



New Zealand Deer Farmers' Association



ANNUAL REPORT

2006/2007



New Zealand Deer Farmers' Association

NOTICE OF MEETING

NZDFA 32nd Annual General Meeting

Notice is hereby given that the 32nd Annual General Meeting of the New Zealand Deer Farmers' Association (Inc) will be held at the

**Kingsgate Hotel, Hamilton
on Wednesday 23 May 2007,
commencing at 1.30pm**

The Chairman and Executive Committee of the NZDFA welcome and invite all levy payers and members to attend.

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*Cover Photo: Colin and Maree Smith
Warnham and Woburn Photographic Awards 2002.*

Agenda

1. Apologies
2. Appointment of scrutineers
3. Obituaries
4. Notification of further items of general business
5. Confirmation of agenda
6. Confirmation of the minutes of the 31st AGM of the NZDFA (Inc)
7. Matters arising from the minutes
8. Executive Committee Chairman's report
9. Financial report
 - a. Approval of the 2006/07 financial statements
 - b. 2007/08 Budget (Motion of approval sought)
 - c. Setting the Levy Rates for the NZDFA Commodity Levy (Farmed Deer Products) 2001 for the 2007/08 year until 16 September 2007
 - d. Motion of confirmation for Executive Committee honoraria
 - e. Motion of appointment of auditors
10. Constitutional amendments
11. Executive Committee remits
12. NZDFA Branch remits
13. DINZ Board Producer appointment. Candidates' address to the AGM
14. General business
 - a. JRG report
 - b. AHB report
 - c. Notification of NI Executive Committee election results
 - d. Notification of NI SAP election results
 - e. Confirmation of NZDFA Executive Committee and SAP appointments
 - f. Any other business

Minutes of the New Zealand Deer Farmers' Association 31st Annual General Meeting,

**held at the Avon Room, Copthorne Commodore Hotel, Christchurch,
on Wednesday, 24th May 2006, at 1.30 pm**

The Chairman called the 31st AGM to order at 1.30pm and welcomed approximately 130 members, and interested friends of the industry. The Chairman advised that the meeting was represented also through 179 proxies from members.

1. APOLOGIES

Apologies were received from:

Branch Chairmen:

Richard Broughton (Northland), Russell Waite (Kaipara), Colin Baynes (Wairoa), Dave Johnson (Wanganui), Tony Bayliss (Wairarapa), Vince Connolly (Horowhenua/Wellington)

Life Members:

Bob and Frances Swann, Mike Pattison, Helen Parkes, John Burrowes, Jenny Pinney, Murray Powell, Hester Ford

Members:

Lindsay and Judy Gerrard, Mandy and Jerry Bell, Ken Drew, Ron Schroeder, Keith and Ruth Orange

MOVED: "That the apologies be sustained."

MOVED: (Errol Croad/Peter Fitzgerald)

CARRIED UNANIMOUSLY

2. SCRUTINEERS

The Chairman put the resolution that “Craig North, Paul Lampp, Phil Stewart, be appointed as Scrutineers for the 31st AGM of the NZDFA, 24th May 2006”

MOVED: (Andrew Mitchell/Mike McCormick)

CARRIED UNANIMOUSLY

3. OBITUARIES AND REMEMBRANCE

Obituaries were recognised for:

- Mervyn Amos, Founding NZDFA member
- Rex Giles Taupo/ Wellington, Deer farm licence No 1.
- Brian Managh BOP, Matuschka Award winner
- Neville Hogg, Waikato
- Jonathon Clothier, Waikato
- Dr Peter Snow, Otago
- Pat Page, Canterbury, founding committee Canterbury Branch

The meeting recognised the loss of NZDFA members and industry participants with a silence of acknowledgement.

4. CALL FOR FURTHER ITEMS OF GENERAL BUSINESS

The Chairman asked for notification of any further items of general business. There were none raised.

5. ACCEPTANCE OF AGENDA OF MEETING

MOVED: (Andrew Mitchell/Bill Taylor)

CARRIED UNANIMOUSLY

6. CONFIRMATION OF MINUTES OF THE 30th AGM

It was agreed that the Minutes of the 30th Annual General Meeting of the New Zealand Deer Farmers’ Association, held in Te Anau on Wednesday 18 May 2005, as published in the meeting Agenda, and in the 2005/06 Annual Report be taken as read.

MOVED: (Andrew Mitchell/Tim Aitken)

CARRIED UNANIMOUSLY

The Minutes were opened for discussion.

Chris Petersen advised that the reference to Jaimie Glossop as “him” was incorrect as the JD researcher is clearly a “her”.

It was moved that: “The Minutes of the 30th NZDFA AGM as amended be accepted as a true and accurate record.”

MOVED (Ed Noonan/Mike McCormick)

CARRIED UNANIMOUSLY

7. MATTERS ARISING FROM MINUTES

There were no matters arising

8. CHAIRMAN’S REPORT

Mr Andrew Mitchell presented his report to the meeting. This report was published in the *Deer Industry News*, Issue 19, April 2006.

He welcomed everyone to the meeting which was a changed conference format given current industry circumstances, and thanked delegates for the strong support of this meeting. The Chairman noted that five long years of unsustainable returns have left the industry battered and bruised, and 2006 has seen a number of farmers exit the industry, but it does appear that other farmers have taken the opportunity to increase herd sizes.

The venison business continues to process record numbers of animals. There were indications the future could bring some farm gate price increases, with market returns holding steady for most of our products.

Following a coordinated effort by producers to withhold some grades and a positive price response, it was clear that we must act more cohesively in the future in order to maximise our returns and there will be much interest in the developing ‘0800 Velvet’ initiative.

The NZDFA has been affected quite dramatically by the decline in industry participants, roughly in proportion to the industry’s loss in farmers. This has taken its toll on enthusiasm at Branch level. The Chairman paid special tribute due to the committees who hold the local DFA together. He thought current woes provided an opportunity for a timely overview and review of the current formal structure and function of the current DINZ/NZDFA working partnership. This had culminated in recent discussions with DINZ by integrating the current MOU between DINZ and the DFA into a regularly reviewable contract for services related to NZDFA support and the Producer Manager budget and activities – a role that is having increasing DINZ support and impact.

The Chairman thanked the Producer Manager for his contribution and passion in support of producer interests on many issues in what had been a difficult and often negative environment. He reminded the meeting that canvassing additional support in this role was long overdue and that Executive Committee kept campaigning for it.

He thanked Roger Aitken (Taihape) for his contribution as Chairman of the SAP over the last two years.

The report noted significant progress with the AHB and the National Pest Management Strategy in continuing to bring success with the total number of infected deer herds now down to 38, all in VRA areas, with 8 herds in the North Island and 30 in the South Island. Reactor numbers were also down.

The NZDFA has transferred \$10,000 to DEERSelect, although progress in getting an industry genetic merit programme in place continues to be slow. New trait development, particularly in antler work, continues.

The Chairman advised that membership losses had resulted in an operating loss of \$15,000 against a break-even budget. Under the terms of the Memorandum of Understanding, Deer Industry New Zealand has agreed to fund a shortfall based on extraordinary/unplanned events and thanks were due to Tim Aitken for his continued vigilant stewardship. Budgets for our 2006/07 financial year show limited changes with subscription levels retained at 2005/06 levels. The amount of up to \$16,000 pa has been negotiated with DINZ as a contribution to operating expenses for industry-good activities carried out by the Association on behalf of all levy payers.

Chairman Mitchell reported that the issues surrounding the Department of Conservation’s review of regulations governing the holding of deer in captivity consumed enormous time but had produced an effective cross-sector working group. After considerable pressure from the industry, modified views have been communicated as to the intention of the Department, but the words in the submission documents remain the same – unnecessary trouble and expense to deer farmers.

The NZDFA has continued to be an associate member of the Game and Forest Foundation. GAFF, through Executive

Director, Gary Ottmann, has been a very valuable ally in the discussions with the Department of Conservation. GAFF was granted a small \$2000 contribution in recognition of that time and effort.

Media effectiveness and debate occupied the early part of the year, and the Chairman reinforced that NZDFA is emphatically behind the current style, format and content of *Deer Industry News*. The NZDFA thanks Phil Stewart and the staff for their continued contribution to our industry's communication. During the year an understanding for working better together was developed with *The Deer Farmer*, that will assist and support the magazine.

Andrew Fraser had decided after four years to retire. Andrew has made a very valuable contribution to the Executive Committee during his tenure with his quiet manner, sound thinking and passion for all sectors of the industry, and he will be missed.

In concluding, the Chairman noted the industry has just cause for some cautious optimism that the year ahead will provide increased sustainable incomes and he observed that those who remained are committed to a successful, profitable future.

Andrew Mitchell formally moved the adoption of his report and called for a seconder.

MOVED: (Andrew Mitchell/Clive Jermy).

Clive Jermy, in seconding the adoption of the Chairman's report thanked the meeting for the indulgence of an expanded seconding, and the historic tradition associated with this role. He believed the Chairman had correctly identified the extreme pressures participants had been under in all areas, and looked forward to the rewards that will ensue for those able to have faith and stick with the industry. In saying that, he recognised the lack of new faces at these events was a worry as the industry aged, but also believed that the Chairman's expression of cautious optimism emerging was valid.

Mr Jermy commended the Association's commitment and prudent fiscal management and its growth in the now almost four-year-old partnership. The DFA future critical roles were in communications and technology transfer at Branch level.

The NZDFA faced two important areas in the debate. First was the recommendation that remandation of the Commodity levy was not required, which he supported. Second was the development of the NZDFA as an integrated functioning administrative body within the Deer Industry New Zealand structure but in character and influence as a fully autonomous body representing political views, farmer attitudes and concerns and as a separate legal entity. The move had saved deer farmers \$3 million since inception. The industry's true strengths included unsurpassed levels of transparency and consultation and the unique research partnership with DFA, DINZ and AgResearch. The NZDFA, in his view, will always be a body where influence and effectiveness, is based on the passion and commitment of its members. It was with that confidence that Mr Jermy had pleasure in seconding the Chairman's report.

CARRIED UNANIMOUSLY

The Chairman noted that the Producer Manager Report was printed in the Annual Report and moved that it be taken as read, and would be available for questions and discussion if required in General Business.

MOVED: (Andrew Mitchell/Andrew Fraser)

9. FINANCIAL REPORT

Financial statements were introduced by Mr Tim Aitken, Executive Committee Financial portfolio. These statements had also been published in the *Deer Industry News*, Issue 19, April 2005. He carefully explained all items of expenditure, and asked for any questions.

It was moved that "The 2005/06 financial report be taken as read".

MOVED: (Andrew Mitchell/Tim Aitken).

CARRIED

There were no questions of the Report.

It was moved that "The Financial Statements and Accounts for the 2005/2006 financial year be adopted."

MOVED: (Tim Aitken/Andrew Mitchell)

CARRIED UNANIMOUSLY

The Chairman asked the meeting's leave to introduce REMIT 7, Waikato Branch, for consideration. If this Remit was supported and passed it would have profound effect on the budget, direction and constitutional consequences for the DFA and needed to be aired at this time.

