

Annual Report

2018/19



FROM THE CHAIR



Ian Walker
Chair
Deer Industry New Zealand

We farewelled Glenn Tyrrell from the Board at the end of June. Glenn had served for nine years, a remarkable contribution. During that time he brought an experienced and highly constructive perspective to the Board table and exemplified the strong culture of collaboration that has been built up right across the industry.

In Glenn’s place we welcomed Gerard Hickey to the Board, who was elected by venison marketers and processors. Gerard is well known within the industry, bringing a new perspective to our governance but also providing valuable continuity.

It was an interesting year in our markets. The venison schedule inevitably subsided from its historic highs, but the return to more traditional seasonal patterns did not cause any great disquiet. That response is a sign of a growing maturity within the industry and better communication between marketers and producers.

Although it happened after our reporting period, it is worth noting the disruptive impact that “black swan” events such as the Covid-19 outbreak can have on trade. It underlines the importance of developing and diversifying markets, as Innes has also noted, so that we have more resilience built into our system.

Working with venison marketers, our investment in educating new generations of chefs and consumers continues. It is an area of work that needs constant renewal and refreshment as we adapt our messaging to evolving attitudes and trends. It has been pleasing to see creative people in places like Europe and the United States adding their own value to our product story.

With more than four years’ progress to look back on, we can now start to see the legacy of the Passion2Profit programme starting to take

shape. In markets that has meant an ongoing commitment to collaboration and diversification, while on farm we enjoy seeing farmers’ willingness to share what works, and the improvements to productivity that come from applying new practices.

Our challenge will be to permanently embed those gains into the culture of the industry and ensure that all producers can enjoy a lift in performance, not just the earliest adopters.

Programmes like Deer Select are underpinning this progress and it’s been exciting to see further developments in the range of breeding values available, the introduction of new herds into the programme and the promise of cross-breed evaluations.

We have been confronted with myriad environmental challenges. Farmers are being faced with a growing list of social responsibilities and the promise of more to come as winter grazing practices, greenhouse gas emissions and water quality all come under scrutiny. The industry is accepting those challenges, supporting change through farmers’ groups, encouraging farm planning and utilising available science to formulate solutions that support the maintenance of both farm profitability and environmental stewardship.

Our executive staff work well at the interface between regulators and producers and have done a sterling job ensuring the specialised needs of deer producers are understood and accounted for by local and central government.

I’d like to thank Dan Coup for his contribution to DINZ and the wider industry during his time as chief executive. He has left the organisation in excellent hands. We have a stable, experienced group of staff with a constantly evolving culture who all understand the importance of providing value for our industry. My thanks to all.

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FROM THE CHIEF EXECUTIVE OFFICER



Innes Moffat

Chief Executive Officer
Deer Industry New Zealand

While enjoying continued good market returns for our main products, the operating environment for the New Zealand deer industry became more challenging over the year.

Our performance against the four main pillars of our industry strategy during the year showed good progress in some areas, but there was also potential for improvement. For example, the percentage of venison exported as chilled product – an indicator of premium positioning – had shown a small decline. Market diversification has improved, but there is scope for more growth here too, for example in Summer Cervena® in Europe.

On the sustainability side there is still plenty of work to do at farm level. Progress is accelerating with the Deer Industry Environment Groups forming under Passion2Profit, however, with participants getting Farm Environment Plans written and acted on.

We are showing we are a cohesive industry but farming in general, deer included, has work to do to gain the respect of customers, the general public and politicians. The relationship with the NZDFA continues to evolve; the impact of the P2P programme has been enhanced by work done at branch level to encourage farmer participation.

The reasonably stable and high returns for venison have injected some much-needed confidence, and it has been gratifying to hear increasing talk of expanding deer fenced areas and building capital herds. This has also provided certainty for our marketers as they seek to expand and diversify. This hasn't always been plain sailing.

Sales of venison to the manufacturing sector in the United States declined as importers reassessed their customers' needs, but a

strong commitment to that new market and others such as China remains.

The resources available to fund science are limited, so we remain acutely aware of the need to ensure that they are targeted effectively. To that end, the close collaboration between scientists, farmers, marketers and DINZ will be fostered.

Velvet production topped \$100m for the first time, a remarkable achievement. Production surged 12 percent as improved genetics and expanded velvetting herds delivered more product. Diversification into the healthy food market has helped absorb this increased production well, but no-one is immune to the laws of supply and demand.

Passion2Profit, our Primary Growth Partnership with the Government, passed its half-way stage. While we are working to maintain the momentum of P2P, we are also looking ahead to find ways of cementing in the gains made to date. This applies in markets as well as to the excellent collaboration among farmers and key experts that has come out of the programme. Expanding this benefit to more farmers with deer is the focus of the remaining years of the programme.

On a personal note, I took up the chief executive position just after the end of this reporting period, and must make special mention of my predecessor Dan Coup for his contribution during his six years in the role. He was a much-respected colleague, both within the DINZ office and throughout the industry. My thanks also to all DINZ staff for their ongoing dedication.

VENISON

YEAR IN REVIEW

Schedule prices back a little: The 2018/19 year recorded high venison prices once again, although these were back a little on the previous year’s exceptional levels. The second-highest price for the time of year was recorded in February 2019, 41 percent up on the 2014–2017 average.

The schedule had dropped to \$9/kg for AP stags by September 2019, at which point venison marketing companies were signalling a strong spring schedule for the coming year and deer were coming forward for supply for the European autumn game season (Figure 1).

Volume down: Total volume of venison exported for the year to September 2019 was 11,567 tonnes, down 4 percent on the previous year.

US dominates: The United States remains the largest market, taking 31 percent of total venison exports (Figure 2). This year has seen much of the “fifth quarter” products (e.g. bones, fat) directed away from the United

States. Volumes dropped by 16 percent (700 tonnes), while the value declined by only \$1 million. Total exports to this market were valued at \$52 million.

Strong demand continued for both frozen and chilled product: There was resistance from buyers to the high 2018 prices at the end of that year, especially in Europe. As a result, European stocks of frozen venison grew and manufacturing and trim prices eased as customers reassessed their formulations. This resulted in moderate price falls towards the end of the year, but also meant venison exporters were able to divert larger volumes to develop alternative markets.

More venison exported to China: Volumes into China continued to grow as more companies began large trials in the market. This increase in activity moved China to the position of fourth-largest market for venison exports by volume and fifth-largest by value. The value of the exports increased 236 percent on the previous year from \$3.8 million to

\$12.8 million. While venison’s place in traditional Chinese cuisine is not yet clear, development work so far suggests a niche opportunity for a range of venison cuts does exist.

Frozen down: Overall there was a drop in total frozen exports of about 500 tonnes. Slaughter statistics indicate a drop in production which accounts for a portion of this reduction.

Chilled down: Chilled exports also declined slightly, down 80 tonnes to 1,716 tonnes. The total value of chilled exports declined by \$3 million to \$48 million. Chilled sales into the United States went well, up 8 percent on the previous year and representing about one-third of total chilled exports.

