

2014/15 ANNUAL REPORT



A CLEAN BILL OF HEALTH

Passion + Profit

Give your deer and profits a clean bill of health, by actively managing these eight diseases.

More than half of deer farmers in New Zealand have seen significant negative impact on their deer production since 2009. By actively managing these eight diseases, you will improve productivity and increase your income. Our free hub provides you with the information and resources you need to manage these eight diseases, protect your deer and profit from deer.

Our eight deadly diseases that can harm your deer:

- External parasites
- Internal parasites
- Arthritis
- Endoparasites
- Productivity
- Tick
- Disease
- Opportunistic

Venison production: Set your growth targets



The graph shows projected growth in venison production over time, with various target lines and historical data points.

Year	Historical Production (kg)	Target 1 (kg)	Target 2 (kg)	Target 3 (kg)	Target 4 (kg)
2010	~100,000	~100,000	~100,000	~100,000	~100,000
2011	~120,000	~120,000	~120,000	~120,000	~120,000
2012	~140,000	~140,000	~140,000	~140,000	~140,000
2013	~160,000	~160,000	~160,000	~160,000	~160,000
2014	~180,000	~180,000	~180,000	~180,000	~180,000
2015	~200,000	~200,000	~200,000	~200,000	~200,000
2016	~220,000	~220,000	~220,000	~220,000	~220,000
2017	~240,000	~240,000	~240,000	~240,000	~240,000
2018	~260,000	~260,000	~260,000	~260,000	~260,000
2019	~280,000	~280,000	~280,000	~280,000	~280,000
2020	~300,000	~300,000	~300,000	~300,000	~300,000



From the Chairman

Difficult conditions for growing and marketing persisted into 2014/15, with some regions experiencing prolonged drought and the high Kiwi dollar depressing returns. However, by spring 2015, stable to strengthening markets for both venison and velvet, and an easing currency, enabled deer farm systems to showcase their profitability, even in the face of dry conditions in many parts of New Zealand.

Improved prices aside, the DINZ highlight of the 2015 year was undoubtedly our successful application for a Primary Growth Partnership (PGP) under the Passion2Profit banner. The seven-year \$16 million programme officially kicked off in May and I'm confident that in years to come, we'll look back on this as a significant turning point for the venison industry.

A key driver for PGP is the enhanced collaboration across the sector, from our exporters in the Cervena programme and beyond, to the various stakeholders at the production end. While the improving pricing is attributable to that collaboration



only in a minor way, I am sure that in the future it will lead to much better pricing stability and industry profitability, as we forge a path in developing more integrated, transparent value chains.

The PGP contributes \$7.4 million over the life of the programme with DINZ with our commercial partners making up the balance. We'll be initially using some reserves to fund our share, but after reserves are used, we will also need to adjust our levies, as previously signalled. As always, our emphasis will be on delivering excellent value for our constituents levy investment.

There were two changes to the Board. We welcomed producer representative, William Oliver (replacing Jeremy Bell) and, representing venison marketers and processors, Dean Hamilton (replacing

Andy West). I thank both retiring members for their contribution during their terms, and particularly thanks to Jerry for his role as deputy chair.

The Board agreed an update to our long-term strategy with the old venison and velvet 'strategic intents' having run their course. DINZ now has one integrated strategy for the whole industry with four strategic objectives:

- Market development and diversification.
- Premium positioning for our products.
- Sustainable on-farm value creation.
- Cohesive and respected industry.

I'd like to thank Dan Coup and his team, who have worked extremely hard in a tough year, as they gear up to tackle the challenges and opportunities of a very exciting era for the industry.



Andy Macfarlane, Chairman

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From the Chief Executive Officer

The DINZ team has hit the ground running as Passion2Profit gets into gear, with several staff changes made to support and run the programme.

Advance Parties, a central component of the on-farm activities, have got off to a good start. It's early days, but those who've got involved are very positive and hoping to make big strides.

Passion2Profit is split about 50:50 between on-farm initiatives and market development and the market side has got off to a reasonable start as well. With the support of the collaborative Marketers' Working Group, we worked with one Dutch distribution partner to conduct a "proof of concept" trial of Cervena venison as a spring-summer barbecue and grilling concept. That trial gave the group enough confidence to expand the trial in the 2016 European spring and summer.

The confidence and enthusiasm of Advance Party members to start trying new things highlights the critical importance of our research investments delivering relevant and practical knowledge that's valuable to farmers. We have been working hard to get our science investment aligned with what producers need. The launch of the five-year "Hitting Targets" science strategy will help achieve this through its flexible and responsive approach.



Enabling farmer uptake of the wealth of information from projects like the Deer Progeny Test has been a priority and we'll continue to use both traditional channels (such as *Deer Facts*) and modern (the online Deer Hub) channels to get the message out there. Face-to-face contact is still an important part of this.