9a) REMIT DISCUSSION

Remit 7 – Waikato Branch

"That the NZDFA be instructed by this meeting to reactivate the COMMODITY LEVY in order to provide funding for NON POLITICAL activities, the \$ per kg value of this levy would be set as per a recommendation from the DFA executive".

MOVED: (George Thomas/Brian Marcroft)

In moving the remit, **G Thomas** said his Branch thought it vital to have this discussion and to have a separate strong NZDFA. **B Marcroft** advised that from his perspective, the NZDFA should not be going to 'big brother' with cap in hand for funds and a small commodity levy to finance DFA operational activities was critical to that independence.

In discussion, **J Scorgie** advised he could not support the remit as levies should not be used to fund the NZDFA's unique character. As prices increased, the enthusiasm for DFA support would return and the people who shaped the industry would continue to do so through their subscription and support for the combined infrastructure with DINZ.

E Noonan believed that the current structure and function was working now, although it may attract negative comment from time to time and he would not support the remit.

R Valentine supported the principle of the remit on the basis that it would stop free loading on NZDFA activity on behalf of all farmers. He wondered in fact why the present restructure had been endorsed in the first place and called for a reinstatement of the commodity levy and a completely separate DFA.

M McCormick did not support the remit and asserted that within the industry there was no political will to remandate the levy.

J Cusdin agreed that the industry was in no mood to have any further costs imposed on it.

G Thomas in response repeated that the remit simply called for direct all-in funding for this component of DFA activities rather

than from a Deer Industry New Zealand contribution on a variable basis.

The Chairman put the Remit which was LOST on a clear voice vote.

With no potential impediment now to discussing the Budget, the Chair invited the financial report and financial motions to be put for discussion.

The 2006/07 Budget, as printed alongside the above Financial Statements, was introduced. The Budget as printed had been endorsed by the earlier Branch Chairmen's Meeting.

Tim Aitken, as finance portfolio manager, explained that the DINZ contribution to NZDFA agreed under the Contract for Services was based on an input to a maximum of \$16,000 pa, or up to 20% of subscription numbers budgeted in the event of a major unexpected drop, in recognition of many things the DFA did in the name of industry good for all farmers. Membership was down significantly. The Budget anticipated a further drop in membership for 2006/07 of 56.

J Spiers said DFA funding discussions needed to be held and it was certainly unusual that the organisation was requiring support via this grant. However it did provide a measure of reducing uncertainty with voluntary subscription levels.

Andrew Mitchell advised that the Branch Chairmen had requested scrutiny of the Contract for Services agreement and were comfortable with it. They had endorsed the maintenance of \$100,000 of reserves and the programme of industry activities run under present subscription levels, although they conceded it would take significant prudent management to achieve both.

The Chair advised that the Executive Committee had a constitutional requirement to present a balanced zero budget, but signalled that subscription levels will be discussed with Branch Chairmen for the next financial year.

Motion 3 – Executive Committee, NZDFA

Remuneration

“That the Executive Committee honoraria remain at the same levels as the financial year 2005/06 as currently and be fixed at \$7500 for the Chairman and \$5000 for each other member.”

MOVED: (John Spiers/Errol Croad)

In commenting, J Spiers agreed that the DFA was living within its means and while the Executive Committee was contributing far beyond the remuneration level, it was not appropriate at this point to seek an increase.

CARRIED UNANIMOUSLY

Motion 4 – Executive Committee, NZDFA

Auditors

“That Deloitte be appointed as NZDFA auditors for the ensuing year.”

MOVED: (Tim Aitken/Andrew Fraser)

Tim Aitken advised that Deloitte had committed to a quotation of \$2,100 for the ensuing year and saw this as a loss leader service to the industry.

CARRIED UNANIMOUSLY

Motion 2 – Executive Committee, NZDFA

Commodity levy

“That the commodity levy on venison and velvet be fixed at

NIL for the NZDFA financial year 2006/07.”

MOVED: (Tim Aitken/Andrew Mitchell)

There was no discussion.

CARRIED UNANIMOUSLY

Motion 1 – Executive Committee, NZDFA

Budget 2006/07 approval

“That the Budget of Expenditure for the year ending 31 March 2007 be approved.”

MOVED: (Tim Aitken/Bill Taylor)

CARRIED UNANIMOUSLY

10. CONSTITUTIONAL AMENDMENTS

No Constitutional remits were notified

11. REMITS

Remit 5 – Executive Committee, NZDFA

Remandation of the Commodity Levy (Farmed Deer Products)

“That the NZDFA AGM recommends that any CLA remandation process not be pursued at this time and that the NZDFA allows the current Commodity Levy (Farmed Deer Products) 2001 to lapse at expiry in September 2007.”

MOVED: (Andrew Mitchell/John Carter)

The Remit was opened for discussion.

J Derbidge advised that the Branch Chairmen's meeting was generally in support of the remit as the cost of remandation would not be justified. The NZDFA and Branches had been extensively consulted in this area over the past 12 months and this was a general but not universal view.

J Cusdin advised that there was no permanent bar in place if the remit passed. The Commodity Levy Act allowed the levy to be reinstated with appropriate consultation but an extended time frame in the future.

The Producer Manager advised that Ken Armstrong from MAF Policy had confirmed future action under the rules of the Commodity Levy Act. There was no sense of history nor disadvantage to an industry if an existing arrangement lapsed by formal choice and needed mandating in the future.

B Marcroft asked for reassurance that the reserves of the industry would not be run down and that the fund would remain at \$100,000 as a policy. That was confirmed by the Chair.

E Noonan recognised that the contract for services between Deer Industry New Zealand and DFA was a cornerstone agreement for the organisation although he believed in terms of the value of an industry-good role from the DFA, Deer Industry New Zealand was getting a great deal at little cost.

The Motion was put and CARRIED on a voice vote.

G Thomas and **B Marcroft** wished their opposition to the Remit recorded.

Remit 6 – Hawke's Bay Branch

NZDFA President Position

“That the NZDFA constitution be amended to include an elected at large President to lead the four man Executive Committee as defined under the current constitution.”

MOVED: (Mike McCormick/John Spiers)

M McCormick advised that the remit was born of a concern on potential stalemates within Executive Committee (Voting, Chairman appointment, etc). A President could bring a united voice and allow a greater industry presence and a clear leader identification. He had no issues with the current structure.

In seconding the remit, **J Spiers** emphasised that this was not a personal issue with the current Executive Committee but a strengthening of the position allowing a more adversarial leadership if needed. He believed that any anti argument on cost was short sighted.

C Jermy was opposed to the need, believing that an inexperienced person outside a tight Working Executive Committee team could be foisted on the industry, and that leadership came from within, in the prescribed manner, through committee wisdom.

P Allan supported an elected at large President but suggested that four people was enough, and the Executive Committee should be reduced by one member to accommodate this. He suggested that representation based on deer farmer numbers and location would be a good tool.

M Holdaway argued that a fifth person would not solve impasse problems if they existed. A casting vote option exists now, and he believed that the current system was working effectively. The Branch Chairmen could be used in electing a chairman if required.

J Carter agreed that electing a person at large was untenable. He was opposed and supported using the Branch Chairmen to resolve any leadership appointment impasse.

E Noonan suggested that it was a cost issue as well, and members would not tolerate the increased cost which had been estimated at \$16,000 pa.

R Valentine was neither for nor against but advised he had predicted the impasse situation several years before.

A Mitchell advised he led a hard working committee where divergence or split views were not an issue and the group worked on consensus. He did not believe that it was reasonable for the Chair to use a casting vote, although the option exists.

C Clarke suggested that the Branch Chairmen should elect the Chairman formally.

P Aitken recalled that as a former Branch Chairman he had seen a constructive group working together and little evidence of the concerns raised in evidence. He did believe that the Executive Committee should be showing stronger leadership and a louder voice on DFA issues. The bigger concern was industry decline in membership, not the structure.

M McCormick thanked members for the strong debate and clear views and advised the Branch had achieved the industry wide discussion it sought.

He informed the Chairman that he now wished to WITHDRAW the Remit.

Remit 8 – Canterbury Branch

Velvet antler: lower tynes removal

“That NZDFA request DINZ to ensure that NZFSA (New Zealand Food Safety Authority) removes lower tynes from velvet antler (frozen or dried) destined for the Korean market, in accordance with Overseas Market Access Requirements

(OMAR). The NZDFA requests DINZ to report conclusions by beginning of 2007 selling season.”

MOVED: (Ed Noonan/Peter Fitzgerald)

E Noonan advised that this remit was presented to get some fairness and parity for New Zealand processors into the velvet trade by seeking the rigorous implementation of the OMAR based on ash % to Korea, and use the legislative powers available. Canterbury is confident that a significant price rise is possible and illegal trade severely restricted allowing New Zealand processors to compete on an equal footing.

P Fitzgerald confirmed the Branch had discussed this at length with the Velvet Producers’ Association and industry and supported this as a good initiative and called for industry support.

P Allan was opposed as this was not a practical option and easily overridden in the market given the channels into Korea. He was not convinced the processors were all on side and that even greater constraints and implied costs on buyers was counter productive.

J Carter called for clarification on whether this was in fact a formal Korean requirement. Daimien Reynolds (DINZ) confirmed that NZFSA has the power to compel exporters to comply with the Korean market through the formal channels of export.

C Petersen argued that either way this was a difficult call, but in spite of some advantages, Fiordland Branch was opposed.

R Smillie believed that if controls through this measure could be made, the rest of the advantages with buyer discipline would follow.

G Carr suggested that while there may have been some theoretical sense and logic in the Remit, the ‘0800’ concept offered greater opportunity to enhance return to producers. This also the view of **M McCormick**.

Speaking in favour of the remit **B Cuttance** advised that it had the support of the VPA meeting and said the bottom line was that if industry voted this out, no improvement in price could be expected.

W Gregory was opposed, based on the inability for any New Zealand action to interrupt illegal channels and counterfeit selling and mislabelling.

J Guild was concerned that the thrust of the remit may be lost if it was defeated, and saw potential in the industry acting together in a coordinated fashion.

Guild moved an AMENDMENT:

“That in the absence of accepted velvet marketing restructuringThat NZDFA request DINZ to ensure that NZFSA (New Zealand Food Safety Authority) removes lower tynes from velvet antler (frozen or dried) destined for the Korean market, in accordance with Overseas Market Access Requirements (OMAR). The NZDFA requests DINZ to report conclusions by beginning of 2007 selling season.”

Moved: (James Guild/John Carter)

The amendment was put and CARRIED without further discussion.

G Steven cautioned the industry against being too enthusiastic about inviting NZFSA to have a greater role in its activities.

B Marcroft questioned whether, in this effort to manage supply, the industry might be leading down the same route of suggestions made about venison supply management. He

noted that the Commerce Commission had recently responded negatively to the Waikato Branch's proposal to add value to venison returns.