Petfood returns declined substantially: Export returns from bones and other by-products destined for the US petfood trade fell back substantially in 2019, ending the 2018 “cherry-on-the-top” surge in value that was fully passed on to farmers. As contracts were renewed at the end of 2018, prices reduced when a

Figure 1: Published average venison schedule AP stag \$/kg gross 2014–2019 (monthly averages)

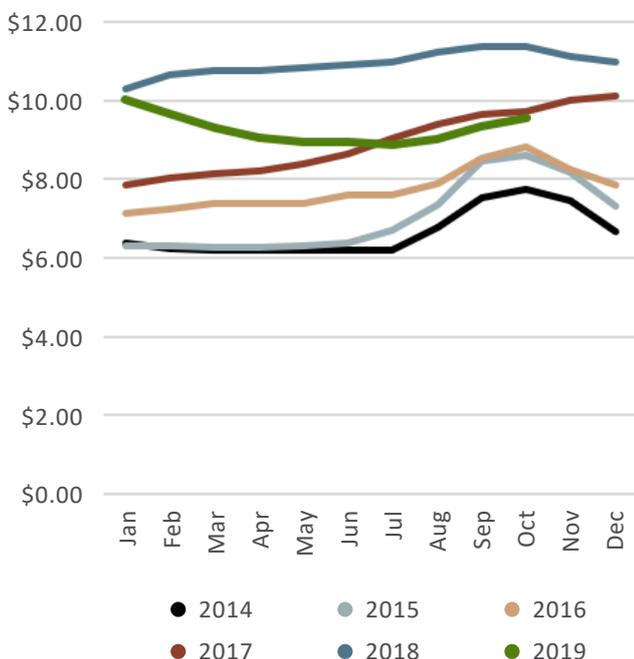
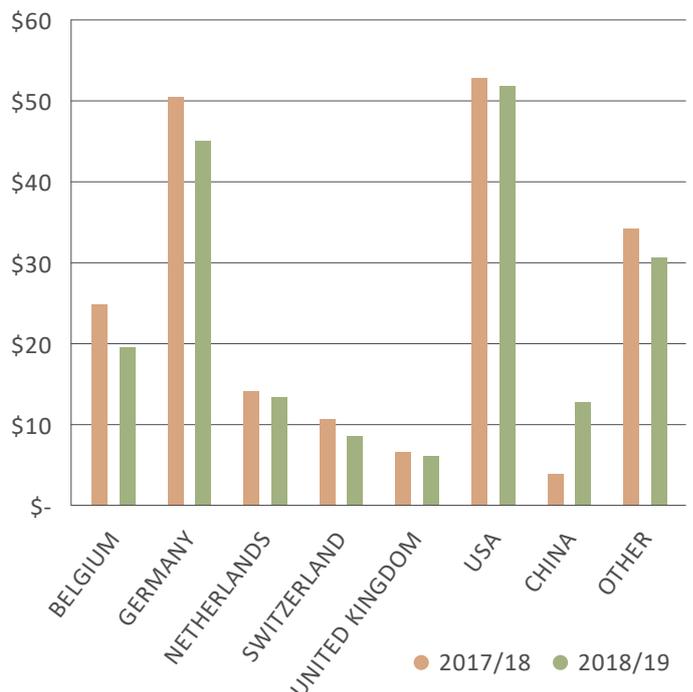


Figure 2: Value of venison exports to key markets in 2017/18 and 2018/19 (\$m) year end September



“The next year is shaping up to be challenging, with some European importers still holding frozen stock following the game season.”

few North American petfood manufacturers switched to a cheaper protein source or reduced the amount used in their formulation. Representing about 20 percent of carcass volume, this took about \$1.5/kg off the value of each animal.

Outlook for 2019–2020: The next year is shaping up to be challenging, with some European importers still holding frozen stock following the game season. Companies continue work to diversify away from the traditional game season. Two new importers are scheduled to participate in the European Summer Cervena® programme, while additional resources are dedicated to expanding demand in China.

SUMMER CERVENA® IN EUROPE

DINZ continued to work with three venison exporters and the Ministry for Primary Industries in the collaborative Passion2Profit Primary Growth Partnership programme, aiming to raise awareness of Cervena for Northern European summer menus.

Alliance, Duncan NZ and Silver Fern Farms built on previous activity, working with importers/distributors for the fourth year in Benelux and the third in Germany to lift sales to chefs and foodies.

home-delivery services like Hello Fresh and Foodbag, gourmet butchers, and two small retail trials.

The busy programme included Cervena being on show during culinary demonstrations for wholesalers, at the new Fine Food Days gastro-event and the Internorga trade fair in Cologne, plus in-store tastings, media events, social media activity and advertising in Benelux and Germany.



Above: Patrick Pope-Moody's work lifted the profile of Cervena in Germany.

Underscoring the fresh versatility of Cervena for summer menus, the services of young Kiwi chef Patrick (Paddy) Pope-Moody, were secured for a programme of activity in Germany. Pope-Moody, winner of the inaugural New Entrant category of the 2018 Silver Fern Farms Restaurant Awards, was in Germany for a week in May. His work in four of the country's top restaurants resulted in good coverage in the German media for Cervena.

All exporters used the DINZ Cervena Guidelines, updated in 2018, to prepare their own promotional material, including brochures and table talkers, presenting a unified look for the campaign.

DINZ supported the campaign with overarching promotions work and



Above: The services of DINZ consultant chef Shannon Campbell were called on frequently by venison exporters and DINZ to educate European chefs about the attributes of Cervena.

The campaign aimed at the creation window for summer menus from late-March to August. It primarily focused on high-end and casual-up-market foodservice customers, but also



APPLYING SCIENCE TO PAIRING FOODS

Applying a scientific approach to aromas confirmed the best flavour pairings for pan-fried Cervena venison are indeed the delicate flavours associated with spring and summer dining.



Above: Belgian chef Peter Coucquyt, co-founder of the global Foodpairing platform.

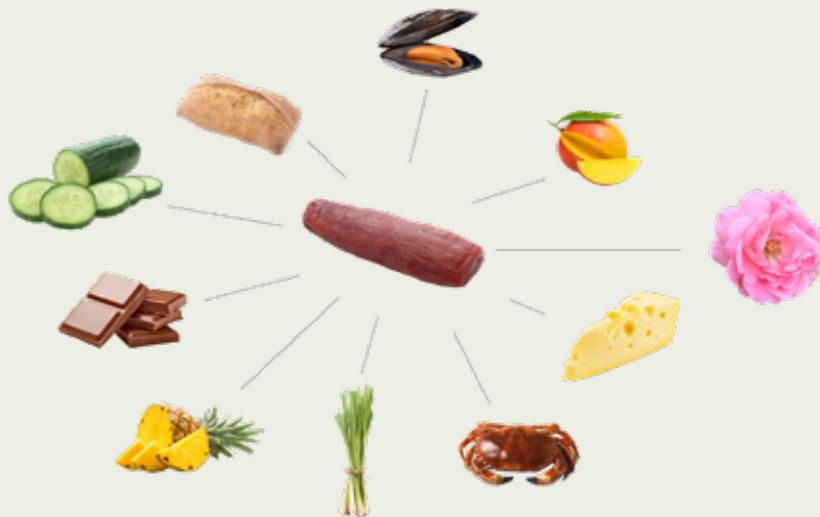
Below: The analysis revealed 10 distinctive pairings for raw Cervena, including ciabatta bread, mussels, cucumber and chocolate.

Belgian food technology company Foodpairing® was approached by DINZ to undertake an aroma profile of both raw and pan-fried venison.

With, on average, 80 percent of flavour experience down to aroma, Foodpairing’s method uses gas chromatography mass spectrometry to analyse the aroma characteristics of a food item.

The analysis revealed that the most important drivers with raw Cervena are orange, grass, floral and buttery aromas, while the pairings with pan-fried Cervena are mostly driven by orange, fruity and floral descriptors.

The work was initially undertaken to be used during the Summer Cervena promotion and for Foodpairing workshops hosted by DINZ in Germany, Belgium and the Netherlands. It will also prove useful as a novel marketing tool for use in other markets, including North America.



public relations activity, with a focus on social media work on Facebook and Instagram. A new German language Cervena website was launched.

Messages pushed to chefs through social media channels for Cervena



showed them the benefits of the premium product for their summer menus, its origin and production methods and also showed other chefs using Cervena to good effect.

