



New Zealand Deer Farmers' Association



# ANNUAL REPORT

2005/2006



New Zealand Deer Farmers' Association

## NOTICE OF MEETING

### NZDFA 31st Annual General Meeting

Notice is hereby given that the 31st Annual General Meeting of the New Zealand Deer Farmers' Association (Inc) will be held in the

**Copthorne Commodore Hotel, Christchurch on Wednesday, 24th May 2006, 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: Christine Hein-Patrick Warnham and Woburn Photographic Awards 2005.

### Minutes of the New Zealand Deer Farmers' Association 30th Annual General Meeting, held at Real Journeys Fiordland Community Centre, Te Anau on Wednesday 18th May 2005 at 8.30am

The Chairman called the 30<sup>th</sup> AGM to order at 8.35am.

#### 1. APOLOGIES

Apologies were received from John Carter, Russell Waite, Craig Bryant, John Derbidge, Pip Rutland, Don & Jean Gregson, Bob & Frances Swan, Lady Elworthy, Mike Pattison, Helen Parkes, Jenny Pinney, Hester Ford, Clive Denise, John Speirs, Ken Drew, Bill Fraser and Mike Stephens.

MOVED: "That the apologies be sustained."

MOVED: (Rodney Dixon/Earle Wells)

CARRIED UNANIMOUSLY

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 30th AGM of the NZDFA (Inc)
7	Matters arising from the Minutes
8	Executive Committee Chairman's Report
9	Financial Report
	a. Approval of the 2005/06 financial statements
	b. 2006/07 Budget (motion of approval sought)
	c. Setting the Levy Rates for the NZDFA Commodity Levy (Farmed Deer Products) 2001 for the 2006/07 year
	d. Motion of confirmation for Executive Committee Honoraria
	e. Motion of Appointment of Auditors
10	Constitutional amendments (if any)
11	Executive Committee remits
	a. Remandation of the NZDFA Commodity Levy beyond expiry date in Sept 2007
12	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 SAP election results
	d. Confirmation of NZDFA Executive Committee and SAP appointments
	e. Any other business

#### 2. SCRUTINEERS

It was moved "That Tony Cochrane, John South, Craig North and Kirsty McAnally (DCMS) be appointed as Scrutineers for the 2005 Annual General Meeting."

MOVED: (Andrew Mitchell/Mike McCormick)

CARRIED UNANIMOUSLY

#### 3. OBITUARIES AND REMEMBRANCE

Obituaries were recognised for: Norm Parkes, Hugh Hope, Alistair Betts, Lindsay Doncaster, Hugh Aldridge, Charles Falconer and Albert Bernhard.

#### 4. CALL FOR FURTHER ITEMS OF GENERAL BUSINESS

It was moved "That the following remit from the floor be discussed under General Business that DINZ supplies all deer farmers with the current kill statistics in a regular and timely basis."

MOVED: (Lloyd Thayer/Peter Allan)

CARRIED UNANIMOUSLY

It was moved "That the Industry publications be discussed under General Business."

MOVED: (Eric Clark/Dick Valentine)

CARRIED UNANIMOUSLY

#### 5. ACCEPTANCE OF AGENDA OF MEETING

Moved by Eric Clarke and seconded by Lloyd Thayer.

CARRIED UNANIMOUSLY

#### 6. CONFIRMATION OF MINUTES OF THE 29th AGM

It was agreed that the Minutes of the 29th Annual General Meeting of the New Zealand Deer Farmers' Association, held in Taupo on Tuesday, 22nd June 2004, as published in the meeting Agenda, be accepted as a true and correct record of proceedings.

MOVED: (Rodney Dixon/Eric Clark)

CARRIED UNANIMOUSLY

#### 7. MATTERS ARISING FROM MINUTES

Mr Alby Cooper asked for an explanation on the progress of the 2004 remits.

Mr Tony Pearse replied that there was a summary of the remit progress published in the Deer Industry News and had been circulated to Branch Chairmen. A brief review was given.

#### 8. CHAIRMAN'S REPORT

Mr Andrew Mitchell presented his report to the meeting. This report was published in the Deer Industry News, Issue 14, April 2005.

He welcomed everyone to the meeting, which he said was a significant milestone, being the NZDFA's 30th Annual General Meeting.

Mr Mitchell spoke on the present sustained period of low returns and the further erosion of returns to velvet producers and forecasted a rollercoaster ride ahead that would present a challenge to the deer industry.

Recent reports had suggested that the deer industry was selling venison across a wider number of markets with Germany declining to now represent only 39% of New Zealand's production volume. He noted that France and Benelux were rising significantly in their consumption which was welcome news.

Production volumes underlined the difficulty in lifting returns for both venison and velvet. Mr Mitchell reported that for the year ended September 2004 there had been a record venison production of 683,000 animals. This was, he said, at the expense of economic returns and seriously compromised deer farming sustainability.

As a result, he said that many farmers were taking the opportunity to kill capital stock in an effort to improve cash

flow or substitute other livestock classes into their farming regimes.

However, Mr Mitchell said the New Zealand Deer Farmers' Association had continued to prosper with the support of 2,800 deer farmers. He thanked the farmers for their continued support.

Mr Mitchell advised that the Selection and Appointments Panel under the chairmanship of Roger Aitken continued to function strongly under the revised Code of Practice. He said that SAP was faced with the challenge of replacing the current DINZ Chairman, Clive Jermy, who steps down this year after twelve years of outstanding service to the industry. Mr Mitchell thanked Clive for his major contribution and his unswerving commitment to the deer industry.

The NZDFA had continued to be well represented on the AHB Members' Committee by Errol Croad. Mr Mitchell reported that over the past year the number of infected deer herds had fallen substantially to a new low of 56 herds which indicated that the strategies implemented by the AHB under the National Pest Management Strategy were bearing fruit. The AHB continued to support the view of collective funding and, on behalf of the deer farmers' membership, Bill Taylor, has reviewed the options for collective funding which will be debated as a formal Executive Committee remit at this AGM.

Mr Mitchell reported that a partnership between Deer Industry New Zealand and the NZDFA was created this year in the form of the Genetic Evaluation Steering Committee (GESC). The GESC was charged with overseeing the industry's next phase in adoption of EBVs. It was stated that the proposed industry-wide deer database would enable traits to be identified that have the most potential to enhance the profitability of deer farming.

Mr Mitchell reported that the Animal Welfare Code (Deer) had been through its period of public submission with 13 public submissions being received, mostly from deer farming groups. It was noted that minimum standards of shade and shelter could also impact on other livestock industries as deer had been the first pastoral code to go through the process.

Mr Mitchell said that branches continued to be involved with regional and district councils on local soil and water quality issues. He noted that this was becoming a contentious issue and advised deer farmers to keep abreast of these developments.

The environmental awards continued to attract strong competition, but have been changed to a biennial event. A highlight was the favourable comments made on the Deer Farmers' Landcare Manual which had earned a standout place in the pastoral sector.

Mr Mitchell thanked the Executive of Deer Industry New Zealand for their ongoing support, the Executive Committee and Branch Chairmen for their input and efforts and Mr Pearse for his commitment and dedication as Producer Manager.

The Chairman's report was submitted to the meeting for adoption.

MOVED: (Andrew Mitchell/Tom Williams).

In seconding the adoption of the Chairman's report, Mr Williams encouraged the delegates to recall the passion for industry and industry progress and called for strong debate

about the issues, not about personal agendas and individuals. Key issues such as land access, stable supply and supply management, welfare, and maintaining the strength and independence of the NZDFA were mentioned amongst other issues to address. He also congratulated the NZDFA on its 30<sup>th</sup> anniversary milestone.

CARRIED UNANIMOUSLY

## 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 14 April 2005. He carefully explained all items of expenditure and asked for any questions.

Mr Lloyd Thayer (Southland) questioned the cost for PR support. Mr Aitken replied that it also included the cost of secretarial services for meetings and reporting costs associated with Deer Industry News.

It was moved “That the Financial Statements and Accounts for the 2003/2004 financial year be adopted.”

MOVED: (Tim Aitken/Ed Noonan)

CARRIED UNANIMOUSLY

The 2005/06 Budget, as printed alongside the above Financial Statements, was introduced. The budget as printed had been endorsed by the earlier Branch Chairmen’s Meeting.

It was moved “That the Budget of Expenditure for the year ending 31 March 2006 be approved.”

Moved: (Tim Aitken/Campbell Clarke)

CARRIED UNANIMOUSLY

Procedural Motions to Support 2006 Budget

It was moved “That the Commodity Levy for Venison and Velvet be fixed at NIL for the NZDFA financial year 2005/06.”

MOVED: (Tim Aitken/John Cusdin)

CARRIED UNANIMOUSLY

It was moved “That the Executive Committee honoraria remuneration remain at the same levels as the financial year 2004/05 as currently and be fixed at \$7,500 for the Chairman and \$5,000 for each other member.”

MOVED: (Tim Aitken/Vince Connolly)

CARRIED UNANIMOUSLY

It was moved “That Deloitte Touche Tohmatsu be reappointed as auditors for the ensuing year.”

MOVED: (Tim Aitken/Mike McCormick)

CARRIED UNANIMOUSLY

## 10. CONSTITUTIONAL AMENDMENTS

Mr Pearse introduced the amendment for discussion, as printed in the agenda. He said that when the new Deer Industry New Zealand regulations were formalised in the gazette activated on 21 October 2004 the former name Game Industry Board was withdrawn to be replaced by the term Deer Industry New Zealand and that this motion was to update the NZDFA constitution accordingly.

It was moved “That in the NZDFA constitution, where reference is made to the words Game Industry Board, NZ

Game Industry Board or abbreviations GIB or NZGIB, be replaced by the words Deer Industry New Zealand or DINZ as appropriate.”