Mark O'Connor (DINZ) advised there had been no legal advice taken as yet on the '0800' proposal.

E Noonan thought there was no risk or additional actions required by NZFSA as they were operating in drying and exporting plants now.

M O'Connor led the discussion through the current steps and activities involved in the market in all facets, emphasising how difficult it would be to make a real impression without and still returning the value to New Zealand. The cut off sections owned by the exporter would still end up in the market. He believed there were other options that the industry could support and unite with and that the 0800 initiative was a good vehicle to develop this further.

C Hughes reported that while he was initially sceptical, control over the market destiny of the product had to be gained. He supported any efforts to further evaluate selling systems and producer controls.

C Jermy reinforced that Deer Industry New Zealand has a duty to investigate feasibility of these options.

D Ward reported he was strongly in favour of the tye removal approach for both processed and green velvet and this would immediately drive the value of the product up, but the cut pieces must be absorbed here in other uses in New Zealand and not exported.

H Robinson suggested that half the deer farmers who sold small amounts of velvet did not care in the slightest over what happened to the product once off farm. He supported the 0800 committee and urged them to just get on with their job.

J Derbidge advised that in his export experience in wool, where an OMAR existed, NZFSA has the power to enforce and the industry should urge the authority to get on and do their formal job.

The Chairman considered sufficient discussion had been held and put the Amended Motion.

It was CARRIED on a voice vote.

Messrs P Allan, J Scorgie, B Russell and H Robinson requested their opposition and nay vote to be recorded.

At that point P Allan requested a card vote, and raised a point or order when that request was overruled by the Chair on the basis that he had declared the vote carried and formal Nays had been recorded. On reviewing the meeting standing orders it was ruled that the vote and its passage was correct and that a proxy card vote should have been requested at the time of voting prior to the Chair's request for formal acknowledgment of the Nay voters.

The Chair requested an afternoon tea break at 3.30pm.

The AGM resumed at 3.50pm.

DINZ Board candidate Warren Moyes addressed the meeting in support of his nomination for the vacancy on the Board.

Remit 9 – Canterbury Branch

Velvet antler: Potential of pet market supplements and medicines

“That the NZDFA requests DINZ to utilise a proportion of velvet antler marketing budget to advance the research and promotion of the use of velvet antler in the developing pet

supplement market within New Zealand and internationally, and to specifically retain the services of a veterinary expert to initiate and oversee this process.”

MOVED: (Ed Noonan/Barry Cuttance)

E Noonan advised that the Remit supported diversification of the uses of velvet antler into what could prove to be a significant volume and return market. The advocate proposed would have a similar role to that of Executive Chef Graham Brown with venison.

B Cuttance reinforced the value of the pet market and promise of some initial marketing. He saw the promotion a logical end use in New Zealand of removed bottom tynes of quality Korean mix grade product.

P Allan supported the Remit in general terms and wondered if the advocate in fact had to be a veterinarian.

M O'Connor advised the Board was happy to investigate support at a good level of commitment and this fitted with developments in FRST funding and research with VARNZ. The Board was less convinced of the need for a veterinarian advocate but would evaluate programmes and proposals based on cost benefit and would to some extent be swayed by a level of commercial support.

The Remit was put and CARRIED UNANIMOUSLY

Remit 10 – Johne's Research Group

The ETB Test and JD

“That the Johne's Research Group ask NZDFA to support the introduction of the modification to the interpretation of the ETB blood test as an ancillary test in conjunction with the standard mid cervical skin test for diagnosing and distinguishing Tb and Johne's disease.”

MOVED: (Ed Noonan/Peter Aitken)

E Noonan explained that the ETB has the power to distinguish a positive JD animal from a positive bovine Tb animal. Currently the test only recognises avian and bovine antigen results so a positive JD animal is classified as positive for Tb and must be slaughtered. A programme of evaluation to ensure that no positive bovine Tb animals can inadvertently be diagnosed as JD is proposed to evaluate the test as an official result for MAF. It requires industry endorsement and support to proceed.

William McCook AHB advised he sees some merit in the programme, but there are some issues to finalise. The AHB would support the evaluation for MAF if the industry wanted this development.

The Remit was put and CARRIED UNANIMOUSLY

Remit 11 – South Canterbury/North Otago Branch Branch communications

“In order to keep deer farmers better informed of issues being addressed by the NZDFA's Executive Committee the SC/NO Branch requests the DFA to take a more proactive approach in using press releases, the DIN and Deer Notes to publicise the Executive Committee's deliberations.”

MOVED: (Peter Aitken/John Acland)

P Aitken believed it was appropriate for Executive Committee deliberations to be summarised and made more public after they addressed significant issues.

A Mitchell was supportive of the intent and agreed to put it in place.

The Remit was put and CARRIED UNANIMOUSLY

Remit 12 – Otago Branch (Modified from that originally circulated)

JD and live sales assurance

“That the NZDFA requests the JRG to prepare a set of voluntary deer industry protocols for the determination of the JD status of deer presented to the live sale market.

It is further requested that the proposed protocols should be developed with the relevant science providers, appropriate government and NGO bodies and the wider deer industry groups with the aim of having the proposals available for endorsement at the 2007 NZDFA AGM.”

MOVED: (Jane Mitchell/Jim Scorgie)

J Mitchell advised that the JRG has been charged with this remit's progress as they logically have access to the information. Currently stock agents are trapped in the middle in transactions where disease emerges. The Branch believed that a formal classification scheme that allowed vendor and purchasers some confidence in back ground information would be of significant benefit. It would be voluntary, but a useful protocol designed on industry terms and is a useful mechanism to allow significant risk management.

P Aitken confirmed the JRG was happy to take on this assignment. He reported that the science provider work in this area was well advanced and this time frame would provide a strong background to consultation with all stakeholders.

Speakers supported the new remit greater clarity and emphasis on its voluntary basis.

The Remit was put and CARRIED UNANIMOUSLY

Remit 13 – Southland Branch

AHB and financial assistance packages for infected herds

“That the NZDFA request the AHB develop a formal financial assistance system for all Tb-infected deer herds, based on the following defined criteria:

Eradication of Tb in these herds must be managed under a DDCM Management Plan.

For the first test after being declared as Infected status, no assistance available other than reactor price for declared negative animals at slaughter

Payment in full for all further tests under the management plan (skin, parallel blood tests).

All Tb positive reactors found to be slaughtered within 1 month and lesions cultured.

i) All *M bovis* positive – no payment

ii) All clear and negative animals – payment at full schedule ruling at the time of slaughter.

Funds to come from the AHB levy fund, the Chronically Infected Herds Fund. (Currently with a balance of \$250,000 approximately).”

MOVED: (Peter Allan/Brian Russell)

P Allan explained the background of a test case in Southland where a herd had been slaughtered based on an overzealous

interpretation of test results where in fact no disease was detected at culture. The disease was not confirmed but the owner still was not eligible for compensation at fair market value under the rules.

W McCook (AHB) suggested that there was good experience in an evolving process of discussion. Some provision existed already within the special industry strategy allowances. He was supportive and encouraged ways to find a solution for such cases. Additional costs of supporting this remit were about \$45,000 in the current \$2 million budget. The special status provisions budget was significantly underspent.

E Noonan thought that the ETB validation would also assist the process of identifying false positives but was concerned that payments in full were sought. He believed the remit was complex and badly worded and should be sent to the RAHC working group for resolution. With the leave of the Southland Branch he proposed an amendment:

AMENDMENT

“That this meeting task the NZDFA RAHC Tb working group to work through the issues identified by the Southland Branch and come back to the NZDFA Executive Committee and DINZ Executive with recommendations of actions to deal with these issues as set out in Remit 13.”

MOVED: (Edmond Noonan/Bill Taylor)

B Taylor confirmed the remit was not just about one case, but the industry now had less than 40 infected herds and he was not concerned that this could grow to be a big budget item.

M Gilbert, P Aitken also supported the intent and the amendment.

The Amendment was put and CARRIED UNANIMOUSLY

The Amended Remit was put and CARRIED

Remit 14 – Waipa Branch

Tuberculin costs

“That the DFA and DINZ urge the AHB to set a reasonable standard chargeout price for tuberculin.”

MOVED: (Brian Wellington/Campbell Clarke)

B Wellington advised the Branch was very concerned by both the high cost of tuberculin and its great range in pricing to farmers (\$0.54 per dose to as high as \$1.67)

W McCook reported that AgriQuality is the current sole manufacturer and supplier in Australasia, but did operate at standard wholesale prices where volume and price were linked. AHB was not in a position to sell tuberculin and under the choice the deer industry made charges were a combination of tester choice and the direct costs. He believed that deer farmers should make themselves aware of the price and negotiate the testing costs with some background knowledge.

N Beatson advised the meeting that currently Bovine PPD was \$0.32 per dose wholesale.

C Jermy suggested that if AHB can't sell tuberculin the remit needed significant overhaul. He was concerned about a monopoly supplier status and urged farmers to be aware and influential.

AMENDMENT

“That the DFA monitor the charge out standard price for tuberculin and publish this information through our

communication channels yearly.”

MOVED: (Campbell Clarke/Andrew Mitchell)

The Amendment was put and CARRIED

The Amended Remit was put and CARRIED

Remit 15 – Johne’s Research Group

Support for Establishment of Johne’s Management Ltd

“The JRG requests the NZDFA’s endorsement of the proposal to establish a body, Johne’s Management Limited, to capture and manage Johne’s disease statistics from the DSPs in order to operate a voluntary JD on-farm control programme, a QA system and establish a JD database on the prevalence and location of the disease. The aim of the project is to substantially reduce the incidence of on-farm JD.”

MOVED: (Peter Aitken/Edmond Noonan)

P Aitken supported the remit in part based on recent evidence from researcher Jaimie Glossop that the JD bacterium (*Map*) was widespread in the industry and control was urgently needed and justified. The Ovis Management Ltd working model with the support of the processors was an established success story totally focused on the disease and a professional confidential relationship with farmers.

In addition, the JRG had been successful in securing a \$120 k grant from AGMARDT to assist in preliminary development of a simple carcass-side JD in-plant test that would greatly assist in the diagnosis.

E Noonan in seconding advised that the Canterbury Branch was strongly supportive.

A Mitchell confirmed the Executive Committee was 100 percent supportive.

N Beatson opposed the remit on balance as there were some areas of activity he felt not warranted. While he was passionate about JD control, the in-plant diagnostics would not add anything to the on-farm diagnosis and management control processes already in place. If the disease was truly widespread then the slaughter diagnosis was not going to add value. He urged caution and investigating other areas of on-farm work first.

J Mitchell supported the remit and believed it was well conceived with sensible practical aspects in mind and she believed the processor input and funding for industry good was a significant indication of value and concern for the disease impact.

The Chairman put the Remit which was declared CARRIED on a voice vote. Opposition to the Remit was asked to be recorded by N Beatson, D Acland, D Whyte and T May.