DINZ also forged a new agreement with premium chefs’ association, MasterCooks of Belgium, at the start of the campaign. This adds to an existing arrangement with another European young chef group, JRE, which saw DINZ sponsoring the group’s annual conference.



Despite the high level of promotional activities, exports of Cervena to Europe decreased from 91 tonnes to 65 tonnes. Importers were less willing to take on significant risk following the difficult game season of 2018, coupled with a very warm start to the Northern Hemisphere summer that affected all red meat consumption. While the reduction in volume is disappointing, European importers remain enthusiastic, reconfirming their commitment to the programme. An additional two importers have asked to become part of the programme for summer 2020.

Far right: Blog @babyrockmyday, a guest at one of the German press dinners, talked positively about the dishes and the way animals are reared in New Zealand. Its Instagram feed ran daily posts about New Zealand venison to its 1,400 followers over a two-week period.

Left: New videos were prepared to run during the campaign period featuring Michelin-star chefs Carmelo Greco and Matthias Gleiss.

Right: Esther van den Berg's barbecue skills on a Big Green Egg won her a trip to New Zealand in a promotion organised by Silver Fern Farms.

Just four years ago there was no market at all for this product in Europe over summer. The activity has created an opportunity over a period when venison has not traditionally been sold.

DINZ is pleased that all venison exporters are invested in continuing the collaborative programme in the coming year to transform the export profile of Cervena.



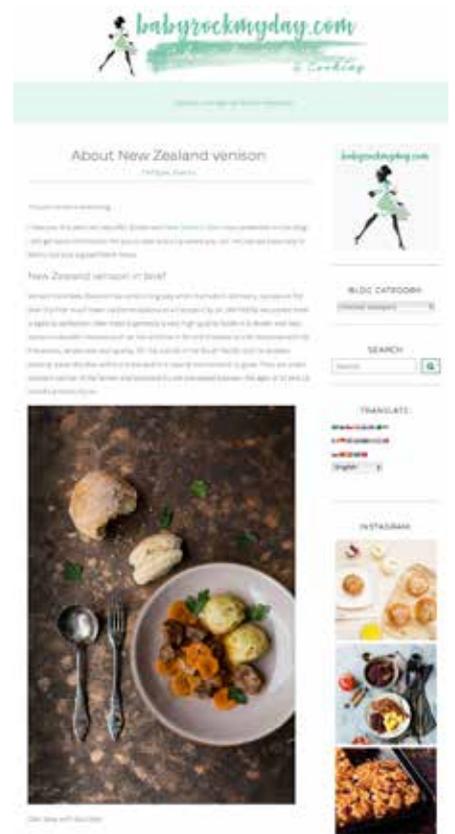
GAME ON IN GERMANY

DINZ decided last year to undertake more promotion during the traditional time of peak consumption game season, reminding chefs in the traditional markets, principally Germany, that premium New Zealand venison is an option for autumn and winter menus.

New Zealand venison was visible at Busche Gala, the pre-eminent event for Germany's chefs and hoteliers in Berlin in November 2018. Chefs not only had the chance to try New Zealand venison – they could also see how easy it was to cook and take the opportunity to chat with Michelin-star chef Matthias Gleiss, a long-time fan of the product.

In addition, private press dinners introduced media and bloggers to the attributes of New Zealand venison at Restaurant 25 (Stuttgart), Dr Kosch (Düsseldorf) and Volt (Berlin). This resulted in more than 100 social media posts and articles.

Left: One of Shannon Campbell's highlights was working with European chef group JRE at an event in Liege Belgium, where the team worked with barbecue manufacturer OFYR and were also present at the group's AGM. "This is an excellent opportunity to meet some of Europe's top chefs in one day, all working in high-end establishments," Shannon said.



German blogger Monica Albrecht, whose focus is on sustainability and a green lifestyle, recommended New Zealand venison is an option for German consumers.

The work was supported with other digital marketing, incorporating social media and public relations activity.

The value of venison sales to Germany lifted by 22 percent over the previous year to \$50 million. It was pleasing to see this approach the level last seen in 2014–2015, even though export volume was significantly smaller, showing exporters were getting greater value for the product.

Work will continue in 2019/20.



Venison with juniper quince, grilled shallot and spruce



MAINTAINING EFFORT IN NORTH AMERICA

With a mixed picture for venison sales in North America, it is important to keep up the promotional effort to get the most out of the market. DINZ helped maintain Cervena’s premium position in the region.

Venison exporters and their US market partners took full advantage of DINZ Executive Chef Graham Brown’s services during a three-week visit to the United States in April/May. His busy itinerary included venison exporters’ events in Los Angeles and a mini-trade fair in Charleston, South Carolina.

In addition, as part of the Pure Cuisine events, run by DINZ in association with Aquaculture NZ and Beef + Lamb NZ, Graham also presented to more than 160 professional students and lecturers at Johnson & Wales University culinary school – one of the largest in the United States.

Cervena was also on show at the National Restaurant Association Show in Chicago, the country’s biggest foodservice trade show, where Graham helped three importers educate chefs and other customers about venison’s attributes.

The opportunity was also taken to update the Cervena cutting demonstration video during his visit. This showed

chefs how to deal with the Denver Leg set of cuts and will be used alongside demonstrations to educate chefs in coming years.

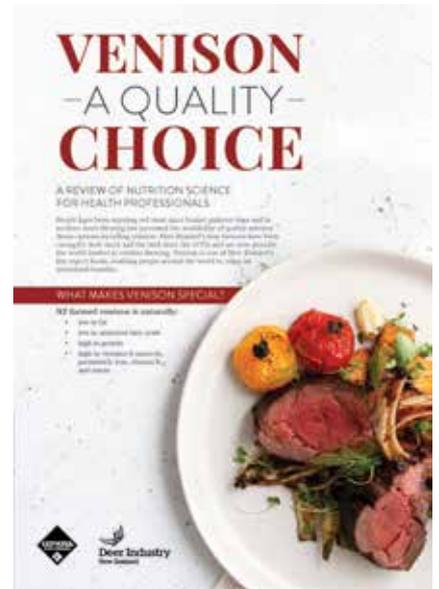
In addition, venison exporters and DINZ explored a new market niche in Canada, as part of the P2P programme. Cervena was promoted at retail for the first time for two months with Choices Market, a Vancouver-based store that wanted to sell venison in the Northern Hemisphere summer as a barbecue protein. The opportunity was also taken to find out how Canadian consumers feel about Cervena as a summer protein.

VENISON – A QUALITY CHOICE

“Venison – a Quality Choice” a new colourful six-page dossier is aimed at dietitians, nutritionists and other health professionals.

Behind it was a lot of work. Understanding where venison sits in relation to current nutritional/dietary recommendations is essential, so it was decided to update nutritional research for New Zealand venison for the first time in 10 years. This brought it right up to date with the latest health guidelines.

Nutritional consultant Foodcom was engaged to carry out a comprehensive scientific review of the latest available nutrition science for venison and red meat, drawing on 32 relevant epidemio-



Graham Brown’s skills were centre-stage for the update of the Cervena cutting video.

logical and clinical research papers. The report confirmed again that venison is naturally low in fat and saturated fatty acids. It is also high in protein, vitamins and minerals, particularly iron, making it an ideal choice in a healthy balanced diet.

Foodcom also took the opportunity to survey New Zealand dietitians and nutritionists. They found a surprising number were undecided about advocating it in the diet and also identified a low awareness of venison's role in the diet. This presents a good opportunity for future work.

The dossier will be distributed to health professionals in New Zealand and Canada. It has also been translated into German and Dutch for distribution in Germany and in the Netherlands through the Dutch Association of Nutritionists. A more concise consumer version of the information is also on the cards.