2.1 Definitions

5.2 Membership definitions

21.1f Powers and duties of the Executive Committee

37 Game Industry Board heading

37.1 Representation

37.2 SAP

37.9 Nominations for GIB (Deer Industry New Zealand)

37.10 Eligibility for selection

37.11 Right to address AGM

37.13 Deputies

37.14 Extraordinary vacancies

37.15 Representative meetings

MOVED: (Andrew Mitchell/Bill Taylor)

CARRIED UNANIMOUSLY WITHOUT FURTHER DISCUSSION

## 11. REMITS

### Remit 1 – Executive Committee, NZDFA

#### “Collective Funding”

“That the NZDFA recommends the New Zealand deer industry adopts a specific collective funding that will meet the biennial costs associated with the testing of deer in recognised Special Testing Areas (STAs), as well as continuing the current detailed annual funding programme for crisis herd management.”

Mr Bill Taylor (Executive Committee) spoke on the remit and said that it resulted from the instruction of the 2004 AGM for the DFA to review and investigate the issue of collective funding of Tb, either wholly or partially.

He said that adoption of full collective funding of all Tb testing would increase the AHB levy by about 40% (which the industry could not afford), whereas a levy increase of less than 10% would be required if a collective funding approach was made for the STAs or fringe areas. He also stated that this would move the burden of what is mainly surveillance testing from the individual farmer to the whole industry.

Mr Eddie Brock (Southland) spoke against the remit and noted that there were other ways available to stop Tb spread and that the existing rules needed to be applied properly. He also stated that people who buy farms in these fringe areas would be supported in increasing the value of their asset.

Mr Taylor replied that many farmers had not chosen to farm in STA’s but, because the area was spreading out - from 5 million hectares in 2000 to 7.5 million hectares in 2005 - they were now included in a fringe area.

Mr Taylor said that the remit would help achieve the objectives of the National Pest Management Strategy for Tb through enhanced monitoring and that the entire industry would benefit from the testing done in the STA’s.

Chris Peterson (Fiordland) supported the remit.

Peter Aitken (South Canterbury/North Otago) supported the remit as it was a cost effective insurance.

Campbell Clarke (Waipa) opposed the remit as it was more paperwork and significant more herd to be tested for Tb which increased costs.

Ed Noonan (Canterbury) strongly supported the remit as the deer industry must change the strategies to fight Tb as the pattern of the disease evolves.

Neil Cameron (Wairarapa) said he was 100% behind Tb testing but did not believe that collective funding was necessary.

Lloyd Thayer (Southland) said he was angry as this was the fourth time that this remit had been discussed at an AGM. He noted that the issue was not about Tb testing the problem was about getting the data and he strongly opposed the remit.

Jane Mitchell (Otago) was in favour of the remit but wanted assurance that efficiency will be rewarded.

Brian Marcroft (Waikato) opposed the remit as did Brian Wellington (Waipa) because of significant increased costs.

Jeffrey Pearse (Board, SCNO) strongly supported partial collective funding as it was logical and in the long term would be at no extra cost within the industry.

The Animal Health Board responded to the motion through William McCook, CEO. He said that the AHB wanted to quickly eradicate Tb and needed industry guidance on what would be an appropriate level of reimbursement for biennial tests in STAs, which account for seven million hectares. He advised that farmers would still be able to choose their tester and there would still be an incentive for efficiency. He also reported that if the STAs were to become vector risk areas, it would add another \$50 million a year to vector control costs.

A card vote was requested.

Mr Mitchell asked for the detail of directed proxy result of the proxy votes on the remit

Mr Pearse replied that there were 9 votes for the remit with 1 vote directed against the remit.

Mr Mitchell sought the leave of the meeting for morning tea at 10.20 am before the voting result on Remit 1 had been declared.

This was later declared, including proxies, as:

For 141 – Against 99

The remit was declared CARRIED

Meeting recommenced at 10.40 am.

### RAVENSDOWN FERTILISER CO-OP LTD

Mr Ron Frew spoke on Ravensdown Fertiliser and thanked the members for the great interaction last night and the wonderful venison.

### Remit 2 – Manawatu Branch

#### “Venison carcass inspection fee”

“That the NZDFA request that MAF justify the \$9 per head venison carcass inspection fee.”

MOVED: (Malcolm George/Dave Blenkiron)

Mr Pearse advised that at the Branch Chairmen’s meeting they recommended that this remit be combined with the following Waikato Remit 10b:

“That the MAF charges per carcass at the processing plant be investigated with the object of abolishing them completely or at least reducing them to an acceptable level.”

The following amended Remit would be discussed later at the meeting:

“That the current MAF carcass inspection fee of approximately \$9 per head be justified and reviewed with the object of reducing them to an acceptable level on a clearly contestable basis.”

MOVED: (Mike Holdaway/George Thomas)

### Remit 3 – South Canterbury, North Otago Branch “Consultation on Bovine Tb regulations”

“That the NZDFA develops in collaboration with the DINZ and the AHB;

- a) a procedure for ensuring that the deer industry, as a matter of course, is closely consulted on any proposed changes to the bovine Tb regulations; and
- b) a simple but effective system to keep deer farmers fully informed of
  - (1) the bovine Tb regulations
  - (2) any proposed changes to them and
  - (3) any emerging issues that may lead to new regulations.”

MOVED: (Peter Aitken/John Fahey)

Peter Aitken (South Canterbury North Otago) spoke in support of the remit that changes to bovine Tb regulations often seemed to occur unexpectedly and without consultation.

Lloyd Thayer (Southland) supported the remit as farmers wanted better communication from the AHB and not just edicts handed down.

Mr McCook (AHB) said that the Board communicated through RAHCs.

CARRIED UNANIMOUSLY

### Remit 2 – Manawatu Branch

#### “Venison carcass inspection fee”

“That the current MAF carcass inspection fee of approximately \$9 per head be justified and reviewed with the object of reducing them to an acceptable level on a clearly contestable basis.”

MOVED: (Mike Holdaway/George Thomas)

Mike Holdaway (Manawatu) speaking in support said that MAF would have collected about \$6.3 million from the industry this year, and that he didn’t believe this could be justified and it should be contested.

Eric Clark (Waikato) said that the inspection fee was contestable as the testing was tender based and that MAF was audited.

Mike McCormick (Hawkes’ Bay) advised that with increasing kill numbers economies of scale should bring down the per head cost.

Dick Valentine (NZ Fallow Society) said that for fallow farmers facing a low schedule the MAF charges swallowed up 10-12% of the gross return per animal.

Peter Allan (Southland) totally supported the remit.

Warwick Wright (Canterbury) asked for leave of the meeting to ask Mark O’Connor (Deer Industry New Zealand CEO) if MAF had a responsibility to discuss costs on an annual basis to negotiate per head cost.

Mark O'Connor replied that MAF had annual contract negotiations and that costs were discussed. He advised that DINZ supported the remit.

CARRIED UNANIMOUSLY

#### **Remit 4 – Southland Branch**

##### **“Velvet levy”**

**“That the NZDFA instructs DINZ to reduce the velvet levy”**

MOVED: (Peter Allan/Grant Lindsay)

Peter Allan (Southland) spoke in support of the motion as there should be no AHB portion on velvet levy as velvet was not a host of Tb. He said that the stag is Tb tested to the regulations of the area and levy is collected when the stag is eventually slaughtered, just the same as a hind is eventually slaughtered.

Grant Lindsay (Taranaki) said that currently the total levy on velvet was greater than 10% of the net price compared with venison at 3.2% when the schedule is \$3.80/kg and 2% when the schedule is \$6.00 which was not a reasonable balance.

Clive Jermy (DINZ Chairman) noted that because of the additional work required to allow the continuation of velvet removal costs were higher than usual. He said that there would probably be a lower levy from 1 October 2005.

Mark O'Connor (DINZ CEO) confirmed that the portion of levy funding allocated to VARNZ also reflected compliance costs.

CARRIED UNANIMOUSLY

#### **Remit 5 – Waipa Branch**

##### **“Velvet grading audits”**

**“That DINZ carry out random audits on the grading of velvet of all pool operators to ensure total consistency in the grading of velvet”**

MOVED: (Campbell Clarke/ Brian Wellington)

Brian Wellington (Waipa) spoke as seconder to the remit and advised that this was a means to ensuring consistency in the velvet grading system.

Mark O'Connor (DINZ CEO) explained that both pools were audited last year through the Producer Manager, and that DINZ was happy to keep doing these audits. He said that the only cost was the Producer Manager's time. He noted that both pools were happy for producers to watch their velvet being graded.

The remit was voted by voice.

The remit was declared CARRIED.

#### **Remit 6 – Waikato Branch**

##### **“Levy on live animal sales”**

**“That the deer industry introduces a levy on all live animal sales to complement the present statutory product levies”**

REMIT WITHDRAWN.

#### **Remit 7 Late Remit – South Canterbury North Otago Branch**

##### **“Choice of Tb testing agency”**

**“That the NZDFA advises the AHB of its opposition to the proposed changes to the present competitive Tb testing system in which farmers can choose their testing agency and negotiate their own fee structure”**

MOVED: (Peter Aitken/Ed Noonan)

Peter Aitken (South Canterbury/ North Otago) spoke on the remit about how monopolistic controls will ultimately add to farmers' costs. He said that the remit was a point of principle.

Bill Taylor (Executive Committee) advised that the earlier Executive Committee Remit had successfully made the same point.

AHB Chief Executive William McCook said the Board supported competitive practices and contestability.

The remit was voted by hand.

The remit was declared CARRIED.

Andrew Mitchell (Chairman) advised that the Remits from the floor would be discussed under General Business.

#### **12. JOHNE'S RESEARCH**

JRG Convener Peter Aitken presented the Groups Annual Report, 2005 and Jaimie Glossop (Massey Researcher) updated the meeting on the research programme.