Remit 16 – Executive Committee, NZDFA

0800 Velvet Proposal

“That NZDFA support the establishment of an industry-wide velvet producers’ organisation to provide producers with representation as to how New Zealand velvet is sold.”

MOVED: (Andrew Mitchell/Bill Taylor)

The Chairman opened the floor for discussion.

T Cochrane (PGG Wrightson) was concerned that, to date, the company had had little involvement in any discussions. He cautioned the industry against fragmentation, was happy to be involved and looked forward to open, positive and transparent further discussion.

P von Dadelszen advised that the 0800 name would be changed and that a business development case would involve all parties.

He advised that the case would be to some extent time dependent as a window would rapidly close as the season neared, but was confident of the desire for change and a strong producer voice emerging.

W Taylor advised that there was strong support from the Executive Committee, supporting the NZDFA’s clear message that a better marketing outcome for producers was critical for viability in the velvet industry.

C Pullar felt that a stronger producers’ organisation in marketing was an ideal way to ensure that all the QA systems and other benefits the industry had developed, that were essentially being wasted by current marketing and selling options beyond New Zealand, returned true value to producers.

S Vincent supported the Velexco initiatives and believed this was a further positive initiative that would allow both concepts to take over 80 percent of the velvet trade and give producers some significant clout in selling. He urged strong direction and reporting on developments and how the groups would fit.

H Robinson urged speed and the committee to get organised and get on with it at the highest levels within PGG Wrightson.

M O’Connor reported that the broad principles have been discussed with senior PGG Wrightson staff and a best course of action was being developed with a mandate to move the concept ahead. A committee of interested producers will be formed to drive the project forward.

The Remit was put and CARRIED UNANIMOUSLY

Remit 17 – Canterbury Branch

Velvet antler removal declaration

“That the NZDFA insists DINZ and AHB instruct the New Zealand Food Safety Authority (NZFSA) to include a formal declaration on the Animal Status Declaration (ASD) form that has the farmer’s NVSB number or the registered veterinarian identification, that the velvet antler from the deer described on the form that have been velveted, was legally removed under the requirements of law and the industry velvet removal programme.”

MOVED: (John Douglas/Ed Noonan)

J Douglas proposed the remit as a proactive move to add credibility to the industry velvet removal scheme in spikers particularly, given recent adverse publicity.

E Noonan supported accredited velveters being proactive and adding their NVSB details to the form.

C Petersen and J Carter were opposed as ASD forms were complicated enough now and this move seemed excessive.

G Steven endorsed the proposal, warning it was imperative that the industry did this velvet removal properly and was prepared to stand up and be counted.

J Spiers advised that the NVSB had unsuccessfully tried to get this done, being turned down by NZFSA as they weren’t a welfare agency.

A mixed debate followed. Individuals on one side took the view that more additions on forms created extra headaches for those concerned. Others thought the system was well worthwhile.

M O'Connor advised that the industry had really tried to get this included as it was a serious issue that NZVSB and the scheme could be set up to assist with, but it was frustrating that the authorities were not supportive. He confirmed that the VPA had also not supported the move.

He suggested that if individuals wanted to do this voluntarily there was capacity in the additional information box and, by persistence, the collection of this information could be encouraged.

J Guild pointed out there would be issues with the authority of the signature if that person was not the accredited velveter.

The Chair put the remit and could not rule on a close voice response and called for a Proxy card vote.

The Scrutineers reported that the remit was LOST on a card vote, 67 votes FOR to 168 AGAINST.

Remit 18 – Rotorua Branch

NZDFA Venison plates

“That the NZDFA requests DINZ to re-establish an awards promotion for excellence in the preparation and presentation of New Zealand venison within hotels and restaurants.”

MOVED: (Rachael Mitchell/Mike McCormick)

R Mitchell confirmed that the remit was about all venison not just the Cervena campaign, and reinforced just how much interest there was in venison promotion in New Zealand and there were many instances where venison was disappearing from menus.

P Aitken commented he would like to see an associated heightened press and media campaign as well.

The Remit was put and CARRIED

12. GENERAL BUSINESS

Johne's Research

Chairman P Aitken moved that the report be taken as read, seconded Andrew Fraser.

There were no questions or further discussion.

Executive Committee Election Results

Tim Aitken (North Island) and Mark Hawkins (South Island) were elected unopposed.

Selection and Appointments Panel

North Island vacancy received two nominations, voting being declared as:

Mike Holdaway 155

Brian Marcroft 71

Mike Holdaway was declared the successful North Island candidate.

The South Island candidate, Bob Kingscote was re-elected unopposed.

DINZ Board Selection

Profiles of the candidates for the vacancy as Chairman on the Deer Industry New Zealand Board were detailed in *Deer Industry News*, Issue 19, April 2006. Each candidate had five minutes to present themselves to the meeting and answer questions from the floor. The four candidates were: Barry Cuttance, Warren Moyes, John Spiers and Simon Vincent.

Voting Papers

It was moved “That the voting papers be destroyed.”

MOVED: (Andrew Mitchell/Bill Taylor)

CARRIED UNANIMOUSLY.

Acknowledgement of Executive Committee Retiring Member Andrew Fraser

Bill Taylor, on behalf of the Executive Committee, presented Andrew and Wendy Fraser with appreciation gifts. In response, Andrew Fraser recalled the passion, commitment and dedication that he observed in his colleagues at DFA and Board and Executive level. He was confident that the industry was gathering momentum and moving in the right direction. He urged producers to be honest about their production and productivity and get involved in the tools that DEERSelect, the productivity strategy and focus farms can offer as the basis for a sustainable profitable future and to lift deer farming to a whole new level of performance and opportunity.

At 5.47pm Mr Mitchell declared the 31st AGM closed. He thanked members for their attendance and the scrutineers for their roles in the voting process.

To be signed as a true and accurate record.

Andrew Mitchell

Chairman

23rd May 2007

Executive Committee Motions

NZDFA Finances

* 1 Budget 2007/08

“That the NZDFA Budget of Income and Expenditure for the year ending 31st March 2008 be approved.”

Proposed: Tim Aitken. Seconded: Andrew Mitchell

Note: The subscription levels were fixed at an Executive Committee meeting on 29 March 2007, following a re-forecast and discussion. Subscription notices have been sent out in April as required under the NZDFA constitution. There is no requirement to formally endorse the subscription levels for the 2007/08 year at the AGM. At its meeting of the Branch Chairmen on 2 November 2006, the Chairman recommended an increase of up to \$20 (now \$65 plus GST) including a proportional increase in the Branch capitation fee (now \$20 per member).

2 Commodity levy

“That the NZDFA Commodity Levy (Farmed Deer Products) 2001 on venison and velvet be fixed at NIL for the NZDFA financial year 2007/08 until that levy order is deemed to be revoked under the requirements of the Commodity Levies Act, 1990 (sec 13.1) on 16 September 2007, at the 6th anniversary of the granting of the current commodity levy.”

Proposed: Andrew Mitchell. Seconded: Bill Taylor

*Motion and remit numbers for the purposes of proxy instructions (see Proxy Form 2007 on page 23 of this report).

3 Remuneration of Elected Officers

The recommendation is that the honoraria due elected officers is increased to \$9000 pa for the elected Chairman and \$6000 pa for other members of the Executive Committee.

The motion is:

“That the Executive Committee honoraria for the 2007/08 financial year be fixed at \$9000 for the elected Chairman, and \$6000 for each other Executive Committee member.”

Proposed: Tim Aitken. Seconded: Andrew Mitchell

4 Appointment of Auditors

“That Deloitte be appointed as NZDFA auditors for the ensuing year 2007/08.”

Proposed: Tim Aitken. Seconded: Bill Taylor

Note: This assumes that discussions with Deloitte as current auditors on the ongoing fee for services basis are satisfactory and will be confirmed to the Executive Committee by 2 May 2007.

Selection and Appointments Panel

5 Constitutional change: Clause 37.12

37.12 **Selection Process:** As soon as possible after the closing date for nominations the Returning Officer shall publish to all Branches and in “Stagline” a full list of the persons nominated, together with any declarations of interests received from them. On the date determined for the selection (**but not later than the end of July each year**), the Selection and Appointment Panel shall convene, interview and select from the nominees as many Association representatives as are required to fill available vacancies on DINZ.

The motion is:

“That the date determined for selection be not later than the end of June each year.”

Explanation: The Deer Industry New Zealand Board Regulations of 2004 have the new Board commencing duty from 1 July with an expectation that the new member can attend the meeting in the first week of July. A change to have the selection process in June is proposed to allow the Minister to be notified of the appointment(s) in time. The Selection and Appointments Panel Operating Code of Practice calls for the Selection meeting to be held within 21 days of the AGM, traditionally held in late May.

An appeal to any appointment is to be notified within 10 working days of that selection meeting. In the case of an appeal an appointed member may be required to stand down from the Deer Industry New Zealand Board pending resolution of the appeal. The SAP will endeavour to hear that appeal as soon as possible after filing of the appeal documents.

Branch Remits

6 Waikato

Direct elections for the Deer Industry New Zealand Board

“That direct elections replace the SAP process for selecting farmer representatives to the DINZ Board.”

DISCUSSION

The last two SAP selection processes seem to have caused some controversy. Because the SAP process is confidential, NZDFA members never know the pros and cons of the selections. In

view of these apparent controversies, this Branch believes direct elections will provide a transparency that is desirable. It is seen by many that the SAP process could be open to influence from parties outside the committee.

7 Southland

Electronic Animal Identification Scheme

“That the New Zealand Deer Farmers’ Association instruct Deer Industry New Zealand not to pursue the adoption of an electronic tagging system for deer until there is universal acceptance of the need for one from the entire New Zealand agricultural community.”

8 Canterbury

Sustainable farming

“The Canterbury Branch request NZDFA to act in a proactive manner to promote the science-based approach to sustainable farming.”

DISCUSSION

The importance of sustainable farming systems cannot be overestimated. Our industry must promote the importance of sustainable technologies which are based on robust research and sound science, achieving improved outcomes for not only farmers and the environment but also the wider community.

The deer industry has lead pastoral farming, promoting sustainable systems with research and publishing land care manuals. We must continue this, and ensure central and local government does not increase the layers of bureaucracy by ensuring measurable outcomes are promoted. We must encourage government to fund appropriate science programmes to ensure government policies are based on accurate information to ensure the interests of all New Zealanders and the long-term sustainability of New Zealand farming systems are maintained.

Strategies and objectives for research are of critical importance. With sustainable farming research having a long lead time it is important that our objectives are taken into consideration at the outset of any research project.

We must find new tools to mitigate any potential negative outcomes of our farming systems. This is not only for farmers who are actively engaged in improving their environment and farming systems, but also to prove to the wider community that we are actively engaged in this process and can be shown to be doing so.