While we realign people and resources to our new programmes, other important work has continued. This has included our ongoing partnership with the Ministry for Primary Industries to help ensure the highest standards of animal welfare are maintained, and in the ever-changing regulatory landscape for environmental standards. Deer farmers told us they were seriously concerned about environmental regulation and they want

to see more investment in this area. I was pleased to be able to respond to that call by appointing Dr Lindsay Fung as Environmental Policy Manager. Lindsay will work with deer farming leaders to support their engagement in local environmental policy processes.

As the 2014/15 year drew to a close, trading conditions were giving cause for optimism. Prices for venison rose during the year, not only through currency shifts, but also through real value increases.

Velvet was set to begin another season of stable prices with good volumes and the prospect of tariff reductions in Korea. Provisional figures for 2015 show exports for velvet and co-products earned \$66.7 million, a healthy 19 percent increase on the previous year.

It has been a positive year but there is much to be done as we work to extract greater value throughout the value chain and encourage the rebuilding of our productive base.

My thanks to all staff for their efforts. Like our industry, you punch above your weight.



Dan Coup, Chief Executive Officer



Venison

BETTER CHEF DEMAND IN EUROPE

- Prices for New Zealand venison improved in Europe despite cheap competition and subdued economies.
- The New Zealand dollar touched all-time highs against the euro during 2015, eroding returns for New Zealand farmers.
- European promotion activities successfully increased German chefs' awareness of the quality and availability of New Zealand venison.

- Promotion activities included: a national chefs' competition and visits to New Zealand; sponsoring chefs' awards in Germany; working with wholesalers to educate chefs about New Zealand venison; press releases to increase positive news about New Zealand venison in the German food media.

- Surveys recorded a 23% increase in chef satisfaction with New Zealand venison.

DIVERSIFICATION STRATEGY PAYING OFF

- Sales to North America grew strongly as consumers spent more on dining out and demand for "natural meats" increased.
- DINZ worked with wholesalers, distributors and chefs to increase demand for New Zealand venison.
- Exporters also increased sales to alternative markets like the United Kingdom and China (Figure 1).

INCREASE DEMAND FOR NEW ZEALAND VENISON

- Promote New Zealand venison as a premium meat to German chefs
- Diversification away from the European game market.
- Assist individual venison marketing company promotion programmes.
- Maintain New Zealand industry profile and services to marketers.



NEW ZEALAND VENISON PRODUCTION

- Venison production in New Zealand was relatively stable, but there was a large increase in exports (Figure 3). New Zealand marketing companies had managed stocks in the previous years, and with increased demand and improved prices, released more into the European market in 2015.
- The national herd continued to contract with hinds contributing 54% of the total production numbers. While exits from deer farming slowed, some producers continued to reduce breeding hind numbers to carry more finishing stock and stags.
- By the end of the season, marketing companies and their customers were strongly positive about the future direction of venison demand.
- Likely reductions in venison production further underpinned expectations for improving prices.

"I've tried many cooking methods with my team to find out which is the best one for New Zealand venison. It is incredible; almost every method worked extremely well and the meat is very versatile."

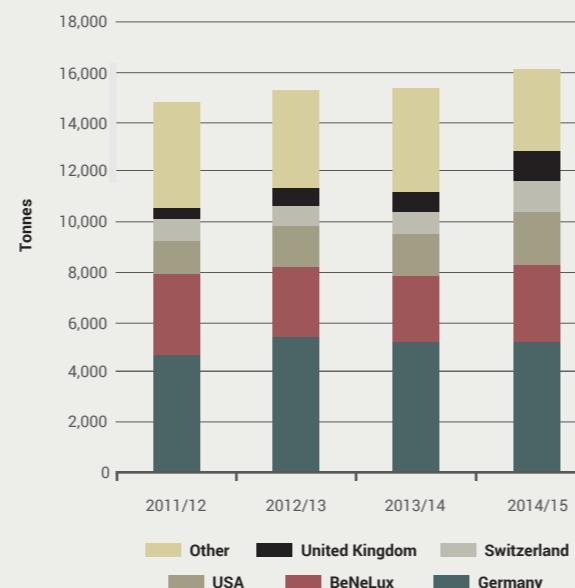
Kevin Fehling, La Belle Epoque restaurant*, Travemünde, Germany

*3 Michelin stars



Young German Chef Enrico Hirschfeld (left) working with renown chef Shaun Couston of Logan Brown restaurant Wellington during his working tour of New Zealand. Four young German chefs who won a recipe competition in Germany worked in restaurants across New Zealand in 2015, learning about the New Zealand deer industry and picking up tips on cooking farm-raised venison.

Figure 1: Exports to main venison markets for years ending September (tonnes)



Source: Statistics New Zealand

Figure 2: Value of New Zealand dollar against US dollar and euro, October 2014–September 2015



Source: NZXAgri

Figure 3: Venison exports (tonnes) and average schedule price (NZ\$) 2011/12–2014/15



Source: Statistics New Zealand

Passion2Profit programme



“ The NZDFA fully supports the objectives of the P2P programme. Seeing the venison marketing companies working together gives us real hope for better returns and motivates me to improve my own farm performance.”