Foodcom's review concluded that venison:

- Is naturally low in fat: most cuts contain less than 2% fat and less than 1% saturated fatty acids.

- Is an excellent source of protein: a 100g portion of cooked red meat provides 24–28g of protein.
- Has a ratio of 1.7 omega-6 to omega-3 monounsaturated fatty acids: a ratio of less than four is recommended.
- Is one of the best dietary sources of iron: the iron present in haem form is easily absorbed.
- Is a good source of B vitamins: 100g contains more than half the daily requirements of B12 and B3 and a quarter of the daily requirements of iron, zinc, selenium and riboflavin (vitamin B2).
- Is a great food for toddlers and children: it can provide quality protein for growth, along with B vitamins, iron and zinc. Adequate iron and zinc intake to promote optimal development is particularly important in this age group.
- Can make a significant contribution to iron intakes in pregnant women.
- Is a nutrient-dense food – important in the diets of older people.
- Is an ideal meat for those on cholesterol-lowering, or weight-reducing diets.

“Venison is a nutrient-dense food – important in the diets of older people.”

Not forgetting the domestic market

Auckland foodies got a taste of New Zealand farm-raised venison from ambassador chef Neil Brazier in early November, as about 30,000 descended on the Taste of Auckland festival at the city's Queen's Wharf. Neil (left) imparts his venison knowledge to about 100 visitors in the Chefs' Secret masterclass in the Taste Theatre.



VELVET

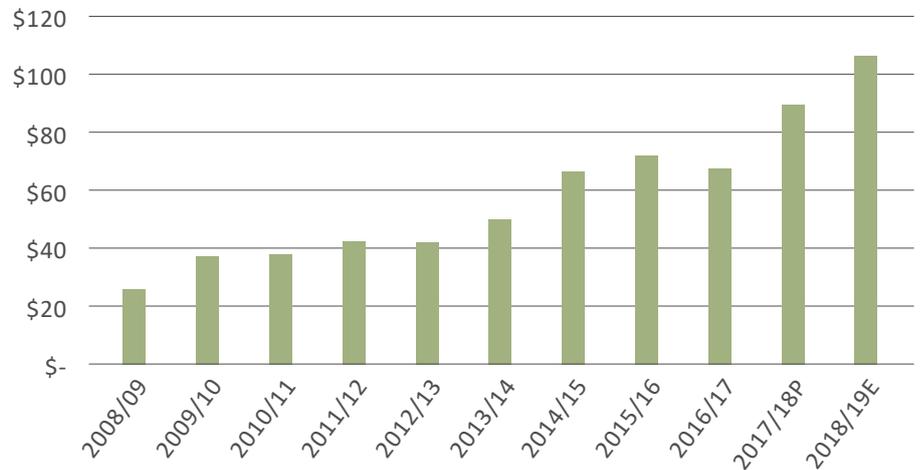
CHALLENGES & ACHIEVEMENTS

- Strong demand for New Zealand velvet continued over the 2018/19 season and led to the estimated farm-gate value for velvet surpassing NZ\$100m for the first time (Figure 1).
- Prices firmed for New Zealand velvet from an average price in 2017/18 of \$125/kg to around \$132.50/kg in the 2018/19 season.
- Based on levy collected, New Zealand velvet production for the year ending September 2019 increased by 12 percent from 718 tonnes to 803 tonnes. At an average price of \$132.50, this provided a farmgate value of NZ\$106m (Figure 1).
- In 2018/19, the Ministry for Primary Industries Regulatory Control Scheme (RCS) for Deer Velvet Harvest continued to provide a market benefit for the New Zealand velvet industry through formal access to China and an improved confidence in New Zealand velvet by respected Korean food companies.
- The use of New Zealand velvet as an ingredient in premium Korean health food products increased in 2018/19. DINZ estimated that there were 39 companies marketing 105 products containing velvet. Of these, 83 products contained and promoted New Zealand velvet.
- DINZ continues to recognise its closest partner, Korea Ginseng Corporation (KGC) for its loyalty and friendship and for creating such a demand for New Zealand velvet products.
- Processed New Zealand velvet’s unique trade advantage with Korea continues to deliver improved benefits. On 1 January 2019, New

Zealand processed velvet only had 13.3 percent import duty. Frozen velvet, and velvet from other countries, attracts 20 percent duty. The advantage was successfully negotiated by New Zealand officials for the New Zealand–Korea Free

Trade Agreement (FTA). The FTA was implemented on 20 December 2015 and 1.3% of duties are removed every 1 January until New Zealand processed velvet eventually becomes duty free.

Figure 1: Farmgate value of New Zealand velvet industry for years ending 30 September 2008–2019 (\$m). Source: DINZ internal estimated figures



Above: His Excellency Ambassador Phillip Turner (front left) hosted a dinner at the New Zealand Residence for KGC CEO, Mr Jaesu Kim (second from left) and DINZ Chair, Ian Walker (third from left). At right is the New Zealand Embassy’s Deputy Head of Mission, Ardi Barnard. The dinner included other senior members of KGC’s Executive team and New Zealand Embassy officials.

**"Strong demand for
New Zealand velvet
continued over the
2018/19 season."**



PASSION2PROFIT PROGRAMME

Deer Industry New Zealand and the Ministry for Primary Industries are investing in the Passion2Profit (P2P) programme to create transformational change in the production and marketing of New Zealand farm-raised venison.

The programme started in 2015 with the intention of improving farmers' ability to increase production efficiency and meet market requirements. The programme also aims to create collaborative opportunities for marketing companies to position New Zealand venison in new market segments that will increase returns to New Zealand.

ACHIEVEMENTS

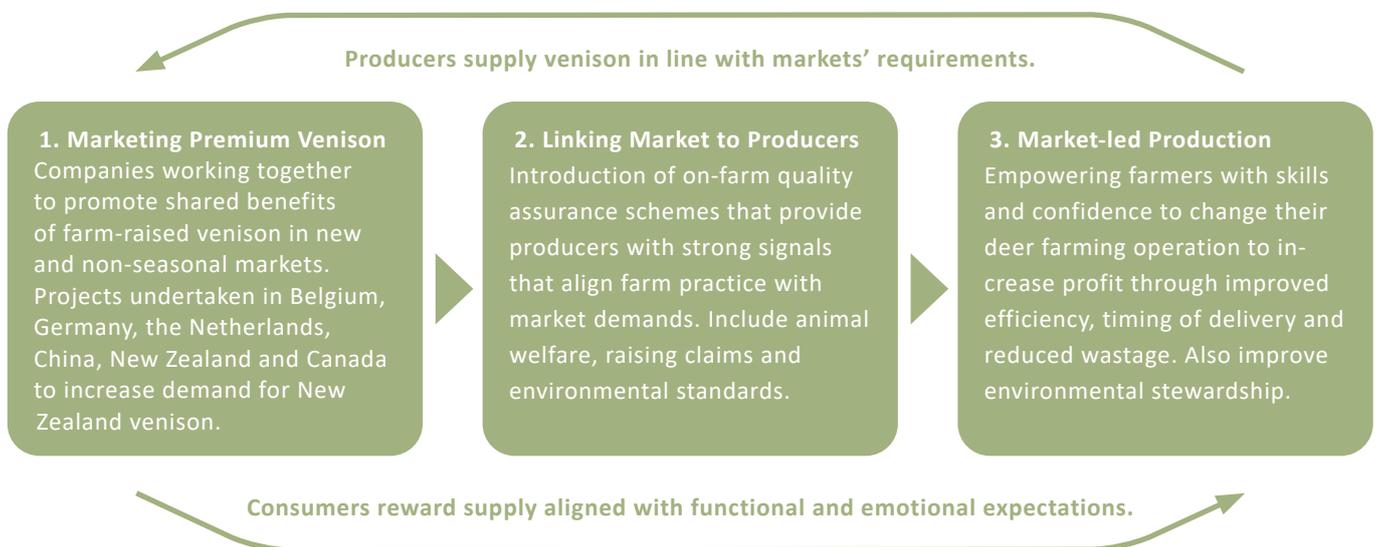
P2P has improved deer farming efficiency and performance. The programme has introduced a national QA scheme that allows marketing companies to provide better market-led feedback to producers, and venison marketing companies are cooperating in a number of valuable markets for New Zealand venison.