9 Northland

Safer Tb testing of mature stags

“That the NZDFA pursue the option of co ordination between the AHB and the National Velvet Standards Body (NVSBS) regarding the use of sedating drugs, with the objective being to enable NVSB-certified velvet farmers to use these approved drugs to sedate mature stags for the purpose of Tb testing in addition to their normal use in the practice of velvet antler removal.”

BACKGROUND

With the change to the AHB Tb testing regime to whole herd in surveillance areas, there is a health and safety issue with testing mature stags. This remit would go towards minimising risk for

those who do not use a veterinarian to do Tb testing.

10 Johne's Research Group

Voluntary Johne's Disease Herd Status classification system

“That the NZDFA endorse and promote the voluntary Johne's Disease Herd Status classification system for presentation to the live sale market developed at the request of the 31st AGM.”

Notes: The Resolution passed at the 2006 AGM read:

“That the NZDFA requests the JRG to prepare a set of voluntary deer industry protocols for the determination of the JD status of deer presented to the live sale market.

“It is further requested that the proposed protocols should be developed with the relevant science providers, appropriate government and NGO bodies and the wider deer industry groups with the aim of having the proposals available for endorsement at the 2007 NZDFA AGM.”

The Classification Scheme proposed is set out in an article (page 9) in the April *Deer Industry News*.

Chairman's Report



Welcome Ladies and Gentlemen to our Annual Deer Industry Conference and the NZDFA's 32nd Annual General Meeting. After last year's downscaled AGM conference due to economic conditions, 2007 sees a welcome return to a two-day congress, this year in Hamilton.

In general

This year sees the start of a slow march to the long-awaited recovery. My prediction in last year's Chairman's report that 2006 would be the last of a “protracted shakeout” has proven to be the case. Our produce prices over the last twelve months have stabilised in the case of venison and, in the case of velvet, taken a substantial rise. All of this in the face of a very strong \$NZ to the \$US and a relatively well behaved Euro. Had predictions of the fall in the value of \$NZ come to fruition, it is clear that pricing would have been much better still.

At last year's conference, I reported that there had been consolidation in our breeding sector with many smaller herds being culled or, in the case of medium-sized herds, significantly reduced. It has also become apparent that many farmers have taken the decision to finish their own progeny where that has been practicable and often through significant investment in infrastructure (irrigation etc).

The 2006 DINZ industry survey had indicated that the downsizing trend evident in 2005 would continue and possibly escalate had product pricing remained low. Fortunately for our industry, other factors have now come into play. The New Zealand lamb industry, after a period of strong returns, has foundered and many of our farmers who may have been considering concentrating more on the sheep component of their business have, it would appear, stayed with their deer. Industry commentators seem unanimous that our sector currently has the most potential upside of any livestock sector and that much of this recovery is building on the retail approach and a market clearly accepting that product volumes are set to fall significantly in the short term.

These predictions will prove true if the awaited stability does not lead to yet another round of either unbridled increase in deer numbers or in fact the reverse. Industry programmes have been successful in moving the increases in volumes of venison and it is critical that the markets see that our production will stabilise at reasonable lower volumes, so that we can concentrate on the higher value markets and cement the advances made in retail and consumer education.

The velvet industry's increase in returns this year reflects the fall in production volumes. Significant buyer activity has been recorded this year out in the provinces and a significant fall in volumes through the PGG Wrightson pools for the season has provided upward pressure on prices. Signals provided through united behaviour at the pools last season may also have focused in the minds of our buying community that we placed a much higher value on our production than that which we were receiving – a message delivered to the markets that may have been taken lightly until we stood united.

Velvet marketing

At last year's AGM, I outlined the efforts of DINZ Executive and the Board in seeking feedback from farmers for a review

in the way velvet is presented for sale. This process crystallised into the Velconz initiative. A steering committee was then established along with a negotiating team of farmers plus a member of the DINZ Board, to work through this initiative with PGG Wrightson.

Sadly it has taken much longer than velvet producers would have liked to get to a PGG Wrightson survey, for that information to be collated and for a confirmation of a strategy and perhaps a new direction. From my discussions around the country it is clear that there is a very strong call for structural change. That mood was much earlier signalled by a committed group of producers with the establishment of Veleco and its greater investment in the market place as well as in selling strategies in New Zealand.

The schedule for further announcements on this activity will provide more detail through the course of this conference.

Representation and funding models for NZDFA into the future

Also last year, our AGM grappled with the issue of future funding for the NZDFA. The decision taken was to allow our own NZDFA Commodity levy to lapse on its 6th anniversary. This will occur on 16 September 2007. As of then, the activities of the NZDFA that are funded from NZDFA subscription-paying members will rely on the voluntary membership of our organisation for that aspect of financial stability. The core administration, accountancy and servicing requirements of the NZDFA, of course continue with Deer Industry New Zealand under the Contract for Services agreement we negotiated last year, which includes that contribution from Deer Industry New Zealand for the industry-good activity the DFA carries out on behalf of all levy payers.

However, the progression to the NZDFA formally representing subscription-paying members will then require a review of membership services and how the Branches interact with those farmers who choose not to pay our very minimal subscription. The fundamental question that will need to be answered is “Does the NZDFA represent all levy payers?” or “Does it represent only those who pay the membership subscription?” If it is the latter, this will have ramifications for voting processes in the elections to the NZDFA and SAP. These are significant points and with the Selection and Appointments Panel process endorsed by levy payers who took part at the decision point in 2003, I’m keen to hear farmer views.

The Producer Manager portfolio

With the past few years of poor economic returns and stifled interest in activities outside the farm gate by our production sector it would have been easy for a Producer Manager to become more than a little frustrated and deflated.

All credit to Tony Pearse. Whilst I am sure there have been trying times, Tony has forged on and gotten through a monumental amount of work on behalf of producers – not just in representation on the myriad of governmental agency committees, but in the trenches putting in submissions and working with our producers to better our lot through activities such as focus farms/productivity strategies/research etc, often long into the evenings.

Thank you Tony for your continuing tireless efforts and successes on our behalf.

Selection and Appointments Panel

On behalf of the producers of the New Zealand deer industry I would like to thank both Keith Orange (Geraldine) and John Cusdin (Taranaki) for their contribution to the SAP. Both gentlemen have decided to retire this year to concentrate on other ventures.

Also worthy of note is the tireless contribution made by Bob Kingscote as Chairman of the SAP this year, as it has undergone further fine tuning of its Operational Code of Practice, seeking to continually refine the process and ensure the integrity of selections for these important producer-appointed Board directors. I would like to acknowledge the line up for this year, and indeed for the greater interest in all industry positions.

Animal Health Board

The National Pest Management Strategy continues to bring success with the total number of infected deer herds now down to 29 (39 in 2006). There are 5 infected herds in the North Island (7 in 2006) and 24 in the South Island (32 in 2006). Also worthy of note is the number of reactors, down 612 or a 60% reduction on 2004/2005 cumulative reactors to February 2006. All these reactors are within Vector Risk Areas.

A review of the NPMS is now underway, given the strong success to date to re-establish priorities for the years ahead until 2013. Our industry is very well served in its representation within AHB to ensure that the industry’s views and priorities are well covered.

Johne’s disease activity

We are now into the later years of the Johne’s Research Group activity and the epidemiology project. The huge efforts of a big team have shown direct results in the last twelve months with the release of the SFF-funded “The Manual”. The epidemiology project continues to make very strong progress. The Executive Committee have seen fit to underwrite the last two years of this project and have made a contingent liability for this up to \$10k pa.

With projects of this size and longevity it is imperative that we continue to focus on the results we are achieving and ensure that the project has the resources it requires to complete and deliver the full set of results. We are well on the way and as an industry we can take great pride in the collective efforts of the Johne’s Research Group and their efforts to date. As a pastoral sector we are substantially in front of the rest of our peers in getting to grips with this issue.

We seek the continuing support of the Branches and the wider industry in ensuring this project reaches its appropriate conclusion.

Tagging and traceability

Two major initiatives have been undertaken in the past twelve months that have the potential to have serious implications for deer farmers.

The first is the NAIT (National Animal Identification and Tracing) initiative. At first review we were horrified at the implications for deer farmers. All movement and tracking and accounting for losses was required for all cattle and deer, with a mandatory implementation date of 2008. A two-pronged justification for this was for market access and direct traceability for each animal – the animal passport rationale. The second was for biosecurity and bringing New Zealand into the 48 hour response readiness that we are

told is the new international outbreak and disease response standard. With both the FMD scare on Waiheke Island and the chemical residues in a beef shipment this past twelve months, government has looked long and hard at where it wants to be in case of a genuine biosecurity threat.

I have to say that the early reaction of deer farmers has been one of scepticism and a genuine request to be shown the need, the reality and the cost benefit.

It became clear that the traceability requirement was a reaction to market pressure on New Zealand with competitive moves being taken by Australia in their beef industry. That is something that need not impact our venison exports. We must accept that traceability of our products through to the providing animal and all of its history are part of the modern consumer's long list of "need to knows". How we provide that to the end consumers of New Zealand farm-raised venison is a problem for this industry to continue to solve.

Rolled into the NAIT scheme came electronic tagging and ID. This one topic in and of itself has focused the minds of deer farmers.

Southland Branch of the NZDFA were quick to adopt a position statement for their producers which has been picked up nationally and forms the core of the industry position from a producer perspective.

We wish to proceed cautiously with any mandatory moves toward an animal ID scheme that requires wholesale tracking and recording in a national database. We wish to review all options for the requirements to tag different classes of animals (i.e. those with a direct to slaughter life and those that may have multiple movements during their lifetime). We as an industry also need significant time to develop an electronic ID product that will function acceptably under normal commercial deer farming practices. To this end, it is intended that we will work through this technology issue on the focus farms and in other trial work over the next few years.

The second alarming issue in this area has been the re-entry into the tagging market by AgriQuality. It seems that there has been a turf war between the Animal Health Board and AgriQuality on this issue. As farmers we need to know whose tagging scheme we want when ordering tags. By default most rural supplies stores will currently default to the AgriQuality system – something we should all be aware of and, continue to use the AHB scheme.

Membership of the NZDFA

After the quite dramatic decline in 2006, the NZDFA has seen a smaller 5 percent decrease in our members compared to budget and a 7 percent decrease when compared to paid members in 2006. This against a 9 percent reduction in the number of deer farmers as identified in the industry survey this past year.

In last year's Chairman's Report I outlined the challenges within Branches for continuing to offer service levels and engender enthusiasm, and also pinpointed the lack of new members coming forward to take on roles on committees. This has seen some of the North Island Branches consolidate and in particular the amalgamation into the Central Regions Branch of the former Branches of Wellington/Horowhenua, Manawatu and Wanganui.

It is hoped that all Branches will find more enthusiasm for

activities in the year ahead within renewed confidence and specific energy generated by initiatives like the Focus Farms.

Finance

As always, funding remains tight for the operation of the NZDFA – so tight in fact that I can report a small surplus of some \$58 dollars this year against an operational expenditure of some \$85,593.