Kris Orange, Chair,
New Zealand Deer Farmers' Association



CHALLENGES AND ACHIEVEMENTS

- The Minister for Primary Industries agreed to grant up to \$7.6 million to the deer industry for the implementation of the P2P programme.
 - The Passion2Profit business case was submitted in September 2014; the business case was accepted in December and a contract for delivery was agreed in May 2015.
 - New Zealand's five major venison marketing companies, the New Zealand Deer Farmers' Association and Deer Industry New Zealand agreed to work together to boost the profitability of the deer industry.
 - A total budget of \$16 million over seven years has been allocated to undertake new demand creation and boost productivity improvement projects.

STRATEGIC OBJECTIVES

- Increase non-seasonal sales
 - Increase sales to new markets
 - Increase average carcass weight by 4kg
 - Increase fawn survival by 5%
 - Increase industry revenue by \$56 million per annum



MARKETING PREMIUM VENISON: \$8.2 MILLION OVER SEVEN YEARS

Project	Work in 2014/15
1. Confirming market requirements: \$1m over years one and two	<p>Five venison marketing companies formed a marketing working group to discuss and agree collaborative marketing opportunities.</p> <p>Summer Cervena® was trialled in the Netherlands. Exporters are willing to expand the programme in 2015/16.</p> <p>Agree to explore opportunities to sell more venison to affluent Chinese consumers.</p>
2. Collaborative marketing – trialling and establishing distribution: \$5.1m over seven years	Will start in 2015/16 with expanded Cervena pilot with three companies in Belgium and the Netherlands.
3. Developing and applying industry standards: \$1.6m over seven years	Draft on-farm standards agreed and discussions with the Red Meat Profit Partnership for incorporation of deer into a single national red-meat farm assurance programme.

MARKET-LED PRODUCTION: \$7.8 MILLION OVER SEVEN YEARS

Project	Work in 2014/15
4. Project management and governance: \$0.8m over seven years	Systems set up to manage Primary Growth Partnership funding and reporting.
5. Accelerating industry change through the development and deployment of new farmer engagement strategies such as Advance Parties: \$4.1m over seven years	<p>Twelve Advance Parties with about 80 farms operating by the end of September. Farmers making changes.</p> <p>Expect to add four or five new Advance Parties each year to reach 30 in total. Expect farmers to be sharing their actions with the wider community.</p> <p>Production and distribution of Deer Facts to all known deer farms and associated industry advisers.</p>
6. Packaging of the best information on genetics, feeding and deer health technology to create on-farm solutions: \$2.9m over seven years.	<p>Establishment of feeding, animal health and genetics working groups.</p> <p>The “Clean Bill of Health” campaign to stimulate conversations about improving profitability by managing health issues.</p>



DEER FACTS

Managing
for profit

Best practice mating management

If it page to get it right

Reproductive success drives the profitability of deer breeding. Best practice mating management leads to higher conception rates and ultimately more viable fawns on the farm. It also has a positive impact on the management of fawning dates.

Feeding non-pregnant hinds is a useful tool in terms of deer costs and can have a significant impact on the potential you have from your breeding programme. Studies have shown that if the fawn rate increased by 10% as a result of feeding non-pregnant, net earnings per hind wintered would increase by more than £30k or £15,000 in a 500-hind herd.

The best way to manage the fawn rate is to use the **Deer Fact**. But when using yearlings (stags or hinds) of known genetic merit to speed up the rate of genetic progress, it is critical to feed them well. This will ensure they are in the best possible body condition in the lead up to and during mating.

Pre-mating treatment of hinds

The biggest influence on the rate and date of conception is the condition of the hind at the time of the hind. Improving BCS in lighter hinds by 0.5 BCS units can advance the conception date by 5 days.

Join stags with hinds by 10 March at the latest, then monitor their performance closely while waiting for mating dates

Conception can begin as early as mating dates on average by up to 10 days. This may be caused by hind groups just before mating, repeated parturition or things like environmental stress.

Pre-parturition should therefore be completed at least two weeks before mating to allow hinds time to settle after the rut. Hinds that have settled in their new herds, especially hinds bought in from another farm, should be done well before mating.

Mature fawns will be fully lactating, as the breeding season approaches. If green pasture is not available, feed them quality supplements.

Belly fat score all hinds. Preferentially feed those with a BCS of >5.

In most situations, wean hinds in late February or in very

Key points

- **Wear hinds in late February/early March and assess them for Body Condition Score (BCS).** Preferentially head them with BCS of 2.5. Weighing hinds at 10 months old, a mature weight of 100 kg and weight hybrid at least 30 kg at mating.
- **Join the stags with hinds by 10 March.**
- **Use stag numbers of between 1:30 and 1:60** as a general rule. Some herds can have more than this, but non-pregnancy is a risk.
- **Yearling hinds are often run with well-grown yearling stags, which are usually 1:30-3:10.** These can be set up in mid-February.
- **Look for signs of non-performance and remove stags that do not complete mating.** Replace such stags.
- **Remove stags at the end of the breeding season (by 10 May) at the least to prevent late births.**

Early March: In a severe drought, weaning in early March is justified to ensure the best mating outcomes. Early weaning allows social order to be established earlier than normal, which is important for conception.