The national deer herd is increasing. This turnaround took longer than was originally modelled, however, so the potential returns for the industry will be lower than originally calculated. Other changes to the programme have been:

- The focus on the need for deer farmers to be recognised for – and practise – good environmental management increased significantly.
- Increased demand for venison in existing markets reduced venison marketing companies' ability to collaborate in non-traditional markets.
- Strong prices for deer velvet increased producer focus toward this breeding objective, reducing the focus on venison production.
- Better feeding of deer has improved production and lessened the perception that health issues are a serious management issue. Adoption of the agreed deer health review process among veterinarians has been less than hoped for. A review of DINZ's health strategy will provide recommendations for actions that will align research outcomes with farmers' needs.



Below: The close linkages between producers and consumers of New Zealand farm-raised venison.



FUTURE PRIORITIES

The Passion2Profit programme runs through until July 2022. Priorities for the programme in its final 2½ years are:



Above: Hawke's Bay and South Canterbury/North Otago Advance Party members visit Clayton Station, Fairlie.

Right: Silver Fern Farms' Cervena cooking demonstration and tasting with Delta at the Internorga Show, Hamburg.

1. Embed changes in farmer skill and confidence so they continue to improve performance and increase efficiency. This means continuing to support uptake of improved management practices through the P2P practice change activities.
2. Enliven the QA programme to ensure it provides value to producers and their customers. This means adding in market-led requirements, only where they will provide an advantage to New Zealand and assisting with the adoption of standards as demanded.
3. Encourage and support farmers adopting improved environmental stewardship to ensure they meet their own, society's and their markets' expectations.
4. Cement in place the gains from collaborative market development activities, building on the investment already made in new and emerging markets. This means supporting the non-seasonal marketing initiatives underway in Benelux, Germany and China and supporting new initiatives at retail.

5. Prepare producer services to continue adding value to the industry post PGP funding. This means preparing business cases for ongoing support for Advance Parties, collaborative market activity and other services valued by the deer industry to continue after the PGP-funded programme is completed.

2018/19 HIGHLIGHTS

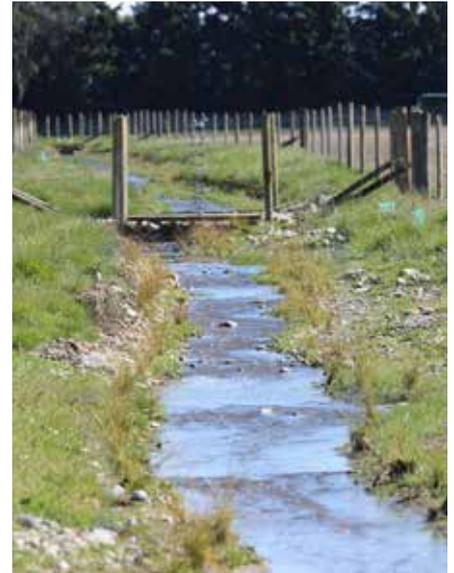
- Introduction of Deer Industry Environment Groups. These are small groups of farmers working together to complete and use Farm Environment Plans (FEPs). By the end of the year 12 Groups had been formed and nearly 100 farmers were well on the way to finalising their FEPs.
- Increased Advance Party Activity. Six years after the first Advance Party (AP) was formed, some groups showed signs of fatigue. However, AP tours, increased emphasis on planned activities and three new Advance Parties meant that in 2018/19 more APs met more often than ever before.



- Introduction of a GM feed-free statement. Cervena® licensees agreed to introduce a standard for Cervena venison that deer are not given animal feeds derived from genetically modified plants. This new standard was introduced in January 2019.
- Jointly developing a venison protein bar. Members of the Marketing Working Group agreed to proceed with a project to develop a venison product for retail sale. Prototypes were produced and consumer taste testing provided positive feedback.

to improve winter grazing, parasite management and business planning.

- Two hundred farmers complete FEPs with DINZ assistance.



Above: Riparian fencing and planting is an essential element in Farm Environment Plans.

EXPECTED ACHIEVEMENTS IN 2020

- Take a protein bar product to market in 2020.
- Complete year 6 of Benelux non-seasonal trial.
- Complete year 4 of the German summer promotion.
- Increase uptake of the On-Farm Quality Assurance Programme with more than 500 farmers accredited as compliant with Deer Industry QA standards for deer farming.
- More than 300 farms included in Advance Parties, motivating each other to improve their performance.
- Hold 10 farmer workshops for more than 400 deer farmers to learn new farming techniques.
- Host 140 rural professionals at training days to improve their knowledge of deer farming requirements.
- Business planning for farmers is encouraged and considered beneficial.
- Workshops and other activities for farmers to assist with implementing integrated management practices



Above: Advance Party groups have extended their knowledge and skills through hosted tours of AP properties in other regions.



SCIENCE & POLICY

POLICY

We advocated that regulatory changes must support the premium positioning of the deer industry's products and be achievable by our producers, processors and exporters.

Achievements

- We were successful in our objection to the Crown's attempt (in a NAIT amendment bill) to claim ownership of NAIT data. As a result, the Crown cannot sell the data or use it for unspecified purposes.
- Together with the NZDFA, we have continued to work with OSPRI to ensure that deer in TB-free areas are not TB tested, provided the farmer is NAIT compliant.
- Together with independent and government experts, we have identified the preparatory work necessary to keep chronic wasting disease (CWD) out of New Zealand.
- We have achieved regulatory recognition of NVSB accreditation as a permissible qualification for velvetting.

Challenges

- Making sure CWD-preparedness activities happen will be difficult, given that the Government's resources are stretched across actual incursions and many other sector preparedness activities.
- Improving NAIT compliance by deer farmers will require ongoing liaison with OSPRI to ensure the requirements are tailored to deer farming. Significant effort will be needed to ensure everyone is aware of their responsibilities and how to meet them.

SCIENCE

We continued to work with AgResearch and other providers on research to

improve productivity and the sustainability and premium positioning of our products.

Achievements

- A small-scale "taster" research project into the role of New Zealand velvet in supporting brain function, cognition and memory generated positive results that have interested Korean velvet marketers looking to optimise their formulations.
- We completed a comprehensive investigation into post-velvetting pain and stress and assessed the efficacy of two off-the-shelf analgesics not currently used in NVSB procedures.
- The Deer Industry Parasitology Group of farmers, vets and scientists worked collaboratively to set and monitor the direction of parasite research projects that will improve industry resilience to parasitism.

Challenges

- AgResearch and DINZ have agreed to maintain their long-term science partnership but without the formal VARNZ and DEEResearch structures. The new relationship entails closer industry and scientist engagement from before project commissioning through to monitoring the impacts of delivery. This will take some time to bed in.



Above: DINZ continues to work with OSPRI to help ensure TB testing is not required in TB-free areas, for NAIT-compliant farms.



Below: Improving NAIT compliance requires good understanding by farmers of their responsibilities.