Jaimie Glossop reported that a questionnaire had been trialed using a sample of 22 Otago and Canterbury farms. 14 of the farms had been identified as having no signs of Johne's, although blood tests from 12 of these indicated exposure to the disease.

He advised that there was still a need for more volunteer properties from the North Island for the full programme. There were 110 South Island properties with only 51 North Island properties participating in the study. He reported that Johne's Disease is assumed to be at a lower level in the North Island and that they needed to test this theory.

He said that the aims of this pilot study were to identify the risk factors for JD infection, the management of the disease, identifying the regional differences and the general knowledge of the disease.

Mr Pearse thanked Jaimie Glossop for the presentation.

Jane Mitchell (Otago) recorded the JRG's thanks to the Telford Rural Polytechnic and Mike Stephens for their contribution to the Southern Deer Farmer of the Year Award. It was reported that as a fundraising event this contributed \$4,800 to the JRG.

#### **13. EXECUTIVE COMMITTEE ELECTION RESULTS**

Andrew Mitchell (North Island) and Bill Taylor (South Island) were re-elected unopposed.

#### **14. SELECTION AND APPOINTMENTS PANEL**

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

John Cusdin 227

Vince Connolly 118

John Cusdin was declared the successful North Island candidate.

The South Island candidate Keith Orange was re-elected unopposed.

#### **15. 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 14, April, 2005. Each candidate had five minutes to present themselves to the meeting and answer

questions from the floor. The four candidates were: Graham Carr, Wyatt Creech, Peter Gatley, and Simon Vincent.

#### **16. GENERAL BUSINESS**

##### **16.1. Remits from the floor**

##### **“Current kill statistics” Southland**

**“That DINZ supplies all deer farmers with the current kill statistics and a breakdown on a regular and timely basis”**

MOVED: (Lloyd Thayer/Eddie Brock)

In support of the remit the movers noted that importers of New Zealand venison already have a good idea of volumes that are coming, so withholding kill information only serves to leave farmers short of the information that they need.

In reply, DINZ Chairman, Clive Jermy, defended the policy of withholding kill figures for 90 days. He stated that there are those in Germany who would use hard information about volume increases to leverage prices down. He reported that our exporters knew better than anybody what was required to get prices increased and if they believed this policy on kill statistics worked then they should continue. He noted that it was of no commercial detriment to the producers.

Board nominee, Simon Vincent (Nelson) said that the horticulture industry had free access to short and long term production figures and urged the deer industry to take their lead.

Michiko Scorgie (Otago) said it was a question on communication and that it was important that farmers had time to respond to marketing situations by being aware of supply and demand.

Lloyd Thayer (Southland) said it was a draconian measure to withhold information because it was commercially sensitive. He noted that there was meant to be a 'Three partners – One vision' strategy and accused one of the partners of abusing their privileged position.

The remit was voted by hand.

The remit was declared LOST.

##### **“Levy on all live animal sales” Waikato**

**“That the deer industry introduces a levy on all live animal sales to complement the present statutory product levies.”**

MOVED: (Brian Marcroft/ Eric Clark)

Brian Marcroft (Waikato) spoke in support of the remit and said that it was unfair that trophy and stud sales of deer were not levied and pointed to the Australian beef industry which has a \$3.50 transaction levy on live sales.

Eric Clark (Waikato) as seconder to the remit reported that the payment of levies should be on a level playing field and that this levy would complement the other levies.

James Guild (Canterbury) reminded delegates that an attempt to introduce a live sale levy in 1982 had failed, partly because agents were unwilling to collect the levy and partly because animals sold multiple times would be levied more than once.

Chris Peterson (Fiordland) opposed the remit as did John Cusdin (Taranaki) and Simon Vincent (Nelson).

Brian Marcroft asked delegates to vote with their conscience and not with their pockets.

The remit was declared LOST.

##### **“Industry publications”**

Andrew Mitchell reported that competition between industry publications had been discussed at the Branch Chairmen's meeting and that the resolution from that meeting was that the NZDFA supported the continued production of Deer Industry News in its current format for its healthy and fair contribution.

It had been claimed that The Deer Farmer was losing readers because of Deer Industry News.

It was discussed that it was very important to have an independent industry magazine but also to have the commitment by NZDFA to communicate directly through Stagline/Deer Industry News as required by the current MOU of operations.

It was moved from the floor:

**“That the NZDFA invites a selected group of individuals to work with our communications industry and develop a compromise for constructively working together.”**

MOVED: (Eric Clark/Dick Valentine)

The remit was declared CARRIED.

#### **17. RUMPOLE CUP**

The Rumpole Cup for the best Branch Newsletter was awarded to the Waikato Branch which was edited by Brian and Raewyn Marcroft. Mr Pearse congratulated Brian and Raewyn for the good use of images and easy navigation pointers.

Congratulations were also extended to second place getter, the Wairarapa Branch Newsletter (Ann Allen) and the Rotorua Branch Newsletter in third place (Andy and Rachael Mitchell).

Judge Ali Spencer said in her comments that as usual it was tough to judge and that she looked at a variety of material included in the newsletter, its topicality, the quality of writing and editing, effective communication, presentation of the publication, production values and originality.

#### **18. EXECUTIVE COMMITTEE LIFE MEMBERSHIP**

**“That Clive and Elsie Jermy be nominated as life members of the NZDFA in recognition of their outstanding commitment to progressing the aims and objectives of the NZDFA and their unparalleled contribution to the New Zealand deer industry”**

MOVED: (Mark Acland/Roger Aitken)

Members supported the motion with a standing ovation for Clive and Elsie.

Mark Acland (Canterbury) said he was delighted to support the resolution as Clive was a great communicator who saw the big picture and was not afraid to tackle the big issues. He gave praise to Clive who had enabled producers, processors and exporters to work together in the deer industry. He also gave praise to Elsie who gave unfailing support to Clive.

Clive's enormous amount of ability was mentioned by Roger Aitken (SAP Chairman, Taihape) as he seconded the nomination for life membership.

Walter Sommerville (Southland) said Clive thoroughly deserved his moniker as the 'godfather' of the industry and that he was an ambitious and successful man with tremendous diplomatic skills. He stated that it was a privilege to know

such a man.

Errol Croad (Wgtn/Horowhenua) said that during his stint as NZDFA Executive Committee Chairman Clive's advice had been invaluable and he had become a great friend. He wished Clive and Elsie the very best for the future.

Andrew Mitchell endorsed the resolution, paying tribute to Clive's "passion, drive and teamwork". He said that Clive and Elsie were a well balanced and professional team.

Clive Jermy thanked the industry for a 'wonderful ride over the years' and said that he was very grateful for the wonderful tribute. He said he was honoured to have served such a unique industry as DINZ Chairman.

## 19. VOTING PAPERS

It was moved "That the voting papers be destroyed"

MOVED: (Andrew Mitchell/Bill Taylor)

CARRIED UNANIMOUSLY.

At 1.15pm Mr Mitchell declared the 30th AGM closed, as he thanked the Scrutineers and minute taker.



Signed as a true and accurate record.

Andrew Mitchell

Chairman

24th May 2006

## Executive Committee Motions NZDFA Finances

### \* 1 Budget 2006/07

"That the NZDFA Budget of Income and Expenditure for the year ending 31st March 2007 be approved."

Proposed: Tim Aitken. Seconded: Bill Taylor

Note: The subscription levels were fixed at an Executive Committee meeting on 12th April 2006 following a re-forecast and discussion on 6th April 2006, and that 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 2006/07 year at the AGM but as a courtesy, commentary and discussion is invited.

### 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 2006/07."

Proposed: Tim Aitken. Seconded: Andrew Mitchell

### 3 Remuneration of Elected Officers

The recommendation is that the honoraria due elected officers remains unchanged at \$7500 for the elected Chairman and \$5000 for other members of the Executive Committee.

The motion is:

"That the Executive Committee honoraria be set at the same levels as the 2005/06 financial year and be fixed at \$7500 for the elected Chairman, and \$5000 for each other Executive Committee member."

Proposed: Tim Aitken. Seconded: Bill Taylor

### 4 Appointment of Auditors

"That Deloitte be appointed as NZDFA auditors for the ensuing year 2006/07."

Proposed: Tim Aitken. Seconded

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 3rd May 2006.

## Executive Committee remit

### 5 Remandation of the Commodity Levy (Farmed Deer products)

Remandation of the Commodity Levy (Farmed Deer Products)

a. "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."

Note: This motion and its intent were subject to successful further negotiation with DINZ over the present and future MOU and contract for services including NZDFA budget considerations. These discussions have been successfully concluded."

\*Motion and remit numbers for the purposes of proxy constructions

## Discussion

The process or remandation of a new levy under the Commodity Levy Act requires a lead in time of 12-15 months to accommodate the required consultation, development of a case, consideration for approval by MAF and the passage through legislation for sign off by the Governor General.

This AGM is required to debate the issue and need under today's structure and function of the DINZ/NZDFA joint administration, research funding and producer management partnership and future needs and shape of the NZDFA.

Currently the levy is effectively non existent and set at zero as expressed by the recently reviewed Memorandum of Understanding between DINZ and the NZDFA that has been in force since the industry reforms of 2001/02. These services will continue to be covered in a recently negotiated contract for services including consideration of NZDFA budgets and subscription levels (as indicated as required as part of this remit).

The Executive Committee, after some 12 months' review and discussion within the committee, and with the NZDFA Chairmen and MAF officials, are of the view that there is no advantage in cost savings and no structural or functional advantages on balance in mandating a new commodity levy at this time. They recommend that the current levy formally lapse at its September expiry date in 2007. This motion is presented for decision from the membership.