Yearling hinds: Red stags should be joined on N27 farm normally attain puberty (first ovulation) at 16 months of age. They are usually larger and therefore are highly likely to produce fawns at about 24 months of age. Weigh and place fawns at hind in January so there is time to identify the best ones and keep them until a high conception rate. They should have a BCS of 2.5-4 and be at least 70-75% of the average weight of mature hinds in the breeding herd.

There is a wide variation in hind genetics in the industry, but the genotype of the 'swiney' hind is a typical example. N27 hinds have a mean BCS of 2.5 and a mean mature body weight of 157 kg. In such a herd, the minimum pre-mating liveweight should be 80 kg and the average weight of the fawns at birth should be 15 kg. Yearlings that have some wapiti in them (say 50%) need to be treated as a separate group.

Pre-mating treatment of stags

Mature stage: Feed stags well in summer. If they have a BCS of 2.5 during the rut they will focus on mating rather than feeding.

If you feed stags grain supplements, spread out to prevent some of them gorging themselves.

In January run them through the pens before they become too fat. Check them for lameness, Body Condition Score them and check for lameness and injuries.

Remove hind after including in growth with all stags (with the exception of the best ones) by the end of January or the first 1 March. This is a requirement of the Deer of Welfare Code.

Yearling stage: Feed stags used for breeding as yearlings

Photo: R. M. Thompson

When we did the research for the P2P strategy we found that many deer farmers did not have easy access to up-to-date deer farm management information. Deer Facts help fill that gap. They are published in a handy easy-to-read print format and are posted on the DINZ Deer Hub.

Velvet

WHAT IS TO COME?

Project 1

Expansion of the collaborative summer marketing programme in the Netherlands to increase sales outside the traditional European game season. Identify other markets that can benefit from collaborative development, aiming to have three or four new non-seasonal markets taking 1,200 tonnes (CWE) of venison by year seven.

Project 2

Implement a collaborative marketing programme in China, if it is commercially feasible to do so, aiming to have new markets able to demand up to 2,500 tonnes (CWE) of venison by year seven.

Project 3

Implement a single national on-farm quality assurance (QA) programme via venison processors, in step with the red meat farm-assurance programme. Aim to have national adoption of the QA standard by year seven across all venison processing companies.

Project 4

The programme is well managed in accordance with the contracted obligations of the Primary Growth Partnership.

Project 5

Create systems that provide the right information to deer farmers to allow them to make confident, informed decisions. This includes Advance Parties, more knowledgeable agricultural service providers and making productivity information available to individual farmers to help them identify opportunities for improved profit.

Project 6

Packaging deer health, feeding and genetics information in ways that can allow farmers to apply it easily. Examples of this will include guides for feeding deer to hit optimum slaughter dates, animal health advice to reduce the cost of health issues and increasing the use of genetic merit information.

CHALLENGES AND ACHIEVEMENTS

- The weighted average velvet price paid to producers increased by around 25% from a weighted average of \$102.50/kg in 2013/14 to more than \$125/kg over the 2014/15 season (Figure 1).
- A sixth year of stable or firming prices is enhancing confidence in the velvet industry.
- Increases can challenge the relative stability achieved over the previous five years as they put pressure on market development and will incentivise increased production.
- While the 18% increase in New Zealand velvet production this year to 572 tonnes has been largely offset by

relatively stable global production, the challenge is to ensure production increases are kept in line with consumption increases.

- Helping to underpin the strong market prices is the increased usage of New Zealand velvet in healthy foods in Korea and growing consumption of velvet generally in China (Figure 2).
- Market access to Korea for New Zealand velvet improved significantly with the signing of the New Zealand–Korea free trade agreement along with removal of 30% of the special excise tax.

“The New Zealand velvet industry is in a good shape and I’m really excited about the new healthy food markets. We need to make sure we stick with our committed velvet buyers to ensure ongoing stability.”

David Morgan, Raincliff Station



New Zealand velvet used as an ingredient in healthy foods encourages a more direct connection between customer, consumer and producer. In contrast, the traditional oriental medicine channel was historically opaque and resulted in significant fluctuations, along with limited opportunity to promote the New Zealand provenance to create a “branded” ingredient.

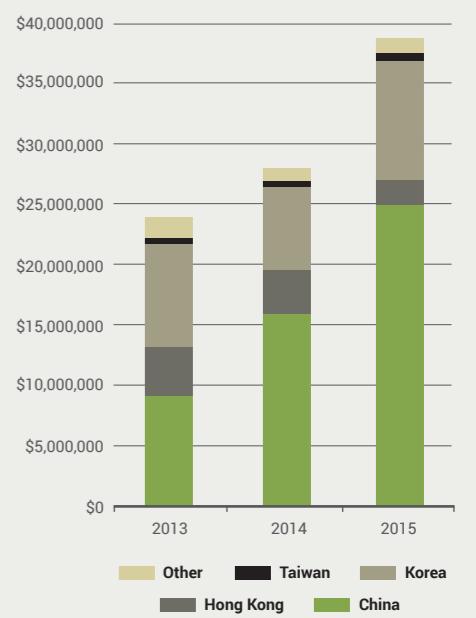


Figure 1: Farmgate price (per kg) and production (tonnes) for years ending 30 September 1995–2015



Source: DINZ estimates

Figure 2: Velvet exports by destination and value (NZ\$ FOB) for year to 30 September 2013–2015



Source: Statistics New Zealand

Science and Policy

“I am a supporter and believer in the Deer Progeny Test project and look forward to the robust information that will become available as a result; this will help me compare breed and herd types.”