ENVIRONMENT

ACHIEVEMENTS

- DINZ facilitated meetings between regional councils (Southland, Canterbury and Hawke’s Bay) and local NZDFA branches to build collaborative relationships between regulators and deer farmers as councils seek to implement their regional plans. This included meetings with elected councillors as well as council staff. In addition, DINZ and the NZDFA Canterbury branches held a second annual workshop for farm environmental management plan auditors on a deer farm. The workshop was designed to help them understand deer farming and management.
- DINZ continued to help NZDFA branches grappling with the development of regional environmental rules with written submissions and presentations to hearing panels for Canterbury, Marlborough, Waikato and Northland.

CHALLENGES

- The Climate Change Response (Zero Carbon) Amendment Act, passed in November 2019, sets very ambitious goals and deadlines over the next five years. DINZ will be working with other primary industry organisations to develop on-farm tools and reporting

systems for farmers to estimate greenhouse gas emissions and reductions of emissions through mitigation measures, practices and offsets.



Above: Environment Canterbury and NZ Landcare Trust staff at a successful field day on the property of Stu and Julie Stokes (centre) to discuss auditing of Farm Environment Plans.

- Intensive winter grazing was in the public spotlight and will require a concerted effort by farmers, consultants and DINZ to ensure that the practice is well managed to achieve positive animal welfare and environmental outcomes.
- DINZ has also been involved in pan-primary industry policy and leadership groups that engage with central government on water quality and biological greenhouse gas emission matters. These groups will need to continue operating but will face increasing political pressure in 2020.



Left: Correct crop management on slopes, with grazing starting at the top of the slope and buffer zones available below.

DEER SELECT

ACHIEVEMENTS

Across-breed connectedness through breeder cooperation in the aftermath of the Deer Progeny Test meant indexes and breeding values (BVs) for growth can be compared across herd for all venison-focused herds for seven out of eight wapiti herds. Across-breed connections have been contracted from AgResearch with progeny born in 2019.

Three new herds joined Deer Select, one venison and two velvet focused. This helped offset the loss of some herds from the programme in recent years where the farm has been sold and herd dispersed.

Extension: Deer Select featured at the Deer Tech Expo in Feilding, the national Advance Party workshop in Te Awamutu and two Advance Party genetics field days/workshops in the South Island. The AgResearch genetics team of Geoff Asher and Jamie Ward attended several Advance Party meetings. There has also been an extensive communication programme to encourage uptake of improved genetics by commercial deer farmers.

The **main message** to commercial farmers has been that a range of animals with different attributes suited to different production systems is available. In other words, "Choose the right genetics for you".

Although **CARLA** is still a research BV pending further results from the science team at Invermay, there has been good uptake by both red and wapiti breeders. Higher CARLA BVs indicate an earlier and larger immune response to internal parasites.

Venison-focused red and wapiti herds are making good gains in growth and meat, and there is a slow shift to slightly **earlier conception** in red deer (about 3 days on average). There is a lot of variability, however. The earliest sires have values of 11 days earlier and later sires up to 8½ days later than average.

Velvet herds are making steady progress, although velvet is a high heritability trait. Deer Select adds value by increasing the accuracy of female selection.



CHALLENGES

Work is progressing on developing an across-breed evaluation with an updated growth module. Meat is complete and there will be an addition to Deer Select reproduction traits with fertility BVs for first and second calvers.

A new model to calculate up-to-date economic weights is under development and it is intended that values will be updated when the evaluation goes across breed.

Maintaining across-breed linkages in the long term will require an ongoing commitment.

Above: Both red and wapiti herds are making good genetic progress in growth and meat traits.



Left: Deer Select Manager Sharon McIntyre (centre) with visitors to the Deer Select stand at the Deer Tech Expo in Feilding held in June 2019.



PRODUCER ENGAGEMENT

Producer Management supports the goals of the DINZ strategy based on a cohesive and respected industry that is profitable and confident.

Activities ongoing in 2018/19 and to be further promoted in 2019/20 include:

- Wider deer farmer engagement through exposure of the 28 Advance Parties and Environmental Groups within the Passion2Profit (P2P) programme, through at least 12 Regional Workshops aimed at the wider community.
- The NZDFA’s successful Next Generation programme, which is again supported by DINZ, continues to grow in relevance and participation through its annual conference, electronic communication and social media.
- Programme managing the annual combined DINZ/DFA New Zealand Deer Industry Conference.
- Promoting the P2P Regional Workshop programme to DFA branches and supporting other local DFA branch activity.

- Strengthening DINZ engagement with the service sector and key people in wider agriculture.
- Promoting external awareness of, and confidence within, the industry.
- Continuing to engage in environmental awareness, advocacy and support, especially around development of formal Farm Environment Plans (FEP) through DINZ support and cooperation with the NZDFA at national and branch level.
- Strengthening activities relating to benchmarking, target setting, performance monitoring and analysis, and reporting financial returns.

CHALLENGES AND ACHIEVEMENTS

- The annual Deer Industry Conference (themed “Reflections and Directions”) in its modern format was hosted by DINZ head office and the NZDFA in Wellington. It featured professional facilitator, motivational inspirer and adventurer Jamie Fitzgerald. He led the conference, keynote speakers, deer farmer attendees and the industry’s service providers and processor/exporters through the environment (physical, social, productive and administra-

Right: Attendees at some of the many successful conferences and regional workshops held during 2018/19.



Above: Professional facilitator Jamie Fitzgerald at the 2019 Deer Industry Conference.



Left: Next Generation programme participants visit Haldon Station.



tive) in which we farm today.

- The conference featured the 2019 Deer Industry Environment Awards, with five outstanding entries in this biennial event.
- The 2019 Deer Industry Award went to Dr Geoff Asher (AgResearch), a richly deserved recognition of his 40 years of deer research excellence and leadership across so many areas relevant to today's industry.
- The industry continued to enjoy firm returns for venison and strong velvet antler returns, supported by continued improving productivity and increasing numbers of larger, well-integrated deer and multispecies farms.
- Producers, particularly from the Next Generation and the NZDFA branch leadership, showed increasing interest and participation in Advance Parties and the P2P programme as the vision for better productivity begins to be realised.
- Industry communications continue to advance with the production of a monthly DINZ e-Zine, monthly upmarket *Stagline-online* written by the Producer Management team for NZDFA members and continual improvement of the Deer Hub at deernz.org/deerhub
- The DFA's Next Generation programme is strongly supported by DINZ both financially and through executive input. The 2019 conference was based in South Canterbury during early August at Haldon Station and Melior Venison. About half of the attendees were aged 25 or under. Themes included succession planning, promoting yourself to banks and other financiers, genetics, winter feeding and water quality management. The programme again linked with P2P activity and the Future Farmers tour and featured many contributions from Next Generation people involved in Advance Parties.
- Deer farmers are particularly pleased to have the professional assistance of DINZ environmental policy manager Lindsay Fung to promote fair and equitable environmental regulations for deer farmers. Major projects are now completed with Environment Southland and the South Canterbury/North Otago DFA. Environmental regulation in Waikato and Canterbury still presents significant challenges, however.
- All deer farmers have been encouraged to complete a Land or Farm Environment Plan (LEP or FEP) as a first step to responsible engagement and basic compliance by 2020. Beef + Lamb NZ has been strongly supportive in this.
- A series of succession planning workshops, co-funded by the Ministry for Primary Industries' Sustainable Farming Fund (SFF), NZDFA and DINZ, exceeded all expectations in terms of interest and attendance. More than 200 family and staff attended 14 facilitated workshops over a period of 18 months on "how to start the conversation". Advice and motivation were provided by facilitator and succession planning expert, Tony Hammington.
- The deer industry is also engaging with Primary ITO and supported the new Level 3 deer production, feeding and management-based qualification produced with funding from the SFF, DINZ and NZDFA. A limited number of students have enrolled and have done well with the course. DINZ will continue to support and promote any further training initiatives.