## Draft Branch remits (to be ratified at Branch AGMs)

### 6 Hawke's Bay

Hawke's Bay Branch: NZDFA President Position

"That the NZDFA constitution be amended to include an elected at large President and a four man Executive Committee."

## Discussion

1. The issues around this remit are seen by the Branch as:

- Perceived lack of separation of DINZ/NZDFA (NZDFA lacks strong brand identity.)
- Lack of united voice from NZDFA.
- There is no issue with broad industry structure but there is a question of credibility of information that deer farmers have and are receiving.
- Falling NZDFA membership.
- Genuine concern that the falling membership will have severe subsequent financial implications for the running of the NZDFA.
- Farmers want a strong advocate to voice concern over low returns/income and other issues.

2. These issues led directly to the HBDFA's committee resolution (Nov 2005) which was:

"That the NZDFA Executive Committee structure is dysfunctional and ineffective and needs to be changed to incorporate an elected President and four elected committee members, thus providing more effective leadership and give the ability to function more efficiently."

The overall structure is okay apart from NZDFA Executive Committee structure and it must be pointed out that this in no way reflects on individual personalities.

3. Solutions proposed are:

- That the NZDFA elect at large a President, creating a five-person executive.
- That the Executive Committee ensures that it has a communication strategy, which accurately reflects the Executive Committee's considered decisions and reports the appropriate information to the NZDFA membership.
- That while we totally support the role of the current Producer Manager, we suggest that the NZDFA President should be invited to attend and actively participate in all DINZ Board meetings.

4. President's position – points to consider:

- If supported, this change is to be as soon as constitutionally practicable. SGM to implement remit on 2 November 2006 at Branch Chairmen's meeting.
- Tenure of President's position – two years.
- President able to stand for two consecutive terms before standing down.
- After a term's stand down, a President could stand again.
- President to automatically go on the SAP as a ninth member, but cannot be chairperson of the SAP as well as President of NZDFA.
- Quorum for Executive Committee to be four.
- Honorarium recommended \$10-15,000 plus \$5,000 expenses.

### 7 Waikato

"The DFA 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."

### 8 Canterbury

"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 the 2007 selling season."

## Discussion

The import requirement to meet Korean point of entry ash content is 35 percent or less. Currently compliance levels are at an unacceptably low level. In particular it is unlikely that any of the bottom tynes of New Zealand velvet would meet that criterion, and it is a poorly enforced requirement in the Korean market that they be removed for import.

This situation as it currently exists is detrimental to our industry and allows Korean operators the ability to misrepresent our product in the market, in terms of its point for origin.

By allowing the exportation of whole stick velvet with the lower tynes still on, we increase volumes by 50 to 80 tonnes, which at the same time decreases overall quality and negatively impacts on price.

By removing the lower tynes we can both reduce the volume of velvet and increase its quality, thereby increasing upward pressure on price. These basic regulations already exist and therefore can be implemented if demanded by our industry.

Any measures which will help to allow some control of our velvet must be considered seriously. This will not only help

farmers but also New Zealand processors as one way to level up the playing field and start to gain some control over our velvet.

## 9 Canterbury

“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.”

### Discussion

Given the successful track records of the venison industry in employing Graham Brown and other skilled advocates for the product in direct market promotion, we think velvet antler should have similar support.

The pet supplement market is currently in a developmental stage and it is clear that there is enormous potential for both supplement and veterinary medicine uses. Canterbury Branch believes that it is appropriate for funds from the velvet levy to be spent on developing this emerging market by employing a veterinarian to work in promotion and extension of the product range and use at the market development level. The Branch also believes that this source of expertise can be utilised to drive the appropriate research programmes to support product development and promotional support.

Recent private company work in the Israeli market has included registering New Zealand deer velvet (powder and extract) as a veterinary medicine. A small research trial has taken place and has been very successful, with further product evaluation work including working with the Israeli Army's 400 dogs. Promotion work started early this year with almost 20 percent of the vet clinics now stocking the product as a pet veterinary medicine. In three months 1500 bottles of product have been sold; this is a very encouraging start. If the New Zealand velvet industry could emulate this performance in the US market with its 63 million dogs and 97 million cats, the potential for our velvet would be endless.

This market has the potential to diversify significant volumes of lower-value product away from other markets, so increasing the price pressure on the remaining markets.

Currently there are few other new markets for our velvet, so the development of the pet supplement market is critical. One significant part of the solution to improving returns to the velveting industry is to diversify. The successful development of this market is a great opportunity for our industry, but it is vital that support is received at this early stage.

## 10 Johne's Research Group

“That the Johnes 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.”

### Discussion

With the new interpretation of the ETB blood test, the ability of farmers to distinguish between Johne's, bovine Tb and avian Tb will be greatly enhanced. This will facilitate the speedy completion of any Tb testing of farmers' deer herds, eliminating the requirement for a CCT (comparative cervical test). The time saving will both benefit the individual farmer and the scheme as a whole, so truly improving the efficiency

of the Tb testing programme.

The reduction of waste of animals and cost saving to individual farmers will be welcomed. The introduction of the new standards will reduce the number of animals being slaughtered as Tb reactors and will give farmers a better understanding of the incidence of Johne's disease in their herds.

Cost savings will not only benefit farmers but also the processors, AHB and NZFSA who will have reduced numbers of reactors to deal with.

The ability to accurately diagnose Tb and Johne's disease in our deer herds is an increasingly important requirement for the national Tb scheme. The introduction of this modification will go some way to help in the continuing development of our Tb scheme.

## 11 South Canterbury/North Otago

“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 take a more proactive approach in using press releases, Deer Industry News and Deer Notes to publicise the Executive Committee's deliberations.”

## 12 Otago Branch

“That the NZDFA requests and encourages the development of a protocol for Johne's disease and the selling of sire stags, that will give all buyers a Johne's Disease classification for the animal to be purchased.

The protocol will aim to give buyers the highest level of confidence that the stags they purchase have the desirable “low-risk” classification for Johne's disease. The status is to be advised as part of the sale conditions and the first actions in developing a live sale market assurance programme for the industry.”

### Discussion

The deer industry has a high awareness of the financial cost to a property and the wider industry of animals that are infected with Johne's disease. Research and communication needs to now be followed up with management of the disease. Confirmation of the status of animals is the first step. Once the status is confirmed, management plans according to the classification of level of Johne's disease can be worked on, on individual properties, with benefit.

The protocol could have different levels of expectations e.g. DeerSelect mandatory to have a “low-risk” Freedom is a term that we are not looking to use as the validation of tests is still not 100%. Overseas they give the best classification to animals tested several times over a period of 18 months to 2 years.

It is suggested that the development of the protocol is co-ordinated by the JRG and subsequently the JML and that the protocol will need to be revised annually as research provides more solutions to the management of JD within the deer industry.

## 13 Southland Branch

“That the NZDFA request the AHB develop a formal financial assistance system for all Tb-infected deer herds, based on the following 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 one month and lesions cultured

– All M. bovis Positive: no payment

– 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 by Kevin Gilmour, seconded Brian Russell and carried/endorsed by Southland Branch.

### Discussion

As the number of Tb infected deer herds reduces each individual case becomes a critical threat to the programme, neighbours and wild life and to the eradication of Tb in any particular area. The incentive to move rapidly and decisively in detecting reactors and moving them from the herd on detection is critical and must be conducted under a clear management plan utilising all of the expertise and communications available.

There are two undeniable and immediate industry benefits:

1. Industry good

Removes all reactors out of infected herds quickly. Lessens the risk of infected animals re-infecting the wildlife vectors that has had millions of dollars spent clearing Tb from them (Hokonui Hills as an example).

2. Wastage

Deer farmers can no longer be expected to carry the cost of killing non-infected animals for industry good at their personal cost (as in recent Southland MCL case). Full payment for declared non-infected animals but test positive animals would mean farmers would be proactive about entering into intensive Tb testing programmes for infected herds.

## 14 Waipa Branch: Cost of Tuberculin

“That the DFA and DINZ urge the AHB to set a reasonable standard charge out price for Tuberculin.”

Moved: Leith Chick

### Discussion

Over the last five years the wholesale price of Tuberculin has risen from 9 cents to 31 cents a dose, with some Tb testers charging as much as 85 cents per dose. Tuberculin has become a major component in the cost of Tb testing, in some cases exceeding the labour charge.

Testers should not be permitted to profit to this extent (175% over wholesale) for the material which has minimal wastage.

Testers are already sufficiently compensated with their labour charges. An extra 54 cents per animal for Tuberculin places an unfair burden on farmers.

# Chairman's Report



Welcome Ladies and Gentlemen to our Annual Deer Industry Conference and the NZDFA's 31st Annual General Meeting. In a break from tradition and respecting the continuation of economic conditions and in regard to the World Deer Congress in Melbourne in April, the industry decided to meet for a single day, here in Christchurch this year.

## In general

Five long years of unsustainable returns to New Zealand deer farmers have left our industry battered and bruised. The annual Deer Industry New Zealand survey showed that many farmers had consolidated their breeding herds. Notable amongst these has been the sale of properties owned by New Zealand Deer Farms, with many of these properties converting to alternative farming use. Whilst this case was not for economic reasons, it has seen 40,000 breeding hinds lost from the industry.

While 2006 has seen a number of farmers exit the industry, it does appear that other farmers have taken the opportunity to either increase herd sizes or redefine their deer farming business. Velvet producers have started to see processing space free-up and farmers have taken the opportunity to cull larger than normal numbers of velvet stags. Some of this is clearly backlog, but from my discussions with agents, it appears that others have taken the opportunity to reduce their investment or exit the velvet industry. In many cases it appears that farmers have been killing their younger animals (which they could get space for) that were intended for velvet herds and retained older animals that could not be processed. Having now processed these, it remains to be seen what effect this will have on next season's velvet production, and also for the trophy industry in 4 to 5 years.

