm toward velvet harvesting may wane towards the end
of the season, which could be very costly

C. CORRECT TIME TO HARVEST

Velvet production is a specialized farming system with a big
difference between a handful of stags and a large operation Harvesting
of velvet at the correct time is a very easy way for the farmer to make
a big difference to his income In my experience there are few farmers
who really know the optimum time to harvest velvet Therefore there is a
huge opportunity for the veterinarian to give some sound advice which
will maximize the growth potential of the growing velvet and thus
benefit the farmer's returns

Antler growth patterns are well defined with casting or button drop
dates being easily recorded Velvet growth in weight and volume follows
an S - shaped curve with a period of about 40 days when there is an
almost linear increase (i e between days 30 & 70) (ref 2)

In a table produced by Fennessy et al, adjustment factors for conveiting
2 year old velvet antler yields to a standardized period of growth were
established This too demonstrated the linear growth relationship over
the 30 - 70 day period (Ref 1)

GRAPH 2

Velvet Yield Adjustments

Adjustment factor

Days of Vel. Growth
55 Days ···   65 Days -B-
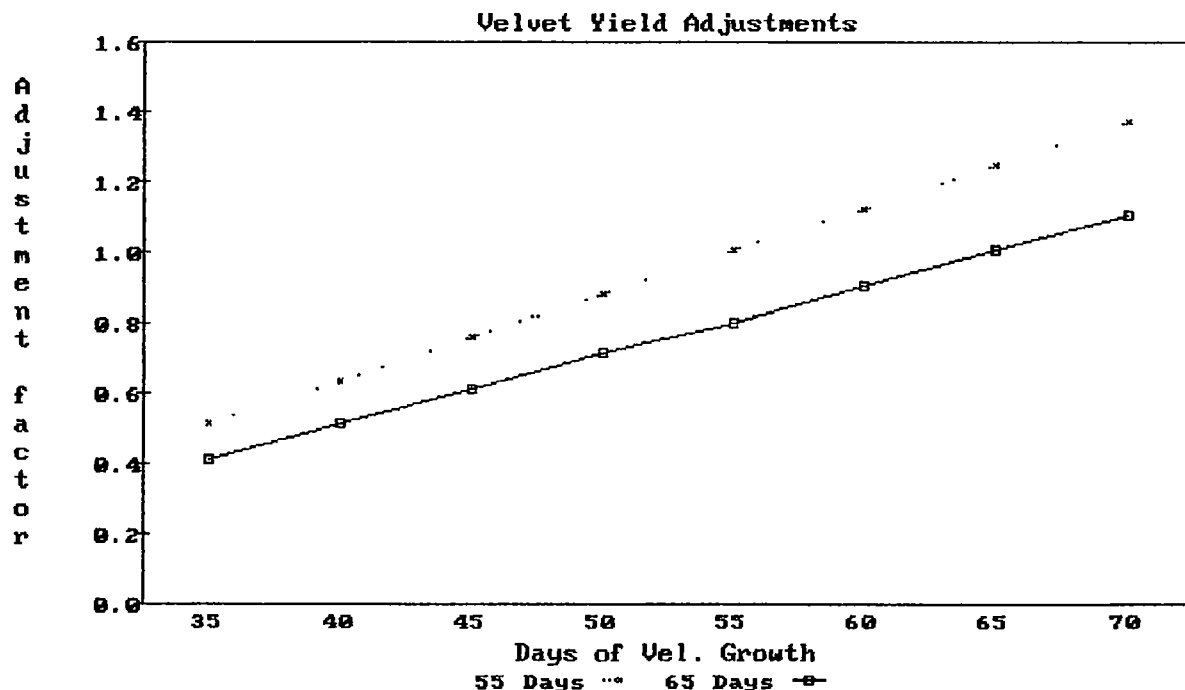
Thus from this data it is very easy to establish the daily increase in velvet growth in dollar terms for various sizes of antler

Assume a stag cut at 60 days from casting has a velvet production potential of 2.5 kg

This growth is mainly occurring over a 45 day period

$$\text{therefore} \quad \frac{2500\text{gm}}{45} = 56 \text{ gm/day}$$

If this is B grade velvet at $175 / kg   (1991/92 price)   then the daily increase in velvet value over the potential harvesting time is $9 80 / day.
Thus it is easy to establish a table of daily growth in dollar terms

Velvet Prodn (kg)	1 2kg	2 0kg	2 5kg	3 0kg	4 0kg
Daily Growth Rate(gm/day)	27	44	56	67	89
Velvet Grade	D	C	B	A	A
Velvet Price ($)	$130	$150	$175	$185	$185
Daily Growth Rate ($)	$3 50	$6 66	$9 80	$12 40	$16 46

Thus if a farmer harvests the hypothetical stag 5 days early, he has lost 5 * $9 80 = $49 00 in income
There is very little cost and work in that income for the farmer and large dollar figures soon mount up if large numbers of stags are involved

This clearly demonstrates the importance of correct advice and emphasizes the perspective of velvettig cost and daily increase in value

This can be very easily demonstrated on farm by cutting one side of the antler when the farmer wants you to and the other side when you believe it has reached the full potential

CONCLUSIONS

       Within our practice we actively promote our velvetting service to farmers with confidence for the following reasons

1   The practice is well organized to provide an efficient and professional service to farmers on a regular and programmed basis

2   All vets are kept well informed of market requirements, market prices and production data to ensure they are fully equipped to give the best possible advice to farmers

3   Prices charged for velvetting are competitive given the advice that is available and the possible influence on income for the farmer

REFERENCES   1   Fennessy -   The Deer Farmer - October 1990
              2   Fennessy et al -"Antier Growth Patterns in Young Red Deer
                  Stags" International Deer Biology
                  Conference- Mississippi 1991