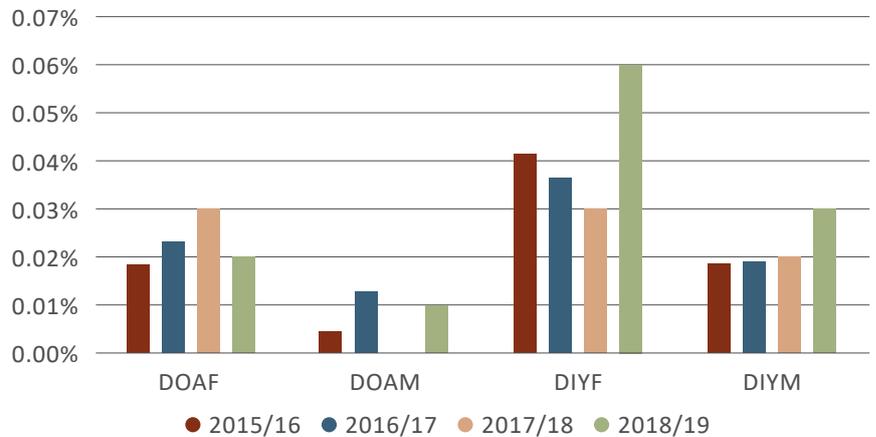


ANIMAL WELFARE AND DEER QA

CHALLENGES AND ACHIEVEMENTS: TRANSPORT

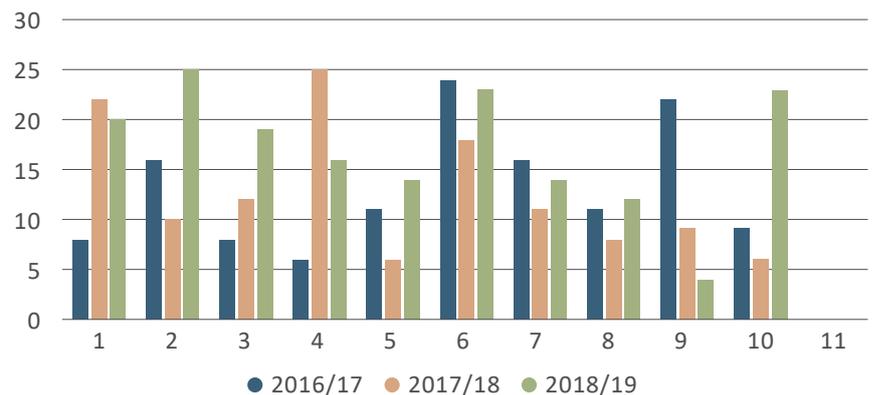
- The total number of accredited deer transport companies is decreasing. Currently 73 companies are registered with DINZ, six fewer than the previous year.
- Re-auditing of DeerQA transport companies continues each year, but with deer numbers declining in places, some transport operators have opted not to continue transporting deer.
- The introduction of new Animal Welfare Care and Procedures Regulations set up under the Animal Welfare Act 1999 came into play on 1 October 2018.
- These regulations provide for care of and conduct towards animals of all species, including deer.
- For deer, most of the regulations are about fitness for transport, covering restrictions on transporting deer with damaged antlers or back-rub, transporting lame deer, transporting deer in late pregnancy and the ban on using electric prodders on deer.
- Breaches of any individual regulations carry penalties of up to \$500 per animal, with breach notifications being levelled at either the transport driver/transport company or directly at the owner, farmer or person in charge.
- Livestock drivers, deer farmers and persons in charge of animals must be aware of these regulations. Therefore, it is essential that all those transporting deer possess the skills needed to avert any potential animal welfare problems that may arise, not only during loading but right through the journey and at unloading.
- It is important also that drivers are able to judge whether an animal is fit to transport, recognising aspects such as body condition scores, injuries, aggression and velvet antler requirements.
- From a health and safety perspective, it is important that drivers are skilled in the proper handling and care of the deer they are transporting.
- Importantly from a farmer’s perspective, if there is any doubt whether deer are fit for transport, they should seek advice from their veterinarian and obtain a Fitness for Transport Declaration.
- Livestock drivers are skilled and aware of the requirements for the transport of any unfit stock and may refuse to load and transport any animals they regard as unfit. They have a legal obligation to leave those animals behind at the point of loading.
- The Ministry for Primary Industries Verification Service (MPI VS) continues to monitor all consignments of deer at all venison processing plants (Figures 1 and 2) as part of the joint surveillance programme with DINZ and the National Velvetting Standards Body (NVSB).
- DINZ and the DeerQA Transport Programme are always looking for continual improvement in deer transport. While statistics show year-on-year improvements, three areas still raise concerns: cull hinds, weaned deer and the transport of pregnant hinds.

Figure 1: Deer mortality (male and female) in transit to or in lairage at processing plants 2016 – 2019 (% of total kill)



Dead on Arrival (DOA); Dead in Yards (DIY); Male (M); Female (F)

Figure 2: Total annual deaths (hinds and stags, dead on arrival and dead in yards) by premises 2017 – 2019

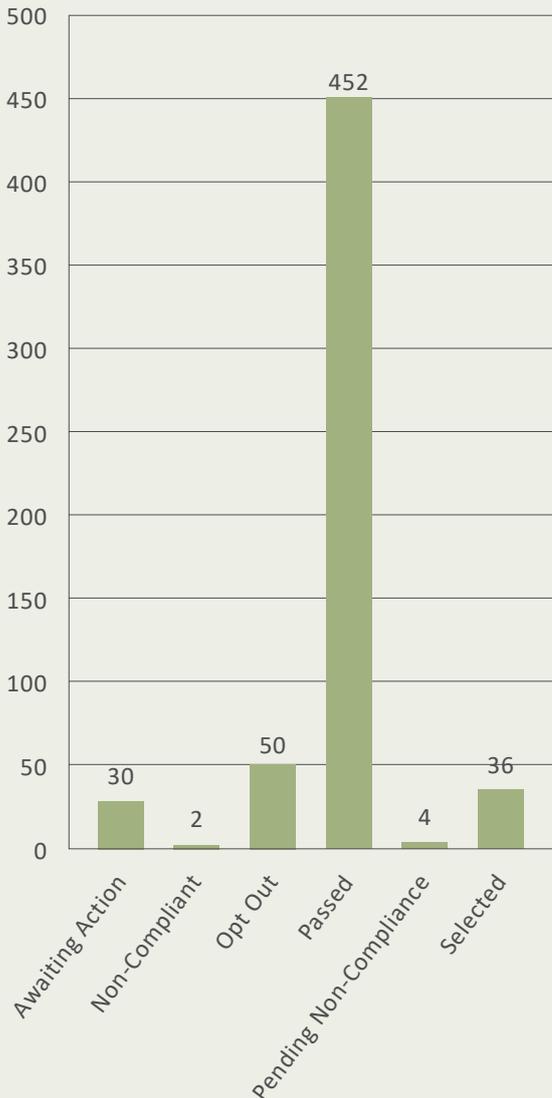


Source: MPI Verification Services



| Clean areas in a compliant deer shed

Figure 3: Regulated Control Scheme.
Status of all audits at Sept 2019



CHALLENGES AND ACHIEVEMENTS: VELVET

Regulated Control Scheme (RCS)

- The second year of the RCS audits (Figure 3) continued on a positive note.
- The level of compliance to the requirements showed a noticeable increase across the velvetting sector.
- This improvement was to be expected due to the greater awareness and more time available to initiate changes where necessary.
- Farmers/velvetters were much more accepting of the new requirements.
- Ten percent of those selected for audit have opted out. Reasons for opting out included exit from the industry, having too few deer to velvet, and a perception that “it’s not worth it”.
- The most common non-compliance identified in audits was a lack of floor plans identifying the clean zones within the shed or incorrect completion of Velvet Status Declarations (VSDs).
- For some velvet producers, compliance with the RCS has required a considerable investment of time and money and, in some cases, new sheds have been built.
- Other producers have had to do little or no work to comply.
- All deer sheds where velvet is harvested must be maintained to the required standard during velvet removal.