The venison business continues to process record numbers of animals. With our processing industry telling us that the optimal kill would be around 600,000 animals and 20,000 tonnes of product, it is clear that we are now at or below our industry's ability to meet that mark in the future. There is every indication that this year will be the last of a protracted shakeout.

As I write this, processing companies Alliance and PPCS have increased their schedule by 10c and 7c respectively over the last week. Weaner sales are showing 10-20 cents per kilo increases over last year. Most recently, the Taihape weaner fair produced a strong sale with the top end hybrid stags making \$2.40 – \$2.50/kg. This means a line of 70 kg weaner stags, processed at an average carcass weight of 58 kg, will produce a margin of \$100 if the average return is \$5.00/kg. With producers needing \$6.00 – \$7.00/kg to be sustainable, it is clear we have a way to go lift the performance/profitability of our breeding herds.

The recent fall in the NZD cross rates with our major trading currencies (Euro and USD) indicates that the future could bring further farm gate price increases, with market returns holding steady for most of our products.

## Velvet marketing

During this past velvet selling season, in conjunction with

DINZ and with support from PGG Wrightson, the Executive Committee asked that producers act together in withholding certain grades of velvet to sell later in the season.

The request received strong support. It became clear from the reaction of buyers that such a move was unanticipated and unwelcome. The buyers had not expected that we as an industry would be prepared to act together on this sort of scale before. What is clear is that we must act more cohesively in the future in order to maximise our returns.

In that regard DINZ, through Mark O'Connor and Daimien Reynolds, have toured the country talking with velvet producers about how our velvet is being presented to buyers for sale. A concept is being discussed in order to provoke debate. It will be interesting to hear what strategy comes from these meetings.

### **NZDFA Membership**

The NZDFA has been affected quite dramatically by the decline in industry participants. Subscriptions tumbled from 2830 last year, below a budgeted drop to 2600, to finish at 2256. This loss is understandable and is roughly in proportion to the industry's loss in farmers. The impact at the coal face has been a toll on enthusiasm at Branch level. For Branch Chairs and committees, organising the usual field day and information sessions and the annual velvet competitions and social occasions has been noticeably more difficult this year with a few exceptions.

A special tribute is due to the men and women of the committees who hold the local DFA together as we all face the issues and impact of the burgeoning bureaucracy that seems to accompany national and local government at present.

In many committees these individuals would dearly like to hand the reins over to new faces with fresh views and are finding it difficult to encouraging those new people. That is of great concern to the Executive Committee and the Producer Manager, and while the commitment to support and provide any assistance at that level is a given, it has become a very difficult challenge for some Branches. The motivation that will come with improving returns and sustainability cannot come soon enough in this area.

While this decline in overall support is disappointing and perhaps not unexpected, it has created a wealth of opportunity for a timely overview and review of the structure and function of the current DINZ/NZDFA working partnership and at the national and Branch level.

### **Representation and funding models for the NZDFA into the future**

To the weary deer farmer trying to survive, weighty issues like the whether or not we need to re-mandate the current Commodity Levy, and whether a presidential position will add to the effectiveness of the DFA, may not loom large in the scheme of things. Nonetheless these are critical issues, in that they also have direct implications on cost structures and representation of the industry at national and pan-sector level. There is a responsibility to consider these carefully.

The Executive Committee's agenda has included well-planned advance discussion of the options and pathways available for the future. These culminated in the 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 Producer Manager portfolio**

In my last Chairman's report, I outlined the debt of gratitude owed by producers to Tony Pearse in his role as Producer Manager. I am sure that this year has been a trying one for Tony, for we as producers have not had a lot to celebrate and the constant negativity about the industry will have worn at times. Tony has managed to continue the passionate crusade on our behalf on many issues.

The Executive Committee have been pressing for further support for Tony as the role of Producer Manager is getting bigger all the time. This support is now long overdue.

On behalf of producers, thank you Tony for the tireless manner you champion our cause and draw attention to the issues most affecting our businesses.

### **Selection and Appointments Panel**

On behalf of the members of the NZDFA I would like to thank Roger Aitken (Taihape) for his contribution as Chairman of the SAP over the last two years. Roger has chosen to retire this year to concentrate on other ventures.

Nominations have been received for the vacant North Island position from Brian Marcroft (Waikato) and Mike Holdaway (Manawatu). Bob Kingscote has been returned to the South Island position unopposed.

### **Animal Health Board**

The National Pest Management Strategy continues to bring success with the total number of infected deer herds now down to 38, with 8 herds in the North Island and 30 in the South Island. 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.

Our industry should recognise the contribution of Errol Croad and Mark O'Connor for their efforts on our behalf on the Members' Committee. Errol now chairs this committee. Recognition also needs to go to Clive Jermy for his work on the board and to the many deer farmers who work behind the scenes on Regional Animal Health Committees.

### **Deer breeding values**

The NZDFA has transferred our initial capital contribution of \$10,000 to the DeerSelect programme this last financial year. This was budgeted for in the previous financial year.

Progress in getting an industry programme in place to truly represent genetic merit continues to be slow. As it builds over the next twelve months, we will see Elk/Wapiti recognised and processed, producing suitable EBVs for the evaluation of profitable traits within the New Zealand Elk/Wapiti herds.

DeerSelect also has its challenges over the next 12 months, namely, the completion of the science around antler weights to enable two-year-old heads from stud sale stags to contribute to the EBV calculations. This could lead to a greater adoption of the system by velvet stag breeders.

The industry will need to support further scientific work by Jason Archer and his team as they explore additional trait measurement that will allow more benefits to flow from the programme.

### **Finance**

I have reported earlier that membership numbers took a greater than expected fall this year. We received dues from 2,256 members compared to 2,830 last year, and 344 below the budget for the year of 2,600.

This 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 had agreed to fund a shortfall based on an extraordinary/unplanned event to a maximum of \$10,000. We will call down on this facility for the first time this year. We thank DINZ for this and other contributions made to the collective costs of industry representation. They have further contributed an additional \$6,000 in recognition of aspects of industry good work.

The expenses of the organisation remain under constant scrutiny. On behalf of the Executive Committee and members I would like to thank Tim Aitken for his continued vigilant stewardship. Budgets for our 2006/07 financial year show limited changes. The Executive Committee has chosen to recommend to retain subscription levels at 2005/06 levels and have negotiated with DINZ the amount of 20 percent of the budgeted subscription level, as a contribution to our operating expenses for the industry good activities carried out by the association on behalf of all levy payers. This amount has been agreed for each of the next two years on the provision that a new Memorandum of Understanding now developed as a contract for services can be agreed between our two organisations.

### **Department of Conservation**

This year has seen a great deal of time and energy involved in the issues surrounding 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.

If adopted, the proposed changes will affect all deer farmers, in that we would all be required to have permits for our farms and our fences would be inspected biennially to a revised standard. After considerable pressure from the industry, modified views have been spread about as to the intention of the Department, but the words in the submission documents remain the same – unnecessary trouble and expense for you and I. We await the outcome of the review with interest.

During the Department's process, DINZ has convened a working group of interested parties in an attempt to gain a pragmatic solution. This working group's initiatives will be ongoing, with a report being submitted to various Government Ministries in the coming months.

### **Game & Forest Foundation**

The NZDFA has continued to be an associate member of the Game & Forest Foundation. GAFF, through Executive Director, Gary Ottmann, has been a very valuable ally in the discussions with the Department of Conservation.

By way of a very small token of our appreciation, the Executive Committee approved an amount of \$2,000 to assist in covering Gary's time, travel, etc in his efforts to assist us with the DOC issue. We wish it could have been more, because as a foundation member of this organisation the NZDFA has not been able to extend a regular and renewable

funding allocation to GAFF. This remains a challenge for this organisation into the future.

On behalf of the NZDFA I would like to thank Andrew Fraser for his contributions to GAFF.

### **Deer Industry News and communication**

This year has seen robust debate around the role, function and style of our own publication, Deer Industry News. The NZDFA is emphatically behind the current style, format and content of Deer Industry News. We have accepted that, in order to bring the current level of content to the full deer farming community, we need to accept advertising content in our portion of Deer Industry News. The NZDFA would like to thank Phil Stewart and the staff of Words & Pictures for their continued contribution to our industry's communication.

After last year's AGM, discussions were held to assess how we might work better with independent industry publications. This was mainly in respect to concerns expressed about the viability or longevity of The Deer Farmer magazine. It is hoped that we now have in place an understanding for working together with Trevor and his team that will assist and support The Deer Farmer.

As our industry matures, it is gratifying that the mainstream press is taking a stronger interest in our sector, with regular features in not only the rural press but also in national daily newspapers. Issues such as the fencing standards with the Department of Conservation have meant that we have had to reach out to the wider audience in an attempt to get a balanced view.

### **Executive Committee**

Andrew Fraser has decided after four years to retire this year. 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.

We welcome Mark Hawkins to the Executive Committee. Mark is a new recruit to the New Zealand deer industry, having moved with his family from the UK in recent years. He was formerly Chair of the British Deer Farmers' Association.

Tim Aitken has decided to continue on the Executive Committee and has been re-elected unopposed to the North Island position.

### **In conclusion**

The industry has just cause for some cautious optimism that the year ahead will provide increased incomes across all sectors as we build a more sustainable future. The signals provided by the past had lead to a higher than sustainable growth spurt and as our businesses have adjusted we as a production sector have worn significant costs.

Those that remain are committed to a successful, profitable future.

Thank you to members for your continued support through the last year and I look forward to continuing my work on your behalf

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

**Andrew Mitchell, Chairman, Executive Committee,**

**April 2006**

# Producer Manager's Report



## Overview

The past year has continued to be demanding at all levels in the production and supply chain as further unprecedented volumes of product are moved through off farm for processing, export and distribution. The reality that all sectors are struggling with – the price level of returns and the ongoing sustainability of deer farming – dominates thinking and reactions. This has been no more dramatically shown than in the analysis of industry statistics collected through the second year of canvassing producers for an accurate check on numbers, on-farm trends and the all-important intentions for the future.