The expenses of the organisation remain under constant scrutiny. With assistance from DINZ, for our industry-good functions, every cent is made to work and work hard. On behalf of the Executive Committee and members I would like to thank Tim Aitken for his continued vigilant stewardship.

Budgets for our 2007/08 financial year show limited changes. The Executive Committee has been requested by the Branch Chairmen to increase subscriptions this year to \$65 plus GST. Branches will receive an additional \$5.00 capitation fee as part of this increase, recognising local activity and the NZDFA leadership in generating funds for the Focus Farms development or other within-Branch projects. Having said that, it is not the role of Branches to build up and sit on large reserves and I believe that some new enthusiasm and activities within Branches will see renewed interest in attracting the new young faces of the industry as well as re-energising the stalwarts. We have seen that in the revamped velvet and hard antler competitions earlier this year, and a sea of new faces at Focus Farm days. That enthusiasm builds fund raising and interest in progressing the NZDFA, technology transfer and the all-important social and collective strength.

Department of Conservation

This year has seen the Department of Conservation's Review of Regulations Governing the Holding of Deer in Captivity. We have been working closely with Game & Forest Foundation, New Zealand Game Estates and DINZ on the issues surrounding DOC's proposed regulation changes.

As the Department's process has been completed, a recommendation for a new gazette notice has gone from the group running the review to their Minister. Minister Carter has in front of him a revised gazette notice that we as an industry remain steadfastly against.

In some aspects, sanity has prevailed and the Department has decided to leave most deer farmers of New Zealand unaffected. It has, for its own reasons, decided to adopt an arbitrary line through the central and western North Island. To the west of this line, farmers will be subject to everything the department was going to try to do to the rest of us – that is to say permits, fence inspections and revised fencing standards, etc.

For the most part, this is a specific request of the Wanganui Conservancy within DOC. However, if enacted the gazette notice will force unnecessary further compliance onto some 380 deer farmers – compliance which in 99 percent of cases is already there, but with the new regulations will come unnecessary costs, which will no doubt prove significant. We continue to fight against this activity.

Game & Forest Foundation

The NZDFA has continued in its role as an associate member of the Game & Forest Foundation. GAFF, through Executive Director Gary Ottmann, has continued to be an effective and authoritative lobby group for its members.

On the horizon for completion before the next election is the

review of the status of wild animals in New Zealand. As we know, deer, chamois and tahr are considered to be pests by the Government of New Zealand. Through its confidence and supply agreement with the Labour party, United Future has brought this review to the public.

As we know, these animals are held in high regard by the public of New Zealand. Most do not wish to see them continue to be declared pests and most wish to see them managed in a sustainable way for the future.

We look forward to a sensible conclusion to this review and to the elimination of the Wild Animal Control Act from the statute books. This would remove the regulation which empowers DOC to carry out the gazette notices mentioned above.

Executive Committee

Bill Taylor has decided to continue on the Executive Committee and has been re-elected unopposed to the South Island position.

With my retirement from the Executive Committee this year, three nominations have been received for the vacant position. They are Sharon Love (Rotorua), Earle Wells (Coastal Bay of Plenty) and Richard Broughton (Northland). Naturally I would like to wish the successful candidate a fruitful and enjoyable time on the committee.

In conclusion

Deer farmers of New Zealand deserve a return to a more secure and profitable industry. Those who have stuck to their guns and ridden out the worst downturn in our industry's history are now well placed to enjoy a sustained period of consolidation and appropriate returns.

These returns can only be achieved if we focus on the big picture. As an industry, we need to work collectively and conservatively to make those structural changes that are needed and to focus on those things at home that will add value and profits to our businesses. In this regard the NZDFA holds great hope for the Productivity Strategy and the outcomes to be delivered through the Focus Farms.

On a personal note I thank you, the producers, for the opportunity to represent you on the Executive Committee for the last five years. As I retire this year I look forward to spending more time with family, and as I write this Rachael is still three weeks away from delivering our first child. So by the time I deliver this report to the AGM things will have (as everybody keeps telling me) profoundly changed. We are looking forward to this immensely of course. So for the future, on behalf of Rachael and myself, our very best wishes.

I have much pleasure in moving the adoption of this report.

**Andrew Mitchell, Chairman, Executive Committee,
April 2007**



Producer Manager's Report

Overview

The past year has been one of contrast and change. There was a subdued beginning following conference, with a clear message that if improved prices and the clear emergence of a sustainable future were not forthcoming, producers again would be exiting the industry and supply of capital stock would continue. The positive messages left by exporters at the time of conference have endured and been exceeded as we see a sustained strength over both the peak schedule chilled season and long into the traditional high-volume lower-price frozen season in late summer and autumn. That is currently flowing through into good weaner sales in a market that has been hurting for some years.

While confidence and mood have certainly improved, the expectation of consistent and measured growth in return is still required for the long term stability of the industry. I believe that this year marks the planned influence of the industry strategies in venison marketing and the start of the impact of forward planning in productivity improvements as efficiencies in production are made.

Many of these have been made through necessity in reducing costs and improving the efficiency of pasture utilisation, but equally – in spite of extremely difficult times – the emergence of superior genetics for growth and the astonishing progress in antlers continues to impress and heralds yet more new opportunities for sustaining profitable deer farming. Farmers who have embraced superior breeding programmes are to be commended, along with the breeders and applied breeding technology artists who have brought these genes and technology into the industry.

The activities of the Producer Manager over this year have continued to be varied with a balance between developing new initiatives for industry through productivity strategy work, the JRG projects, an excellent November Branch Chairmen's meeting and work with the industry working groups with RAHC, research committees, DEERSelect and industry communications. As a balance, and reality check, we continue to do battle with DOC over the fencing issue, and have committed to be actively involved in the Technical Advisory Group on the National Animal ID and Traceability working group, to keep the deer perspective firmly in the frame as the wider industry debates the needs and design of such a system prior to the call to implement or not for each sector.

Representation

A condensed, no frills one-day conference, combining the FGM and NZDFA AGM, was held in Christchurch in May 2006. The industry welcomed Minister of Agriculture Jim Anderton to the Awards dinner as guest and has continued to have good access and dialogue with him on a number of fronts. The Deer Industry New Zealand Board also committed to a full afternoon and evening session with the Branch Chairmen at their November meeting, and has established this as a part of the yearly programme and promotes full and wide ranging discussion. We have extended

that two-day session to include direct dialogue with the major groups we deal with, this year including NAIT, DOC, AHB and AgResearch from a DEEResearch perspective with the combined industry/AgResearch bid to FRST.

The Producer Manager budget also gives priority to the activities of various industry working groups, including the Selection and Appointments Panel and Executive Committee. In addition there are several targeted working groups including a RAHC representation that spends a full day with the AHB executive, A DEEResearch working and feedback group, the DEERSelect Steering committee, and the productivity group. These have had a successful year targeting specific issues with the skills of passionate people and have a respected and strong dialogue with the various organisations.

The deer industry, through this portfolio, is also represented on the National Agricultural Health and Safety Council, where animal handling accidents and 4wd bike safety continue to receive much attention. Deer handling accidents, however, have reduced in recent years, but not the severity of accidents if they happen. As an occupational disease, leptospirosis continues to be a concern, especially in the related service industry sector.

Submissions

The year has also included the opportunity to present a number of submissions from the DFA and producer position. Views included comment on the public access debate and public lands issues, supporting the need for negotiated access and the rights to deny based on the deer farming calendar and other issues. The DFA has supported the reclassification of 1080 with ERMA, but emphasises just how vulnerable the export industry could be to any feral venison recovery where 1080 could be remotely implicated in a recovery zone. The DFA advocates use under sound planning and demonstrated need. DFA also promotes the use of the deer repellent form of bait where applicable.

DFA has also opposed the classification of deer as pests in regional council plans, believing this is inconsistent with industry image. This view is consistent with the wider push to have farmed and wild deer reclassified and put under new legislation being promoted by industry to DOC with the Game and Forest Foundation (GAFF) and the whole DOC legislation issue as it applies to deer. The deer industry wants deer out of the Wild Animal Control Act and its value as a mainstream farmed animal and game resource recognised.

Productivity strategy

Developing this strategy has been a major focus this year. A wide representation of leading farmers, researchers, executive and DFA and DINZ board members advanced the productivity strategy development through a planning and workshop phase in mid 2006.

Underpinning the objectives of the agreed venison strategy, it establishes two basic outcomes: more calves conceived/ born earlier and surviving to sale, and heavier prime animals supplied earlier in the season.

Productivity targets include a 2% annual increase in survival to sale over the next 5 years and a 2.5% annual individual growth rate increase.

The industry-led research programme contributes many components of the applied research required. Emphasis is on both genotype advantages in growth and seasonality

underpinned by the industry's DEERSelect genetic evaluation programme, and in aspects of seasonal nutrition, particularly emphasising lactation and autumn pasture management and the potential of new pasture, legume and herb cultivars to add to achieving this potential for growth, and providing ultimate flexibility in venison production.

The strategy recognises that productivity success must be measured in economic indices related to carcass returns per hectare, cost of production per kg of DM consumed, per hectare economic performance and the planned timing of carcass harvest against a variable seasonal schedule. Integrated livestock management will contribute to greater profitability, and provide insight into the risks (cross species parasitism and disease, e.g. Johne's disease) and benefits accruing from better pasture management utilising mixed enterprises.

The key to uptake is via the Focus Farms. These have been reported on extensively throughout the year and are making slow but steady progress towards rollout this year in the four regions, additional to Otago and Southland's Sustainable Farming Fund-supported programmes.

Communications

Industry has also recognised that productivity improvements are best illustrated in clear, practical situations and has initiated the development of six Focus Farms, based on the Meat and Wool New Zealand monitor farm model to inspire technology uplift and practical feedback from farmers and researchers alike. The Board has agreed to offer a 1:1 seeding fund for four new Focus Farm projects farms to be established in the next 12 months. This activity promises to underpin a resurgence of interest in NZDFA Branch activities and lead to new avenues in technology transfer and the important communication objectives, well supported by the format and scope of *Deer Industry News*.

The Executive was also able to present a comprehensive review of the current structures and producer-centred projects and basis of industry quality systems, welfare codes, NVSB programme and the productivity and DEERSelect outlines at the World Deer Farming Congress in Melbourne in April 2006.

Branch activities

It's been a long tough year in Branches as the same few people have tried, in the face of dwindling enthusiasm, to keep activities, events and NZDFA issues in front of their members. However, in spite of that there have been some outstanding activities centred around velvet competitions, as well as social events and visits. The Executive Committee and Producer Manager attempt to attend as many as possible and have put some considerable time in to committee meetings of the larger Branches throughout the year.

The Southland Branch's 25th National Velvet Competition, complete with visiting Korean farmer delegation and arguably the greatest collection of velvet and hard antler ever assembled in one spot, was a year highlight. The new format 1, 2 and 3 year-old hard antler and national 2 year-old velvet competition hosted in Cambridge will also set new standards of antler and of organisation and involvement for deer farmers.