John Falconer, Clachanburn Station



CHALLENGES AND ACHIEVEMENTS

- Most data recording on the Deer Progeny Test Project was completed, enabling a start on assessments of commercially relevant traits worthy of genetic selection.
- We achieved official activation of the first-in-human trial of the velvet extract RepaiRx as a wound-healing agent at Middlemore Hospital. The trial now awaits presentation of suitable patients.
- DINZ agreed in principle to continue investing into R&D (Figure 1) although obtaining stable co-funding from AgResearch will be a challenge. Both parties will need clarity on the purpose and types of research in which investment should be made and how its impacts can be demonstrated.

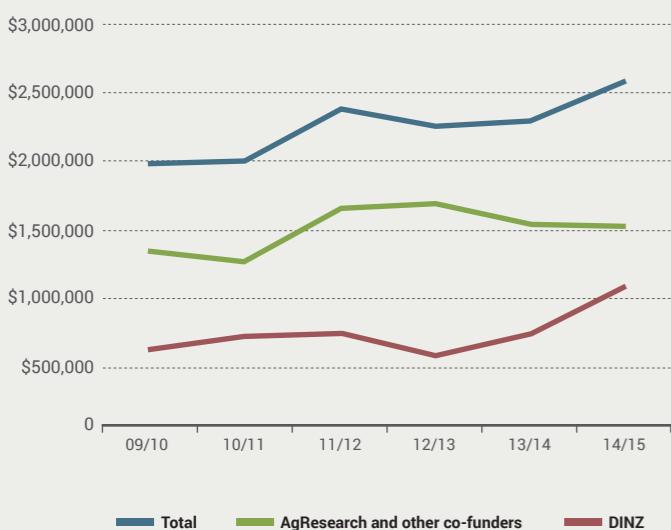
DEEResearch purpose

Coordinate and invest in research and innovation to enable a more profitable and sustainable New Zealand deer industry

VARNZ purpose

Commission research and development in respect of deer velvet antler and deer co-products ... aimed ultimately at being of benefit to the deer industry

Figure 1: Income received by DEEResearch and VARNZ, by funder.



Source: DEEResearch and VARNZ

DEEResearch
5 YEAR SCIENCE STRATEGY

DEEResearch developed a 5 Year Science Strategy help determine research investment priorities.

Source: DEEResearch and VARNZ

DEERSelect

ACHIEVEMENTS

The Deer Progeny Test (DPT), spanning the 2010 to 2013 birth years, has been a major investment for the deer industry.

- Since 2010, active red deer breeders (including velvet herds) have increased the rate of gain in yearling weight to 1.2kg/year compared with 0.4kg/year for the previous 5 years (Figure 1).
- Carcass weight has increased genetically by 0.6kg/year compared with 0.2kg/year for the previous 5 years.
- DPT has shown there is variability in how the progeny of different sires grow across seasons, and in some meat yield characteristics including eye muscle area corrected for carcass weight that was favourably associated with improved tenderness.
- Updated genetic parameters based on DPT results are available and will form the foundation for an updated meat yield.
- There has been an increase in commercial velvet herds using DEERSelect to estimate merit of young stock, particularly females.

CHALLENGES

- The main challenge for DEERSelect is to encourage farmer uptake of better genetics.
- Wapiti breeders have been proactive in organising link sires in recent years to have wapiti-to-wapiti links. However, the DPT analysis showed a disconnect between the wapiti DEERSelect results and the DPT results. There are differences in the analyses, and the connectedness between herds was via crossbred progeny in DPT herds. AgResearch has been investigating the difference but it is proving complicated. While rankings and progress within herds are good, we are not confident in publishing an across-herd evaluation at this stage.

FUTURE DEVELOPMENTS

In 2016, an updated meat yield module will be developed and maternal trait recording and outputs started. Technical improvements in the genetic parameters and evaluation, largely as a result of the DPT, will also be made.

“Breed is no longer a proxy for merit. There are better and poorer merit animals across all breed types – use DEERSelect to choose the best.”