It is no coincidence that the themes and activities of the Chairman's and Producer Manager's reports track along similar lines and activities. This reflects the close and strong working relationships between the Producer Manager and Executive Committee and Chairman.

We may have even greater challenges to meet together next year with the prospect of imposed constraints and restrictions through issues like the RMA, the proposed land access changes, re-registration of 1080, many activities with the NZ Food Safety Authority and the myriad of other issues that bureaucracy and Government seem to keep throwing at the rural sector in the name of it being better for all. "Better for all" inevitably involves compliance and a cost to producers.

Ensuring that any proposed changes are realistic, justifiable and will add value to the business of deer farming is a major feature of this strong working relationship between the Producer Manager and the Executive Committee. That takes time and commitment. I am grateful to acknowledge that this Executive Committee and a number of leading individuals within Branches make my task easier and our working partnership so effective.

## Industry Statistics

The Executive and DFA are very appreciative of the response that the 3200 individuals have made, either by mail or through direct contact in the follow up. In response, that contact and information translates to an estimated 3700 active farming entities with a further 400 involved in the industry at large as our core base at present.

We hope that producers will be forthcoming again on an annual basis to add further accuracy to this critical information. It has allowed a very clear picture to emerge of falling capital stock numbers and producers exiting. This is indicative of a short-term venison supply shortfall at some point in the near future. Discipline will be needed to meet commitments and service markets that have been developed over the past few years, as well as traditional outlets. Significantly this holds the key to improving returns through undersupply and the response of the wider marketing initiatives of the venison strategy.

The NZDFA has been affected quite dramatically by the decline in industry participants. This was reflected in a steep slide in NZDFA voluntary subscriptions, which fell by 20 percent. Andrew Mitchell discusses this in more detail in his Chairman's report.

In spite of the difficulties of the year there have been some major campaigns and positive initiatives during the 2005/06 year that will underpin a strong DFA base and create many new opportunities for deer producers in the areas of productivity, sensible regulation and impact on farming, integrated production research programmes and improved communications.

In terms of the Producer Manager portfolio, the following issues and programmes have been significant.

## Conference and Branch Chairmen's meetings

The 2005 Deer Industry Conference at Te Anau was an outstanding success in marking the 30th year of the NZDFA and by recognising the linkage at the local Branch level of a small hard working group of deer industry enthusiasts in a truly unique part of New Zealand with the needs a national event, in critical times.

The task of presenting a professionally run gathering, where industry leaders must be freely accessible to farmers, formally and informally, is demanding. The 2005 conference certainly rose to that challenge with a strong attendance. However the future beckons with a call for shorter, sharper presentations that allow more time for debate and questioning of industry directions and developing a strong base for the future.

It may be, however, that this is the last of these regional events as it is clear that extended travel, expense and time commitments are against smaller regions when it comes to hosting industry events on this scale. Conferences for the future will have to be designed to attract the largest number of farmers, or the NZDFA and industry adapt to a formal AGM/FGM and a greater visiting role.

The DINZ Board have committed to meeting the Branch Chairmen as a formal part of their yearly meeting agenda. NZDFA is being encouraged to develop questions and discussion topics for the Board in advance as well as raising issues from the floor. This year the Board was available for an entire afternoon and social evening, over 9 hours of contact which provides a unique opportunity within the organisation for a free and frank exchange of ideas and views. The NZDFA has a unique opportunity here which is valued and commands great respect.

## DOC, fencing specifications public submissions and the industry process

Deer farmers en masse strongly supported the combined DFA, Game & Forest Foundation, Association of Game Estates and DINZ stance that the publicly promoted submission process, background information and intended regulation were fatally flawed. The sectors combined and offered the Ministers and the Department an undertaking to develop its own cross-sector dialogue to look to the future needs of minimum standards of containment, responsible reaction to escapes and a risk management approach to education and uptake.

That group facilitated by DINZ and strongly led through GAFF and NZDFA has had a series of three in-depth meetings in parallel with DOC's formal submission process. Topics covered included risk management, feral range issues, and agreement that a single minimum standard based on the deer industry's original QA standards for non-regulated areas was a reasonable minimum for containment.

The group has included positive input from DOC, NZ

Forest & Bird, AHB, NZ Deerstalkers' Association, Federated Farmers, NZ Conservation Authority, MAF and the NZ Fencing Manufacturers' Federation and agrees that developing a set of industry best practice standards related to fence placement and construction techniques beyond those minimum requirements is a positive move.

A best-practice approach, recommending the currently available manufactured fences and wires – be they purpose-built deer netting, top up mesh, sheep and cattle netting and plain wire combinations, or adapted plain wire and batten options – will become part of the industry and the department's education and advisory roles.

The workshop has spent considerable effort in developing a risk management approach to escapes. They have sought a balance between the view that regulations are required, and the proactive common sense view where farmers understand local conservation and community values and have a sense of responsibility about recovery, recognising that for Red deer at to some extent Fallow, that risks are different from, and less than other species.

There are responsibilities under common law for damages, under the Fencing Act, the Deer welfare code and industry QA and best practice codes that all reinforce that responsibility. All of these instruments have a greater role in farmed deer than the Wild Animal Control Act. While industry supports the work and requirements of the current regulated areas in Northland, Taranaki and Coromandel, local approaches to escapes, a review of the feral range concept and the recognition of farmed deer as modern farmed livestock with appropriate legislation are the industry goals.

The enormous amount of time spent on this process to date owes a great deal to the input from GAFF through lobbyist Garry Ottmann and the goodwill of all parties to take part in the workshop process.

## DEERSelect

The process of developing sound objective evaluation programmes for the industry has made some real progress this year with the December 2005 publication in Deer Industry News of the EBVs for growth traits now available for over 150 cross herd linked breeding stags.

The publication of the first velvet antler traits is imminent. The industry can thank the growing and high-profile commentary on the role of Breeding Values from the commercial sector, the leading studs and service companies.

The DeerSelect group has a clear vision to build on the progress made, and is developing a package of tools including:

- Breeding Values for further individual traits (e.g. maternal ability, temperament, trophy antler, additional growth parameters, earlier breeding and shorter gestation length, disease resistance).
- Genetic trends to quantify genetic progress in a herd.
- Economic indices to optimally balance selection for different production scenarios.
- Mate allocation tools to maximise genetic progress while minimising inbreeding.
- Tools to utilise information from DNA-based tests.
- Diagnostic tools which suggest opportunities to increase genetic gain.

In the short-medium term, DEERSelect will focus on Breeding Values and Economic Indices.

The industry uptake of these advantages in objective genetic evaluation is now governed by the speed that the studs and advance breeding programmes adopt the recording and EBV evaluations available. The emphasis will continue to be participation in cross-herd breeding evaluations rather than the within-herd model, although these are freely available to any herd.

## Productivity strategy

While the motivation on farm has been more concerned with economic survival and killing space, there have also been strong calls within the industry to identify opportunities for improving productivity. Of all the livestock industries at present, deer lag behind in the basics of achieving full reproductive potential and achieving growth targets at times when the younger animal has that huge opportunity.

The industry productivity working group has advanced this year from identifying the key areas, to developing a full strategy to support the industry venison marketing strategy, and developing links with the AgResearch FRST research programme and a blueprint for technology transfer based on a linked series of focus farms.

The Productivity Strategy will target two goals:

- Increase national survival to sale from an estimated and certainly conservative 75% to 90% by 2010.
- Increase carcass weight average by 10% (increase of 5.4kg or 10kg liveweight at point of sale) by increased growth efficiency by 2010.

The Branch Chairmen have been asked to consider whether these are better expressed as on-farm targets defined by weaning % and specific growth rate targets over the different seasonal phases in the first 12 months of growth. In relation to other livestock, this efficiency of production at 58.5% (weaner weight produced relative to hind liveweight) should be in the region of 70kg to account for the fawning %. While this is ambitious, it is achievable using both enhanced genetics and targeting greater lactation growth and summer growth rates.

In promoting this challenge a raft of technology transfer projects including better packaging of information and an adaptation of the Meat and Wool New Zealand monitor/focus farm concepts is considered key. These will become important projects for the 2006/07 year, motivated at least by the potential shortfall in product we will soon experience as the effects of declining herd numbers and intentions of some to reduce exposure to deer start to kick in.

## Focus farm concepts

On their own initiative, the two southern Branches have secured a substantial grant from the Sustainable Farming Fund to allow these two ambitious focus farm projects to develop. There is a strong element of sustainable farming in these projects, which have attracted additional funding and support from Otago and Southland Regional Councils. They include elements of water quality and stream monitoring, nutrient run off measurements and understanding management to minimise environmental damage and loss of soil quality. These features are incorporated into high performance production and venison and breeding programmes with an emphasis on velvet quality as a further objective.

In addition there are developing initiatives in Canterbury with an emphasis on summer dryland production. In Hawke's Bay there is ongoing interest with Simone Hoskin (Massey) and new forage options, and support from the Hawke's Bay Regional Council are in the frame for development. The task ahead is to tie all of these initiatives, with their individual important local emphasis, into the overall productivity strategy and target these farms as a well planned and relevant source of technology for adoption and practical advice.

### **AHB and RAHC working groups**

The Regional Animal Health Committee (RAHC) working group has continued to enjoy a full day with the Animal Health Board (AHB) executive to work through and solve issues. This is in addition to the AHB's appearance at the Conference and Branch meetings. There have been some strong concerns over communications and speed of reaction in devastating herd breakdowns.