The two-way feedback is a key element of understanding Branch mood and issues of the day, and many producer concerns have been able to be aired at the Board table and in open forum at the Branch Chairmen's meeting. Branch contributors are to be thanked for their commitment to RAHC,

to reading the considerable mail traffic that passes so easily at the push of a button, and for the quality of discussion around regional and national issues and feelings.

These were well expressed during the two regional mini FGMs with Deer Industry New Zealand executive and staff that were held in Hamilton and Southland in November. That was a well-timed exercise with up-to-date reports from the market at the key times in the season, and I hope they will be repeated at this time of year.

Particular credit for that spirit of contribution for the greater good must be paid to the Johne's Research Group and members. This group has impressed the SFF funders with the value and quality of the manual, has developed strong links with the Australian industry, seeded new research initiatives and sourced additional funding from AHB, AGMARDT and promoted the formation of Johne's Management Ltd. Its credibility with government and its impact on the disease and implications is clearly significant. The manual it has produced is a comprehensive tool alongside the excellent work being achieved through the Massey and epidemiology project.

Looking ahead

As the industry stabilises and draws new breath, starting with the Innovate! Conference in May, it will be time for the NZDFA Branches and Executive Committee to add some of that positivity to their outlook and activities and enjoy their contributions on behalf of all deer farmers.

AJ Pearse

13 April 2007

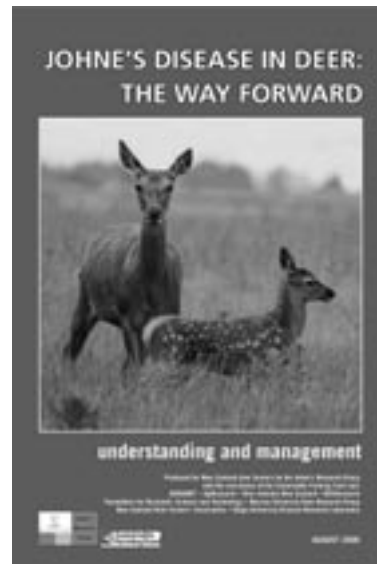
Johne's Research Group: Annual Report 2007

The Johne's Research Group (JRG), in its sixth year of operation, has had a very active and productive year in pursuit of its objectives to promote research on Johne's disease that will assist deer farmers, and to inform farmers of relevant developments.

The principal research project, the Johne's disease epidemiological study being undertaken by Jaimie Glossop, is scheduled to conclude in mid 2008 and has produced some important interim information. The finding that the disease in its sub-clinical state produces significant production losses is critical to better management of the disease. Funding for the project is on track, but major contributions will need to be secured to meet our obligations for next year.

At the 2006 NZDFA AGM, the JRG was asked to prepare a voluntary Johne's disease status scheme for the deer industry's consideration. After widescale investigation of similar schemes, the Group has prepared and circulated a draft set of protocols for feedback from all interested parties prior to consideration at the 2007 AGM.

Also at the 2006 AGM, the deer industry endorsed the JRG's proposal for the construction of a company, Johne's Management Limited (JML), to identify the nature and magnitude of the disease problems and to provide the information needed to control the disease. JML was formally established in September 2006 and is now beginning to function as an independent body owned by DINZ, but funded



by the processing companies.

To assist the above project, the JRG secured AGMARDT funding to help refine a blood diagnosis process to be used at deer slaughter premises. This project is now under way with the science being provided by the Disease Research Laboratory at Otago University. Full funding for the work has been secured, with deer industry money provided to the AHB being allocated as the

complementary funds.

Under the JRG's information programme, funded by the Sustainable Farming Fund (SFF), a manual on Johne's disease in deer has been published. This was a major undertaking, producing a comprehensive set of information, reviewed by the leading New Zealand science providers, about all factors regarding the impact of Johne's disease on deer.

Two additional Bulletins were printed, one on the objectives of the JML initiative, and a longitudinal case study of a farmer's endeavours to handle the disease on his farm. It is hoped that an outline of an actual farmer's programme of handling the disease and its impact will help other farmers to develop their own management plans.

The web site on Johne's disease in deer has been successfully established (www.johnes.org.nz/main.cfm).

The SFF's 3-year programme is drawing to a close and the JRG's capacity to continue a comprehensive information programme covering the on-going science work may be considerably diminished. A possible avenue for continuing this work may arise through a new multispecies project. In order to inform farmers of the Johne's disease science work, vaccines, diagnostics and genetic controls, under the new multispecies FRST/industry programme, the JRG has applied for SFF funds for a pan-industry information programme.

With the epidemiology project to end next year and with the conclusion of the SFF project, it is expected that the JRG's role may significantly change. The nature of the Group's longer term function will depend to a large degree on whether its role in the multispecies programme is endorsed, and whether the deer industry considers there is a need for the Group to continue to function as it has in the past. It should be noted that a very active Johne's disease research programme is in place and there continues to be a need to inform farmers of the practical outcomes.

Peter Aitken, Chairman, JRG



New Zealand Deer Farmers' Association

Financial Report

Review of accounts for the year to 31 March 2007

The result for this financial year was a surplus of income over expenditure of \$58 against a budgeted surplus of \$50. Subscription income generated was \$63k based on 2,088 voluntary membership payments being received, a decrease of 5% from the original budget for the year set at 2,200 members and a 7% decrease from the 2,256 members last year. This is somewhat less than the overall 9% decline in active deer farmers recorded in industry surveys for the period.

Under the Contract for services agreement signed last year, Deer Industry New Zealand has contributed 20% of the subscriptions received – \$12.5k for the current year in recognition of the wider industry good role the NZDFA performs for all levy payers.

The lower than budgeted income was offset by lower general expenditure, largely in the areas of postage, printing and stationery and telecommunications. Other expenses were kept to a minimum with many general office expenses being covered by Deer Industry New Zealand and only specific items of expense being charged to the NZDFA.

The 2006 conference was reduced to a single day combination of the NZDFA AGM and DINZ FGM. No registration fees were charged to attend these two open events and the direct costs were split proportionately between the organisations. The unbudgeted items loss of \$4,718 includes all costs for the DFA associated with share of venue hire, Branch Chairmen's meetings, Selection and Appointments Panel meetings and some Executive Committee and conference administration expenses.

Honoraria of the Executive Committee remained at previous year's rates of \$7,500 annually for the Chairman and \$5,000 each for the other three committee members.

The DEEResearch director's fees remaining at \$4k have been funded from the general fund.

Although the SAP appointment process for the 2006 Board member during the year included provision for an additional meeting with producer-appointed Board members and costs associated with an appeal to the 2006 appointment, expenses were significantly below budget.

The Executive Committee has approved a contingent liability to a maximum of \$7.5k to be funded from the reserves account for Year 3 of the NZDFA commitment to the JRG epidemiology research programme. This is dependent on final branch commitments and contributions to meet that commitment.

Closing reserves to be carried forward to the 2007/08 financial year are \$121.5k, meeting the informal directive from NZDFA Branch Chairs to maintain reserves where possible at \$100K.

Budget for the year to 31 March 2008

The budget for the year to 31 March 2008 is budgeted to break even.

Subscriptions are budgeted at a conservative level of 2050 paid membership, a 2% decrease from the current year actual. On the direction of the Branch Chairmen at their November meeting, the level of individual subscriptions has been increased from \$45 to \$65 plus GST to ensure Executive Committee activities and representation by NZDFA is not compromised. Branches will receive an additional \$5.00 capitation fee as part of this increase recognising local activity and the NZDFA Branch involvement in focus farm development.

Allowance has again been made in the budget of a contribution from Deer Industry New Zealand of up to 20% of subscriptions, based on the contract for services negotiated from the MOU for two years.

The honoraria of the Executive Committee is proposed to be increased to \$9,000 annually for the Chairman and \$6,000 each for the other three committee members and requires ratification at the AGM.

Travel and accommodation costs have been increased by 30% to take into account the higher costs in this area, but other general expenditure was budgeted at the same level as for the 2007 year.

Provision is made for the national body to show Branch leadership through underwriting Johnes Research Group ongoing epidemiology project commitment costs by up to \$10,000 for the 2007/08 year.

NEW ZEALAND DEER FARMERS' ASSOCIATION INCORPORATED INCOME AND EXPENDITURE

	Year to March 2007 ACTUAL \$	Year to March 2007 BUDGET \$	Year to March 2008 BUDGET \$
Income			
Subscriptions	62,640	66,000	92,250
Interest and Sundry Income	10,495	9,700	9,700
DINZ Industry Good Contribution	12,516	16,000	16,000
	85,651	91,700	117,950
Expenditure			
Audit Fees	2,250	2,000	2,500
Conference	4,718	0	2,000
DEEResearch Directors Fees	4,000	4,000	4,000
Donations	0	0	0
General Office	301	350	300
Honoraria	22,500	22,500	27,000
Insurance	1,996	2,250	2,500
Legal Fees	1,100	1,000	2,000
Nationally Funded Projects	0	0	10,000
Postage	2,894	6,000	6,000
PR Support	1,190	2,500	2,500
Printing & Stationery	5,055	8,100	8,600
Promotions/Awards	782	1,000	1,000
Publications	7,776	8,000	8,000
Returning Officer Fees	350	450	550
Telecommunications	1,757	3,500	3,500
Travel and Accommodation	28,924	30,000	37,500
	85,593	91,650	117,950
Surplus of Income over Expenditure	58	50	0

AUDIT REPORT

TO THE MEMBERS OF NEW ZEALAND DEER FARMERS' ASSOCIATION INCORPORATED

We have audited the financial statements on pages 4 to 9. The financial statements provide information about the past financial performance of New Zealand Deer Farmers' Association Incorporated ('the Association') and its financial position as at 31 March 2007. This information is stated in accordance with the accounting policies set out on page 7.

Executive Committee Responsibilities

The Executive Committee of the Association is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which fairly reflect the financial position of the Association as at 31 March 2007 and the results of its operations and cash flows for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Executive Committee.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Executive Committee in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the Association.

Unqualified Opinion

We have obtained all the information and explanations that we have required.

In our opinion the financial statements on pages 4 to 9 fairly reflect the financial position of the Association as at 31 March 2007 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 12 April 2007 and our unqualified opinion is expressed as at that date.