Jamie Ward, AgResearch technician



DEERSelect provides genetic tools to help deer breeders and commercial producers improve economically important traits

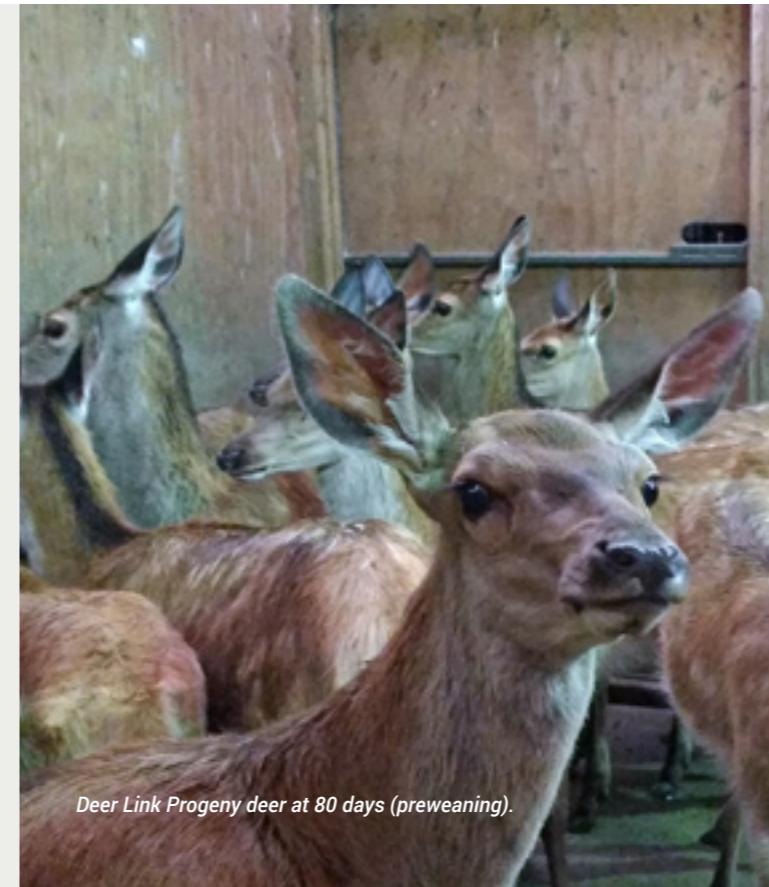
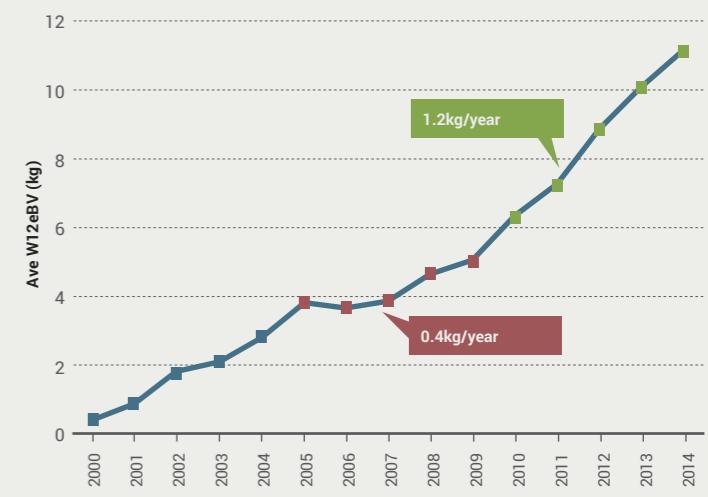


Figure 1: Gain in the 12-month Weight Breeding Value in active red herds (including velvet) that are actively recording on DEERSelect – 2005–2009 versus 2010–2014



Source: DEERSelect Genetic Trend

Producer Engagement

CHALLENGES AND ACHIEVEMENTS

- The annual new-format deer industry conference, hosted by the DFA Hawke's Bay Branch, attracted strong support from deer farmers and the industry's servicing and exporter/processor sectors. The event also attracted 200 people to the associated field day that doubled as a visit to the 2015 Premier Environmental Award winning property, Te Maire.
- In spite of firming returns for both venison and velvet antler production, the industry continues to lose producer numbers as succession issues and pressure from other land uses continue. However there are strong trends showing improved productivity and increasing numbers of larger well-integrated deer and multispecies farms.
- A new \$0.5 million research approach from Otago University's Disease Research Laboratory, jointly funded by DEEResearch and DFA along with Callaghan Innovation, has produced a set of biomarkers that appear to define resilient and susceptible phenotypes in deer that will be field tested in 2015/16.
- The impact of Johne's disease on most deer farms appears to be under good control through the work of Johne's Management Limited, and wider education. Of the small number of problem herds, most are under active Johne's disease management plans.
- Producers, particularly from among the Next Generation group and DFA branch leaders, have shown increasing support for Advance Parties and the P2P programme as the potential for improved productivity begins to be seen and discussed.
- Industry communication continues to advance with the development of a DINZ E-Zine, high-quality *Stagline-Online* for DFA members and continual improvement to the Deer Hub at www.deernz.org/deerhub



Participants at the 2015 Deer Industry Conference.

PRODUCER MANAGEMENT SUPPORT FOR THE DINZ STRATEGIC GOAL OF A COHESIVE AND RESPECTED INDUSTRY

Activities include:

- Wider engagement with deer farmers.
- Expansion and evolution of Advance Parties.
- Further development of the Next Generation programme at introductory and higher levels.
- Management of the New Zealand deer industry conference programme.
- Development of the Focused Farming programme and five facilitated field days with the DFA Branches.
- Strengthening DINZ engagement with the service sector and key individuals.
- Participation in the communication strategy to strengthen external awareness and industry confidence.
- Engagement in environmental advocacy and support through DINZ.
- Promotion of benchmarking, target setting, performance monitoring and analysis, and reporting financial returns.