While these are being dealt with, it does reinforce the point that as the infected herd numbers continue a welcome decline, each new herd breakdown or existing herd with ongoing problems requires its own management advice, good neighbourhood support and swift and positive action including the possibility of whole herd depopulation, to achieve the best outcome in the shortest possible time. That can only be achieved by considered use of funds for testing support, and developing the best possible management to the vectors and the herd. Without the skills of the committed deer RAHC representatives and gaining a rapid understanding of the problem, these last few situations can prove very difficult to manage. The NZDFA is strongly involved in helping achieve good outcomes and urges anyone in one of these difficult situations to take full advantage of the wealth of experience on offer.

Significantly, the conversations between AHB and industry on Tb matters also are taking more and more account of the impact of Johne's Disease in the herd, and the parallels in good disease management and communications are inevitable.

### **Johne's Research Group (JRG)**

The advances and commitments of the DFA and individual deer farmers and researchers alike to the understanding and management of Johne's Disease (JD) remains the single biggest time commitment in the Producer Manager portfolio at present. This is simply an indication of the desire to tackle this growing issue head on and of the resolve and resources of the JRG and its people (see separate JRG report in this annual report). With the imminent announcement of the pan-sector Johne's Consortium and their partnership with FRST in furthering JD research, there is a real potential for use of deer as a research model of choice combining new efforts in diagnostics, vaccination work, genetics of disease resistance and the wider fields of management through understanding epidemiology and herd control. The leaders of the JRG have led an astonishing programme of work this year with solid progress and very practical advice in sight.

### **Animal ID, deer viewpoint**

Although submissions on the proposed Animal ID and Traceability Scheme ranged from "let's start tomorrow", to "never at any cost", the industry is still involved in the constructive development of the programme. Deer farmers have a view that biosecurity and traceability systems have

different impacts and significance for the industry relative to beef, and that the haste to join a mandatory system by 2007 was not for the industry. However, by being involved in the technical discussions on the development of standards for radio frequency identification (RFID) and in the governance group steering the development of the proposals, the industry is represented in this discussion for the future.

We have a strong view from the companies that traceability will be a cost of doing business in future. The current AHB tagging system appears to be working in this area if needed, and the fact is that there are no other strongly competitive suppliers of farmed venison in the market places. Any system for the future must be able to account for both existing tagging systems as well as new technologies so that the deer industry can step up to that technology when proven and affordable and demanded in our markets. That position is well understood by the working group and well expressed by the NZDFA.

### **The immediate future**

As remits and the past year's discussions have confirmed, there is considerable debate about the current arrangements with Deer Industry New Zealand, the strength of the NZDFA and its working style and effectiveness. In considering this past year, against a very difficult background of unsustainable returns, and farmers' long-standing faith in the future of the industry based on its excellent products, it remains a source of great pride that so many are working so hard for the industry through such tough times.

The structure and function of the Executive Committee works extremely well. There have been a record number of meetings, cost effective and targeted through many issues. The individual Branch activities have again been their own reward for Producer Manager involvement from Branch Chairmen's Meetings to conference to the individual events. Whatever shape farmers want to have the representative industry body, preserving that spirit and acknowledging the remarkable contribution of those who make it happen gives this role its own intangible rewards. I trust that as the industry recovers that spirit will grow anew, and that the 2006/07 year marks a return to profitable, sustainable deer farming. My thanks to all who have supported the NZDFA and industry activities this year.

**AJ Pearse**

**8 April 2006**

## **Johne's Research Group: Annual Report 2006**

The Johne's Research Group (JRG), which has now been in operation for four years, has through the past 12 months continued its focus on its two primary aims: to promote research that will provide practical solutions to farmers on the management and control of Johne's disease (JD); and to disseminate information on the disease and its management to deer farmers.

Although one founding member of the Group, Noel Beatson, has resigned, the JRG has continued its operation with its seven original members but, reflecting a major increase in its work load, now employs on contract Nance Middlemass as a secretary/accounts manager.

The JRG's most significant undertaking remains the epidemiological study of JD in deer. The first two years of this five year project have been completed, including the major task of interviewing over 200 deer farmers. Analysis of this information, longitudinal studies and an intervention analysis are the ongoing parts of this study. While Massey University has yet to submit its accounts for project costs there is, looking forward, a deficit in the funding required and the Group would urge Branches to continue to provide financial support.

The JRG's information programme has been advanced, under its MAF Sustainable Farming Fund (SFF), assistance of \$120,000pa. The preparation of a Farmers' Manual has been the principal undertaking and this 60-page volume of guidance material for deer farmers is now ready for publication. It is intended that this should be a living document with capacity for including information on advances in science and management techniques. Other information activity during the year included the publication and dissemination of four further Bulletins, progress to include JD management as a part of deer focus farm activity and arrangements for having roadshows on JD.

The Group's achievements have encouraged the SFF to recommend and fund a Ministerial symposium on JD in deer to highlight the progress made, to promote greater awareness and encourage the engagement of the wider community in seeking solutions to the issue of JD in deer. This showcase event is to be held in Wellington on 16 and 17 May 2006.

The next major project is an information capture, QA scheme and management undertaking as the proposal to establish a structure, based on the Ovis Management Model (OML), for capturing JD information at DSPs and alerting farmers with serious problems of the control options open to them.

Preliminary discussions have indicated strong support from the processing companies for establishing a Johne's Management company and considerable progress has been made to put this into effect. A major part of the project is the implementing of a new carcass side blood testing procedure that will enable JD animals to be quickly identified at DSPs. The JRG has secured a \$120,000 grant from AGMARDT for this undertaking.

The JRG has participated in two other science/research activities that offer scope for better management of JD in deer.

Working with Massey University, the JRG is assisting with trial procedures in testing a new bovine vaccine strain that has been used very successfully with cattle in Australia. For some classes of deer this appears to offer significant advantages but some doubts about widespread vaccine use need to be addressed and the JRG is concerned to promote a wider debate on this issue.

The JRG has achieved a major breakthrough with the AHB in getting endorsement for the use of the ETB as a means of determining whether an animal has either JD or Tb. This provides considerable cost savings in avoiding further testing and needless slaughter of Tb suspect animals that have JD. To advance this procedure the AHB has requested its support from the deer industry and a remit on this matter is therefore being put to the 2006 DFA AGM by the JRG.

A huge work load has been undertaken by the JRG over the past 12 months and I would like to express my appreciation for the commitment of the members of the Group and those in the deer industry who have contributed to the very substantial progress that has been made.

*Peter Aitken, Convenor, JRG*



New Zealand Deer Farmers' Association

## Financial Report

### Review of accounts for the year to 31 March 2006

The result for this financial year was a deficit of expenditure over income of \$9k against a breakeven budget. Subscription income generated was \$68 k based on 2,256 payments being received, a decrease of 18% from the original budget for the year set at 2,750 members and a 21% decrease from the 2,835 members last year

As a result of the recent review of the Memorandum of Understanding and discussions with the Executive Chairman, Deer Industry New Zealand have agreed to contribute \$16k to finance the deficit. \$10k falls under the MOU agreement based on the unexpected shortfall in subscriptions, and \$6k is an industry good contribution for services to all levy payers that the NZDFA conducts in the name of industry good. This is based on a formula of 20% of subscriptions budgeted and is also secured for the next two years.

A \$10,000 payment due to Sheep Improvement Limited for the National Genetic Evaluation Scheme Database, that was anticipated in the previous financial year was paid in October 2005. A one-off donation of \$2,000 was made to the Game and Forest Foundation in December in some small recognition of the contribution in time and resource that the Executive Director has contributed to the effort placed into opposing the DoC deer fencing review. These, together with the significant fall in income through the larger than predicted subscription loss, were the main contributors to the large deficit.

Apart from these items, 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 day to day running of the conference resulted in a small loss of \$295. Public Relations support for the conference totalled \$3,167 and is identified as a separate expense. It includes secretarial support for minute taking at the Branch Chairmen's meeting and AGM and conference reporting (in Deer Industry News).

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 remained at \$4,000 and have been funded from the general fund.

The SAP appointment process for selection of the 2005/06 Board members vacancy requiring a specific meeting, contributed to travel and accommodation expenses being higher than budget.

Closing reserves to be carried forward to the 2007 financial year are \$121k.

### Budget for the year to 31 March 2007

The budget for the year to 31 March 2007 shows a very small surplus.

Subscriptions are budgeted at a conservative level of 2,200 paid membership, a 3% decrease from the current year actual. There is to be no increase in the level of subscriptions.

Allowance has been made in the budget for a contribution from DINZ of up to 20% of subscriptions, based on a new contract for services negotiated from the MOU.

Most costs are budgeted at the same level as the 2006 year spend.

This overall budget will enable reserves to be maintained at the current level of \$121,000.

### NEW ZEALAND DEER FARMERS' ASSOCIATION INCORPORATED INCOME AND EXPENDITURE

	Year to March 2006 ACTUAL \$	Year to March 2006 BUDGET \$	Year to March 2007 BUDGET \$
<b>Income</b>			
Subscriptions	67,680	82,500	66,000
Interest and Sundry Income	9,839	8,700	9,700
DINZ Industry Good Contribution	16,000	-	16,000
	<u>93,519</u>	<u>91,200</u>	<u>91,700</u>
<b>Expenditure</b>			
Audit Fees	2,000	2,000	2,000
Conference	295	-	-
DEEResearch Directors Fees	4,000	4,000	4,000
Donations	2,000	-	-
General Office	101	350	350
Honoraria	22,500	22,500	22,500
Insurance	2,205	2,750	2,250
Legal Fees	0	1,000	1,000
National Genetic Evaluation Database	10,000	-	-
Postage	4,634	5,000	6,000
PR Support	3,167	4,000	2,500
Printing & Stationery	8,619	9,400	8,100
Promotions/Awards	1,212	-	1,000
Publications	8,550	8,000	8,000
Returning Officer Fees	450	100	450
Telecommunications	3,363	3,100	3,500
Travel and Accommodation	29,383	29,000	30,000
	<u>102,479</u>	<u>91,200</u>	<u>91,650</u>
Deficit/Surplus of Income over Expenditure	(8,960)	0	50

# Deloitte.

## Audit Report

### TO THE MEMBERS OF NEW ZEALAND DEER FARMERS' ASSOCIATION INCORPORATED

We have audited the accompanying financial report. The financial report provides information about the past financial performance of New Zealand Deer Farmers' Association Incorporated ('the Association') and its financial position as at 31 March 2006. This information is stated in accordance with the accounting policies set out in note 1.