Chartered Accountants, WELLINGTON, NEW ZEALAND

NEW ZEALAND DEER FARMERS' ASSOCIATION INC STATEMENT OF FINANCIAL PERFORMANCE For the year ended 31 March 2007

	Note	2007 \$	2006 \$
Income			
Subscriptions		62,640	67,680
Interest		10,157	9,209
Sundry		338	630
DINZ Industry Good Contribution		12,516	16,000
		<u>85,651</u>	<u>93,519</u>
Expenditure			
Research	2,7	4,000	4,056
Audit Fees		2,250	2,000
Conference	11	4,718	295
Donations		0	2,000
General Office		301	101
Honoraria	2	22,500	22,500
Insurance		1,996	2,205
Legal Fees		1,100	0
National Genetic Evaluation Database		0	10,000
Postage		2,894	4,634
PR Support		1,190	3,167
Printing & Stationery		5,055	8,619
Promotions & Awards		782	1,212
Publications		7,776	8,550
Returning Officer Fees		350	450
Telecommunications		1,757	3,363
Travel and Accommodation		28,924	29,327
		<u>85,593</u>	<u>102,479</u>
Operating Surplus/(Deficit)		<u>58</u>	<u>(8,960)</u>

NEW ZEALAND DEER FARMERS' ASSOCIATION INC STATEMENT OF FINANCIAL POSITION As at 31 March 2007

	Note	2007 \$	2,006 \$
Current Assets			
Short Term Bank Deposits		132,875	117,451
Accounts Receivable		2,649	2,684
DINZ Industry Good Contribution		0	16,000
		<u>135,524</u>	<u>136,135</u>
Current Liabilities			
Accounts Payable		14,009	14,678
Net Current Assets representing Net Equity			
		<u>121,515</u>	<u>121,457</u>
Net Equity comprises:			
General Funds	8	<u>121,515</u>	<u>121,457</u>

These financial statements were approved for issue by:



Andrew Mitchell
Chairman of Executive Committee
Date: 12/4/2007

The Accounting Policies and Notes form part of and should be read in conjunction with these financial statements.

NEW ZEALAND DEER FARMERS' ASSOCIATION INC
STATEMENT OF CASH FLOWS
For the year ended 31 March 2007

	2007	2006
	\$	\$
Cash Flows from Operating Activities		
Cash was provided from:		
Subscription Income	62,640	67,680
Interest Received	9,609	9,576
Other Operating Income	29,121	16,950
<i>Cash was applied to:</i>		
Payments to Suppliers	(85,946)	(115,378)
Net Cash Flow from Operating Activities	<u>15,424</u>	<u>(21,172)</u>
Net Increase/(Decrease) in Cash Held	15,424	(21,172)
Opening Cash Balance	117,451	138,623
Closing Cash Balance	<u>132,875</u>	<u>117,451</u>

RECONCILIATION OF OPERATING SURPLUS AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2007	2006
	\$	\$
Reported Surplus / (Deficit)	58	(8,960)
Add Non-Cash Items:		
Movements in Working Capital	15,366	(12,212)
Net Cash Flow from Operating Activities	<u>15,424</u>	<u>(21,172)</u>

NEW ZEALAND DEER FARMERS' ASSOCIATION INC
STATEMENT OF MOVEMENTS IN EQUITY
For the year ended 31 March 2007

	2007	2,006
	\$	\$
Opening Balance	121,457	130,417
Total Recognised Revenue and Expenditure	58	(8,960)
Closing Balance	<u>121,515</u>	<u>121,457</u>

NEW ZEALAND DEER FARMERS' ASSOCIATION INC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

1. STATEMENT OF ACCOUNTING POLICIES

The New Zealand Deer Farmers' Association Incorporated is a society established to encourage, promote and advance New Zealand's deer farming industry.

General Accounting Policies

The going concern concept has been adopted in the preparation of these financial statements, with historical cost as the measurement base.

Specific Accounting Policies

- No taxation expense has been provided on current year income due to the utilisation of prior year's losses. The New Zealand Deer Farmers' Association is liable to income tax on any income not derived from its members (mainly interest income), less an allowance of \$1,000 per annum.

The Accounting Policies and Notes form part of and should be read in conjunction with these financial statements.

- There have been no changes in accounting policies during the year. All policies have been applied in a manner consistent with prior periods.
- New Zealand Deer Farmers' Association has a 25% shareholding in DEEResearch Limited, a joint venture with AgResearch Limited (50%) and Group Research Holdings Limited (25%). The objectives of this company are to research non-velvet related deer products. Payments by the New Zealand Deer Farmers' Association to DEEResearch Limited are accounted for as research expenditure.

The equity provisions of FRS 38 have not been applied in respect of this associated entity as its application would not result in any material differences. An Annual Report for DEEResearch Limited is available on request from the New Zealand Deer Farmers' Association office.

2. FEES

The following fees were paid by the Association to Executive Committee members:

		2007	2006
		\$	\$
Honoraria	Chairman	7,500	7,500
	Executive Committee	15,000	15,000
		<u>22,500</u>	<u>22,500</u>

Noel Beatson received \$4,000 in his capacity as director of DEEResearch Limited for the period April 2006 to March 2007. These fees make up the total research expense of \$4000.

3. TAX LOSSES

	2007	2006
	\$	\$
Taxable Income	10,157	9,209
Less deductible expenses	(1,000)	(1,000)
	<u>9,157</u>	<u>8,209</u>
Losses brought forward from prior years	(39,330)	(47,539)
Losses carried forward to future years	<u>(30,173)</u>	<u>(39,330)</u>

The availability of the above losses of \$30,173 to be offset against taxable income in future years is subject to the requirements of income tax legislation being met.

4. SEGMENTAL REPORTING

The Association operates in one field, being the advancement of deer farming in New Zealand.

5. COMMODITY LEVY

From 1 October 2002, with the approval of the Annual General Meeting of members, the rates were set at nil for venison and velvet, and have remained at this rate since then by annual agreement of formal motion at the NZDFA AGM. No Commodity Levy financial statements have been prepared due to the non collection of levies since 30 September 2002. All brought forward surplus from levy income has now been expended.

6. FINANCIAL INSTRUMENTS

New Zealand Deer Farmers' Association is party to financial instruments as part of its every day operations. These include instruments such as bank balances, short term deposits, accounts receivables and accounts payables.

Fair Value

The fair value of the financial instruments in the financial statements is their carrying value.

Credit Risk

Financial instruments which potentially subject the NZDFA to credit risk consist primarily of short term bank deposits and accounts receivable.

The NZDFA deposits its cash with trading banks. The credit risk with respect to accounts receivable is limited due to the number of debtors.

Interest Rate Risk

The NZDFA receives interest on its deposits at current market rates.

7. RELATED PARTY TRANSACTIONS

All transactions with related parties were conducted at arms length. During the year \$4,000 was paid to the directors of DEEResearch Limited mentioned in note 2 above.

8. TOTAL EQUITY

Total equity is held in general funds as follows:

	2007	2006
	\$	\$
General Funds		
Opening balance	121,457	130,417
Operating surplus	58	(8,960)
Closing General Funds	<u>121,515</u>	<u>121,457</u>

9. COMMITMENTS

As the rate of collection of the commodity levy is currently set at nil, and the NZDFA has fully committed existing research funds, Deer Industry New Zealand has an agreement to fund research to DEEResearch Limited on behalf of the NZDFA, at a level which is consistent with the NZDFA's previous level of research funding (currently 0.8c/kg of venison and 0.4c/kg of velvet). Should the commodity levy collection rate be set at an amount greater than nil in future, the NZDFA would be required to reinstate research funding to DEEResearch Limited.

10. CONTINGENCIES

The New Zealand Deer Farmers' Association's associated entity DEEResearch Limited has two wholly-owned subsidiary entities which have been established to hold DEEResearch Limited's interest in two unincorporated joint ventures, which are Pastoral Greenhouse Gas Research Consortium (2.34% holding) and Pastoral Genomics Consortium (1.1% holding) respectively. DEEResearch Limited has unconditional guarantees to the other partners in the unincorporated joint ventures which:

a. guarantee the due performance and observance of the guaranteed obligations by its subsidiary companies; and

b. indemnify against any loss or damage due to any breach of the unincorporated joint venture agreements by its subsidiary companies.

There is a contingent liability to a maximum of \$7,500 (2006: nil) to be funded from the reserves account for the NZDFA commitment to the JRG epidemiology research programme.

11. CONFERENCE DEFICIT

The conference resulted in a loss of \$4,718. Refer to the notes in the Review of Accounts.

NEW ZEALAND DEER FARMERS' ASSOCIATION BRANCHES AND ASSOCIATED SOCIETIES: CHAIRMEN AND SECRETARIES
Current as at 31 March 2007

Please note that many of these details will have changed immediately following publication of this report. This is because most Branch AGMs are held after the publication deadline for this NZDFA annual report. Up-to-date contact details will be published in Deer Industry News, and on the NZDFA website, as they become available.

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Acting Chair until 7 May:

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Sam Robbins, RD1, Te Anau
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ASSOCIATED SOCIETIES/SPECIAL INTEREST GROUPS

NZ Fallow Deer Society

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NZ Warnham and Woburn Society

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NZDFA

New Zealand Deer Farmers' Association



PROXY FORM 2007

To: New Zealand Deer Farmers' Association

P O Box 10702

WELLINGTON

Fax 04 472 5549

I/We, (name in full)

of (address)

being a member of the New Zealand Deer Farmers' Association entitled to attend and vote at meetings of the NZDFA,

hereby appoint **(Either)**

..... (name)

of (address)

OR

the Chairman of the Branch (or Affiliated Breed Society) of the New Zealand Deer Farmers' Association as at 23rd May 2007

OR failing him/her, the Chairman of the Annual General Meeting,

as my/our proxy to vote for me/us at the Annual General Meeting of the Association to be held on Wednesday 23rd May, 2007 at the Kingsgate Hotel, Te Rapa, Hamilton, and at any adjournment thereof. *(rule 29.2)*

Signed this day of 2007

..... NZDFA member.

Please provide a phone number and email contact if applicable, to assist in any Proxy Verification

Farm trading name

Phone (.....) Email

NOTE: To be valid, proxy forms must be signed and either faxed/hand delivered or posted to be received by the NZDFA office by 4.00pm Tuesday 22nd May 2007 (rule 29.4 (b))

PTO for any specific voting instructions request.

New Zealand Deer Farmers' Association
Level 13, PWC Tower, 113 The Terrace, PO Box 10702, Wellington
Phone 04 473 4500, Fax 04 472 5549

Proxy Form, Part 2: Specific instructions to proxy

I/We,

of

being a member/members of the New Zealand Deer Farmers' Association,

hereby appoint (**Either**).....

of

OR the Chairman of the Branch NZDFA,
(or Affiliated Breed Society) of the New Zealand Deer Farmers' Association as at 23rd May 2007.

OR failing them, the Chairman of the AGM

as my/our proxy to vote for me/us on my/our behalf at the Annual [or Extraordinary, as the case may be] General Meeting of the Association, to be held on the 23rd day of May, 2007, or at any adjournment thereof.

Signed this day of 2007.

- This form is to be used *in favour/ or *against the resolution as described below.
- Strike out whichever is not desired.
- Unless otherwise instructed, the proxy will vote as he/she thinks fit.

Resolutions to which the instructions apply:

Resolution Number

1 For Against

6 For Against

2 For Against

7 For Against

3 For Against

8 For Against

4 For Against

9 For Against

5 For Against

10 For Against

New Zealand Deer Farmers' Association
Level 13, PWC Tower, 113 The Terrace, PO Box 10702, Wellington
Phone 04 473 4500, Fax 04 472 5549