Surveillance programme

The velvet surveillance programme continued at all deer slaughter plants throughout the velvet season from October to February.

Recommendations

- The velvet surveillance programme for the 2019/2020 velvet season is continued.
- A significant number of farmers/suppliers are still not part of the NVSB scheme, and the surveillance programme enables MPI to continue to monitor these.
- Verification Services veterinarians will contact DINZ directly to find out the name of the supervising vet for every case where velvetting is apparently not being done correctly.
- The intention is that the primary responsibility for controlling this behaviour is with the supervising veterinarians. Under the current procedure, however, they are not routinely being informed of possible non-compliance.
- DINZ will continue to supply the watchlist to Verification Services before the start of the new velvet season.
- The monitoring programme will continue to work as it has for the past few years.



SUMMARY FINANCIAL STATEMENTS

Summary Statement of Comprehensive Revenue and Expenditure

For the year ended 30 September 2019	Consolidated 2019 (\$'000)	Consolidated 2018 (\$'000)
Revenue income		
Venison levy income	3,007	2,842
Velvet levy income	2,259	1,949
Tbfree levy income	1,079	1,191
NAIT levy and DEERPRO voluntary contribution	343	354
Grant income	1,245	1,088
Other revenue	416	295
Total Revenue	8,349	7,719
Expenditure		
Research expenditure	925	949
Venison and velvet promotion expenditure	2,060	1,970
P2P expenditure	2,214	2,031
Tbfree and NAIT expenditure	1,171	1,154
Other expenditure	2,187	1,758
Total Expenditure	8,557	7,862
Movement in Investment in Associate	(10)	9
Total Comprehensive Revenue and Expenditure Before Taxation	(218)	(134)
Taxation Expense	-	-
Total Comprehensive Revenue and Expenditure After Taxation	(218)	(134)

Summary Statement of Financial Position

As at 30 September 2019	Consolidated 2019 (\$'000)	Consolidated 2018 (\$'000)
Current Assets:		
Cash at Bank	1,503	1,635
Investments	1,301	1,507
Accounts Receivable	925	791
	3,729	3,933
Non Current Assets:		
Property, plant & equipment	20	11
Intangible assets	235	170
Investments in joint ventures	13	23
	268	204
Total assets	3,997	4,136
Current liabilities		
Accounts payable and accruals	1,617	1,499
Employee entitlements	80	112
	1,697	1,611
Non current liabilities		
Accrued lease liabilities	24	31
Total liabilities	1,721	1,642
Net Assets	2,276	2,494

Summary Statement of Changes in equity

For the year ended 30 September 2019	Consolidated 2019 (\$'000)	Consolidated 2018 (\$'000)
Opening Equity	2,494	2,628
Total Comprehensive Revenue and Expenditure After Taxation	(218)	(134)
Closing equity	2,276	2,494

Summary Statement of Cash flows

For the year ended 30 September 2019	Consolidated 2019 (\$'000)	Consolidated 2018 (\$'000)
Net cashflows from operating activities	(242)	(232)
Net cashflows from investing activities	113	326
Net (decrease)increase in cash held	(129)	94

NOTES TO SUMMARY FINANCIAL STATEMENTS

The specific disclosures included in this summary financial report have been extracted from the full financial report which was authorised for issue on 26 November 2019.

The full financial statements have been prepared in accordance with Public Benefit Entity Accountancy Standards. The full financial statements have been audited and an unmodified audit opinion has been issued. These summary financial statements comply with PBE FRS 43. Figures are in New Zealand dollars, which is the Deer Industry New Zealand Consolidated Group's presentation currency. All summary financial information has been rounded to the nearest thousand.

The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report of the Group.

If you require a set of accounts, please contact Rob Aloe on email - rob.aloe@deernz.org and we will forward a copy to you.

INDEPENDENT AUDITOR'S REPORT

To the readers of the Deer Industry New Zealand Group's Summary Financial Statements for the year ended 30 September 2019

Opinion

The summary consolidated financial statements of the Deer Industry New Zealand on pages 22 to 23, that comprise the summary consolidated statement of financial position as at 30 September 2019, the summary consolidated statement of comprehensive revenue and expenditure, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year ended on that date, and related notes, are derived from the audited consolidated financial statements of the Deer Industry New Zealand for the year ended 30 September 2019.

In our opinion, the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements for the year ended 30 September 2019, in accordance with PBE FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by generally accepted accounting practice in New Zealand in accordance with Public Benefits Entity Standards Reduced Disclosure Regime. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our audit report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements for the year ended 30 September 2019 and in our auditor's report dated 26 November 2019.

Board of Directors' responsibility for the summary consolidated financial statements

The Board of Directors is responsible on behalf of the Deer Industry New Zealand and Group for the preparation of the summary consolidated financial statements in accordance with PBE FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of the Deer Industry New Zealand and Group, based on our procedures, which were carried out in accordance with AG ISA (NZ) 810 (Revised): *Engagements to Report on Summary Financial and Performance Information*.

Other than in our capacity as auditor, and the provision of taxation advice, we have no relationship with, or interests in the Group.



Hamish Anton, Deloitte Limited

On behalf of the Auditor-General, Wellington, New Zealand

BOARD MEMBERS

APPOINTED BY THE NEW ZEALAND DEER FARMERS' ASSOCIATION



1. Kris Orange

Director and Shareholder of Downlands Deer Ltd, Great Southern Deer Farms Ltd, Waime Holdings Limited and KW and CJ Orange Partnership | Shareholder of Alliance, Silver Fern Farms Ltd and Ravensdown.



2. Mark Harris

Director of Agersens Ltd (Australia) | Shareholder of Fonterra, Farmlands and Ballance | Officer of Gallagher Group Ltd



3. William Oliver

Trustee of Oliver Whalan Trust | Director of Waerenga Holdings Ltd and Three Rivers Ag Ltd | Shareholder of Silver Fern Farms Ltd and Provelco



4. Dr Ian Walker

Owner of Kilgaren Farm Partnership | Director of Centralines Ltd, DEEResearch Ltd and Rangitoto Radio | Director and Shareholder of Marama Farming Company | Shareholder of Silver Fern Farms, Ballance, Ravensdown, Farmlands and Provelco

ELECTED BY VENISON MARKETERS AND PROCESSORS



5. Danny Hailes

Officer of Alliance Group Limited | Director of DEEResearch Ltd



6. Simon Limmer

Officer of Silver Fern Farms Ltd | Shareholder of Rockit Orchard Partnership 2, Rockit Global Ltd | Councillor of Meat Industry Association | Trustee of S V J Limmer Family Trust



7. Glenn Tyrrell (Until 30 June 2019)

Officer of Duncan New Zealand Ltd | Shareholder of Duncan New Zealand Ltd



8. Gerard Hickey (From 1 July 2019)

Officer of Firstlight Foods | Shareholder of Firstlight Foods

ELECTED BY VELVET MARKETERS AND PROCESSORS



9. Tony Cochrane

Officer PGG Wrightson Ltd | Director and Shareholder of Green Antler Ltd | Shareholder of Farmlands



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INDEMNIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

Deer Industry New Zealand indemnifies all directors named in this report, and current executive directors of the Group against all liabilities (other than to Deer Industry New Zealand or members of the Group) which arise out of the performance of their normal duties as director or executive officer, unless the liability relates to conduct involving lack of good faith and dereliction of health and safety duties. To manage this risk, the Group has directors' and officers' insurance.