### Executive Committee Responsibilities

The Executive Committee of the Association is responsible for the preparation of a financial report, in accordance with New Zealand law and generally accepted accounting practice, which fairly reflects the financial position of the Association as at 31 March 2006 and the results of its operations and cash flows for the year ended 31 March 2006.

### Auditors' Responsibilities

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

### Basis of Opinion

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

- the significant estimates and judgements made by the Executive Committee in the preparation of the financial report, 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 report is 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 report. Other than in our capacity as auditor, 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 accompanying financial report fairly reflects the financial position of the Association as at 31 March 2006 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 12 April 2006 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 2006

	Note	2006 \$	2005 \$
<b>Income</b>			
Subscriptions		67,680	85,097
Interest		9,209	10,290
Sundry		630	755
DINZ Industry Good Contribution		16,000	-
		<u>93,519</u>	<u>96,142</u>
<b>Expenditure</b>			
Research	2	4,056	9,855
Audit Fees		2,000	2,000
Conference	11	295	(113)
Donations		2,000	-
General Office		101	324
Honoraria	2	22,500	22,500
Insurance		2,205	1,458
Legal Fees		-	1,187
National Genetic Evaluation Database		10,000	-
Postage		4,634	4,063
PR Support		3,167	4,613
Printing & Stationery		8,619	9,379
Promotions & Awards		1,212	-
Publications		8,550	7,670
Returning Officer Fees		450	100
AHB Committee Representation Fees	2	-	1,000
Telecommunications		3,363	1,347
Travel and Accommodation		29,327	28,742
		<u>102,479</u>	<u>94,125</u>
<b>Operating (Deficit)/Surplus</b>		<u>(8,960)</u>	<u>2,017</u>

### NEW ZEALAND DEER FARMERS' ASSOCIATION INC STATEMENT OF FINANCIAL POSITION As at 31 March 2006

	Note	2006 \$	2005 \$
<b>Current Assets</b>			
Short Term Bank Deposits		117,451	138,623
Accounts Receivable		2,684	3,634
DINZ Industry Good Contribution		16,000	-
		<u>136,135</u>	<u>142,257</u>
<b>Current Liabilities</b>			
Accounts Payable		14,678	11,840
<b>Net Current Assets representing Net Equity</b>		<u>121,457</u>	<u>130,417</u>
<b>Net Equity comprises:</b>			
General Funds	8	<u>121,457</u>	<u>130,417</u>

These financial statements were approved for issue by:

Andrew Mitchell  
Chairman of Executive Committee  
Date: 12 April 2006

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 2006

	2006 \$	2005 \$
<b>Cash Flows from Operating Activities</b>		
<i>Cash was provided from:</i>		
Subscription Income	68,000	85,007
Interest Received	9,576	10,865
Other Operating Income	630	755
Net Tax Refund	-	207
<i>Cash was applied to:</i>		
Payments to Suppliers	(99,378)	(91,709)
<b>Net Cash Flow from Operating Activities</b>	<u>(21,172)</u>	<u>5,125</u>
Net (Decrease)/Increase in Cash Held	(21,172)	5,125
Opening Cash Balance	138,623	133,498
Closing Cash Balance	<u>117,451</u>	<u>138,623</u>

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

	2006 \$	2005 \$
Reported Surplus / (Deficit)	(8,960)	2,017
Add Non-Cash Items:		
Movements in Working Capital	3,788	3,108
Net Cash Flow from Operating Activities	<u>(21,172)</u>	<u>5,125</u>

**NEW ZEALAND DEER FARMERS' ASSOCIATION INC**  
**STATEMENT OF MOVEMENTS IN EQUITY**  
For the year ended 31 March 2006

	2006 \$	2005 \$
Opening Balance	130,417	128,400
Operating Surplus / (Deficit)	(8,960)	2,017
Closing Balance	<u>121,457</u>	<u>130,417</u>

**NEW ZEALAND DEER FARMERS' ASSOCIATION INC**  
**RESEARCH FUND: STATEMENT OF RECEIPTS AND PAYMENTS**  
For the year ended 31 March 2006

	2006 \$	2005 \$
Opening Balance	-	3,437
<b>Receipts</b>	-	-
<b>Payments</b>		
Research Grants		
Landcare Manual	-	3,437
Closing Research Funds	<u>-</u>	<u>00</u>

**NEW ZEALAND DEER FARMERS' ASSOCIATION INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2006

**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.
- 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:

	2006 \$	2005 \$
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 2005 to March 2006. These fees are included in the total research expense of \$4,056.

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

**3. TAX LOSSES**

	2006 \$	2005 \$
Taxable Income	9,209	10,290
Less deductible expenses	(1,000)	(1,000)
	<u>8,209</u>	<u>9,290</u>
Losses brought forward from prior years	(47,539)	(56,829)
Losses carried forward to future years	<u>(39,330)</u>	<u>(47,539)</u>

The availability of the above losses of \$39,330 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:

	2006 \$	2005 \$
<b>General Funds</b>		
Opening balance	130,417	124,963
Operating surplus	(8,960)	5,454
Closing General Funds	<u>121,457</u>	<u>130,417</u>
<b>Research Fund</b>		
Opening balance	-	3,437
Research Expenditure	-	(3,437)
Closing Research Funds	<u>-</u>	<u>-</u>
<b>Total Equity</b>	<u>121,457</u>	<u>130,417</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:

- guarantee the due performance and observance of the guaranteed obligations by its subsidiary companies; and
- indemnify against any loss or damage due to any breach of the unincorporated joint venture agreements by its subsidiary companies.

**11. CONFERENCE SURPLUS**

The Te Anau conference yielded a small loss of \$295. Income from the conference was \$3,073 against expenses of \$3,368.

**NEW ZEALAND DEER FARMERS' ASSOCIATION BRANCHES AND ASSOCIATED SOCIETIES: CHAIRMEN AND SECRETARIES**  
**Current as at 31st March 2006**

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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**West Coast:**

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**Fiordland:**

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Sam Robbins, R D 1, Te Anau  
 Tel/Fax: (03) 249 8583

**ASSOCIATED SOCIETIES**

**NZ Fallow Deer Society**

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 Tel: (07) 322 1069  
 Fax: (07) 322 1068  
 E-mail: dickie@cheekykiwi.co.nz  
 valentine@nz-fallow.co.nz

**Secretary**

Ken Swainson, RD9 Palmerston North  
 Tel: (06) 329 3494  
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 E-mail: whego@xtra.co.nz

**NZ Warnham and Woburn Society:**

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**Elk and Wapiti Society of New Zealand.**

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 Mob: (0274) 384 848  
 E-mail: achnahanat@xtra.co.nz



**NZDFA**

New Zealand Deer Farmers' Association

**PROXY FORM 2006**

**To: New Zealand Deer Farmers' Association**  
**PO 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 24 May 2006.

**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 18<sup>th</sup> May, 2005 at the Fiordland Community Centre, Te Anau and at any adjournment thereof. (rule 29.2)

Signed this ..... day of ..... 2006

..... 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 **4pm Tuesday 23rd May 2006** (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, ..... (name in full)

of ..... (address)

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

**(either)** ..... (name)

of ..... (address)

**OR** the Chairman of the ..... Branch NZDFA, (or Affiliated Breed Society) of the New Zealand Deer Farmers' Association as at 24<sup>th</sup> May 2006.

**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 24<sup>th</sup> day of May, 2006, or at any adjournment thereof.

Signed this ..... day of ..... 2006

- This form is to be used **\*in favour of**/or **\*against** the resolution as described below.
- Strike out whichever is not desired.
- If an instruction is not recorded it is assumed there is no intention to record a vote for or against.

Resolutions to which the instructions apply:

Resolution Number

<b>1</b> .....	<input type="checkbox"/> For	<input type="checkbox"/> Against	<b>9</b> .....	<input type="checkbox"/> For	<input type="checkbox"/> Against
<b>2</b> .....	<input type="checkbox"/> For	<input type="checkbox"/> Against	<b>10</b> .....	<input type="checkbox"/> For	<input type="checkbox"/> Against
<b>3</b> .....	<input type="checkbox"/> For	<input type="checkbox"/> Against	<b>11</b> .....	<input type="checkbox"/> For	<input type="checkbox"/> Against
<b>4</b> .....	<input type="checkbox"/> For	<input type="checkbox"/> Against	<b>12</b> .....	<input type="checkbox"/> For	<input type="checkbox"/> Against
<b>5</b> .....	<input type="checkbox"/> For	<input type="checkbox"/> Against	<b>13</b> .....	<input type="checkbox"/> For	<input type="checkbox"/> Against
<b>6</b> .....	<input type="checkbox"/> For	<input type="checkbox"/> Against	<b>14</b> .....	<input type="checkbox"/> For	<input type="checkbox"/> Against
<b>7</b> .....	<input type="checkbox"/> For	<input type="checkbox"/> Against	<b>15</b> .....	<input type="checkbox"/> For	<input type="checkbox"/> Against
<b>8</b> .....	<input type="checkbox"/> For	<input type="checkbox"/> Against	<b>16</b> .....	<input type="checkbox"/> For	<input type="checkbox"/> 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**