Field day at Forest Road Farm, Hawke's Bay, part of the 2015 Next Generation programme.

Animal Welfare and DeerQA

CHALLENGES AND ACHIEVEMENTS: TRANSPORT

- Animal welfare is still the major driver behind the DeerQA Transport Programme and the number of drivers passing through the DeerQA transport training course has increased.
- With the lower numbers of deer being transported, some operators were finding it harder to properly service deer transport so decided to have all of their livestock drivers accredited to carry deer.
- The number of animal welfare incidents involving deer transport recorded by the Ministry for Primary Industries (MPI) continued to fall.
- Deer (mainly hinds) being sent for slaughter during and immediately after winter is still an issue. Farmers are asked to consider culling early and not carry these animals through winter.
- The MPI Verification Service (MPIVS) continues to monitor all consignments of deer at all venison processing plants (Figures 1 and 2).

Figure 1: Deer mortality in transit to or in lairage at processing plants 2014/15 (%)

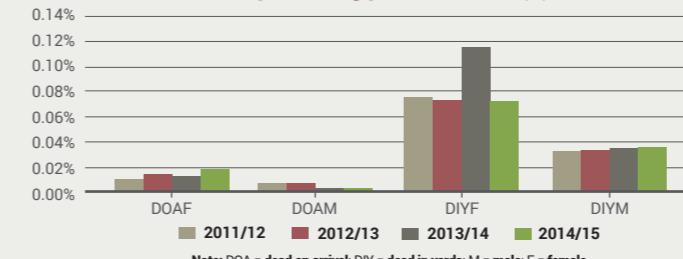
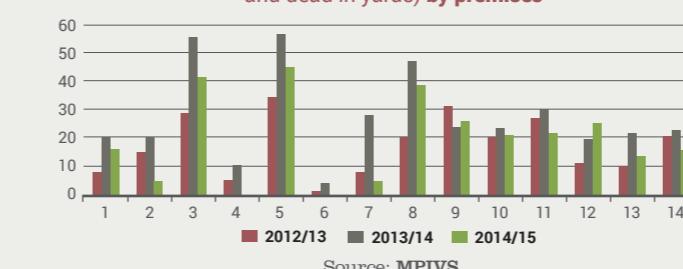


Figure 2: Total annual deaths (hinds and stags, dead on arrival and dead in yards) by premises



CHALLENGES AND ACHIEVEMENTS: VELVET

Audits

- All velvetters are required to undergo periodic audits, with no exceptions. A small number of farmer/velvettters delayed, causing concern for the National Velvetting Standards Body (NVS). The NVS accommodates logistical problems, but where this happens in multiple seasons, this will be reported immediately so that NVS, the supervising veterinarians and MPI can become involved.
- One-hundred-and-one audits were carried out, representing 10.85% of certified velvettters. Most velvetters showed a high level of knowledge and understanding of requirements.

Surveillance

- Monthly velveting data was collected by MPIVS veterinarians at deer slaughter premises (DSPs), collated and forwarded to DINZ/MPI. Given the incremental improvements observed in previous seasons, MPIVS and DINZ agreed to modify the procedure to sample a subset of DSPs each month as opposed to all DSPs.
- Five hundred and forty-eight suppliers were recorded on spreadsheets from September 2014 through to January 2015. Of these, 132 velvetters were contacted by MPIVS to ascertain who had been velvetting stags submitted by them to DSPs. Thirty suppliers required follow-up by DINZ to update records and contracts. One supplier/velvettter was recommended for referral to the MPI Animal Welfare Compliance and Response Group.
- It was agreed between the DINZ/NVS/MPI to continue the surveillance programme during the 2015/2016 velvet season.

Summary Financial Statements

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Consolidated 2015 \$000	Consolidated 2014 \$000
Total Revenue	6,956	6,654
Total Expenditure	(7,556)	(6,885)
Movement in Investment in Associate	(24)	(26)
Total Comprehensive Revenue and Expenditure Before Taxation	(624)	(257)
Taxation Expense	-	-
Total Comprehensive Revenue and Expenditure After Taxation	(624)	(257)

SUMMARY STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2015

	Consolidated 2015 \$000	Consolidated 2014 \$000
CURRENT ASSETS		
Cash at bank	926	283
Investments	4,031	4,997
Accounts receivable	689	544
	5,646	5,824
NON CURRENT ASSETS		
Property, plant & equipment	24	40
Intangible assets	1	1
Investments in subsidiaries and associates	61	84
	86	125
Total assets	5,732	5,949
CURRENT LIABILITIES		
Accounts payable and accruals	1,294	899
Tax payable	-	-
Employee entitlements	131	109
	1,425	1,008
Non current liabilities		
Accrued lease liabilities	15	25
	1,440	1,033
Total liabilities	4,292	4,916
Net assets		

SUMMARY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Consolidated 2015 \$000	Consolidated 2014 \$000
Opening Equity	4,916	5,173
Total Comprehensive Revenue and Expenditure After Taxation	(624)	(257)
Closing equity	4,292	4,916

SUMMARY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Consolidated 2015 \$000	Consolidated 2014 \$000
Net cashflows from operating activities	(303)	(396)
Net cashflows from investing activities	946	116
Net increase in cash held	643	(280)

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 2 December 2015.

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.

Deloitte.

Independent auditor's report

TO THE READERS OF DEER INDUSTRY NEW ZEALAND GROUP SUMMARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

The Auditor-General is the auditor of Deer Industry New Zealand ("DINZ") Group. The Auditor-General has appointed me, Trevor Deed, using the staff and resources of Deloitte, to carry out the audit of the summary financial statements of the Group, consisting of Deer Industry New Zealand ("DINZ") and its subsidiaries and other controlled entities (collectively referred to as 'the Group'), on her behalf.

We have audited the summary financial statements as set out on page 13, which were derived from the audited financial statements of the Group for the year ended 30 September 2015 on which we expressed an unmodified audit opinion in our report dated 2 December 2015.

The summary financial statements comprise the summarised statement of financial position as at 30 September 2015, and summaries of the statement of comprehensive revenue and expenditure, statement of changes in equity, and statement of cash flows for the year then ended.

Opinion

In our opinion, the information reported in the summary financial statements complies with FRS-43: *Summary Financial Statements*, and is consistent in all material respects with the audited financial statements from which they have been derived.

Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary financial statements do not contain all the disclosures required for audited financial statements under generally accepted accounting practice in New Zealand. Therefore, reading the summary financial statements is not a substitute for reading the audited financial statements of the Group.

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing the summary financial statements in accordance with FRS-43: *Summary Financial Statements*. The Board of Directors is also responsible for the publication of the summary financial statements, whether in printed or electronic form. We are responsible for expressing an opinion on those statements, based on the procedures required by the Auditor-General's Auditing Standards, including International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*.

In addition to the audit, we have carried out assignments in the areas of income tax compliance services, which are compatible with those independence requirements. Other than these assignments, we have no relationship with, or interests in, the Company or any of its subsidiaries.

Trevor Deed, Deloitte
On behalf of the Auditor-General
Wellington, New Zealand

Board Members

APPOINTED BY THE NEW ZEALAND DEER FARMERS' ASSOCIATION



Clive Jermy, ONZM

Chairman of Deer Industry
New Zealand Research Trust
Director of Deer and
Game Services Ltd
Stanfields European Stud Ltd



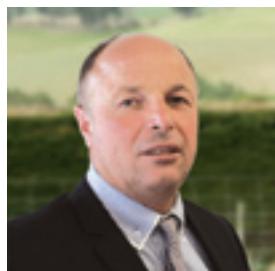
Collier Isaacs

Officer of FarmIQ
Chairman of DEEResearch,
Shareholder of Farmlands



Andrew Macfarlane

Director of ANZCO Foods,
AgResearch Ltd, Ngai Tahu Farming
Ltd and The Kowhai Ltd
Shareholder of Windwhistle Pastoral
Ltd and Macfarlane Rural Business Ltd
Councillor, Lincoln University



William Oliver

Trustee of Oliver Whalan Trust
Director of Waerenga Holdings Ltd,
Three Rivers Ag Ltd, Rangitoto Pines
Ltd and Great Oak Forests Ltd
Shareholder of Silver Fern Farms Ltd
and Provelco

ELECTED BY VENISON MARKETERS AND PROCESSORS



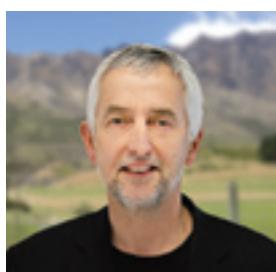
Danny Hailes

Officer of Alliance Group Limited
Director of DEEResearch Ltd



Glenn Tyrrell

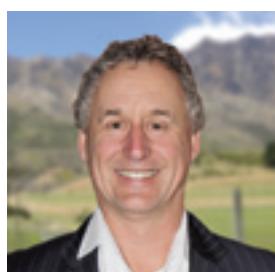
Officer of Duncan New Zealand Ltd
Shareholder of Duncan New Zealand
Ltd



Andrew West

(Until 30 June 2015)

Chairman of Herd Home Systems Ltd
Director of (amongst others)
Dairy SolutioNZ Ltd, Beef SolutioNZ
Ltd and Innovation Waikato Ltd
Managing Director of Tidal Associates
Ltd



Dean Hamilton

(From 1 July 2015)

Officer of Silver Fern Farms Ltd
Director of Armadale Partners
Limited, Hamilton & Co Ltd, Magic
Memories Group Holdings Ltd,
Vaurtron Holdings Pty Ltd

ELECTED BY VELVET MARKETERS AND PROCESSORS



Colin Stevenson

CK Import Export Ltd

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.