

Annual Report | 2020/21



Deer Industry
New Zealand



FROM THE CHAIR & CEO

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Cover photo: Angela McIntyre - The velvet sector is enjoying good demand.

In the 50 short years since the first licence to farm deer in New Zealand was issued, the deer industry has charted an exciting and sometimes tumultuous pathway. The first two decades, in the 1970s and 80s were marked by boldness, optimism and an appetite for risk. By the 1990s the industry had matured and hit its straps with the development of QA schemes and more sophisticated marketing.

In the early 2000s, as (Deer Industry New Zealand) DINZ was formed, we were confronted with marketing big volumes of venison while maintaining confidence and trying to counteract softening markets. That effort was ultimately successful. Over recent years we've challenged ourselves to do better, largely through the Passion2Profit (P2P) programme and a growing focus on environment and welfare. This has resulted in tangible productivity and environmental improvements on farm, healthier deer and diversifying markets offshore.

This progress hasn't been without bumps in the road. These started in the 1980s with the impact of Chernobyl on venison markets, and the Asian financial crisis on velvet in the 1990s. In 2008 the global financial crisis hit markets for all our products and, as we write, the Covid-19 pandemic is still sending shockwaves through the world economy.

The impacts of Covid on foodservice and restaurants, as well as on logistics for getting product to markets, have been keenly felt. Also putting demands on our resources have been changing public expectations for water quality, animal welfare and greenhouse gas emissions from farming. These pressures won't get any less but they can be managed. Our industry has made a good head start in these areas, but efforts can't be slackened.

In response to this environment, the DINZ board has identified several strategic priorities, covering industry confidence, market access, venison productivity, environmental requirements and animal welfare.

Work in some of these areas is well progressed, including diversification for venison into new markets. Seeking the highest-value customers for venison table cuts through chefs and restaurants will remain an important focus, but companies are also working on alternative channels and novel customers for the manufacturing items. At the same time there is huge potential for adding value to exports by connecting the right products with the right customers in China.

The encouraging productivity gains we've made in growth rates and survival must be embedded and integrated with improvements in environmental management and welfare – while still operating profitably and competing effectively with other land uses.

Looking more closely at our progress over the past 12 months, it has been clearly a tale of two markets. The market for velvet has weathered the Covid storm well, with increases in volumes, herd sizes, investment and – most importantly – confidence.

Venison, meanwhile, has struggled to compete with strong returns for sheep and beef. Farmers' patience is being sorely tested but DINZ remains confident that the longer-term prospects for venison are strong.

Nonetheless the hind herd has continued to shrink as farmers cull, and DINZ has budgeted on the basis of lower venison income over the next five years.

Our Covid recovery plan has redirected resources, including those from P2P, to support new opportunities with the venison marketing companies. This has included support for company retail initiatives in the United States, market development in China, and diversification of channels.

These efforts are bearing fruit but not without some disruptive forces to contend with. The most challenging has been the forced closure of restaurants and difficulties getting product to our most valuable customers.

At the same time our markets have been diversifying. That is not a bad thing, but it does add complexity. Marketers have responded well, with a more diverse array of products that address the varying wants and needs of customers.

Farmers supplying product for these customers are being required to work under increasingly stringent environmental rules and compliance isn't necessarily rewarded with a premium. The deer industry has been a leader in environ-

mental management for more than 20 years and has nothing to apologise for, but we do need to tell the world about our track record looking after our land, animals and people.

In shaping our narrative to tell our story we must avoid "greenwashing" and show the authentic face of New Zealand deer farming. The most compelling way to do this is for farmers to tell their own stories and many are already using social media to good effect for that purpose. This will help overcome the desire for customers to "buy local" by providing them with a direct connection to the source of their high-quality venison or velvet products.

We also need to walk the talk by proving we are following high standards, whether they be for welfare, hygiene, traceability, biosecurity or environmental management. By doing this, farmers are supporting the narrative the marketers are using as part of their brand stories.

The tools we need to verify these good practices are already in place – the Regulated Control Scheme, NVSB, NAIT, VelTrak and Farm Assurance Programme, for example.

DINZ advocates to regulators on behalf of the deer industry, working to protect our freedom to operate. The job of farmers and others through the value chain is to support these efforts by making sure all of these good practices are followed, be it hygiene in the deer shed, management of nutrients or product integrity right through to the end customer.

The bonds that have grown to tie the deer industry so strongly during its 50 years will help us meet those challenges.

When this reporting period drew to a close, the headwinds were continuing. But the industry hasn't been standing still. We're adapting, watching the horizon and responding to new opportunities.

As we achieve, and the industry continues to meet customers' needs and society's expectations, we will indeed continue to fulfill the DINZ vision for a confident and growing industry. 🦌



[Handwritten signature of Ian Walker]

IAN WALKER
Chair
Deer Industry New Zealand



[Handwritten signature of Innes Moffat]

INNES MOFFAT
Chief Executive Officer
Deer Industry New Zealand

VENISON

YEAR IN REVIEW

Farmers, processors and marketers had braced themselves for a tough start to the 2020/21 venison season, and it soon proved they were right to do so, as the impact of Covid-19 continued to reverberate through traditional markets.

New Zealand venison processors successfully adapted to Covid restrictions and social distancing requirements, keeping the disease out of local supply chains. It was pressure on demand in overseas markets, however, that put the squeeze on the industry's total export value and products.

SUPPORTING INDUSTRY RECOVERY

Due to the unprecedented situation the industry has found itself in, DINZ released additional funding from reserves to fund a project to support industry recovery. Four companies applied for this contestable funding. A Silver Fern Farms project focused on accelerating market development work in the Chinese retail, foodservice and pet food sectors was selected and received co-funding from DINZ.

The work in China has started to pay dividends with Silver Fern Farms reporting increased sales through these three channels.



Chef workshop in Guangzhou, China

Figure 1: National average published schedule July 2020 – June 2021

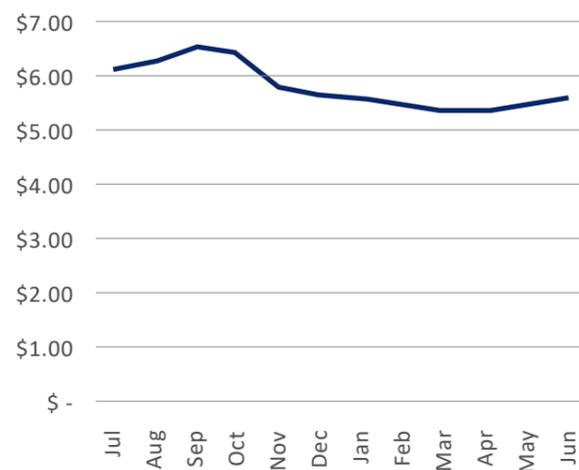
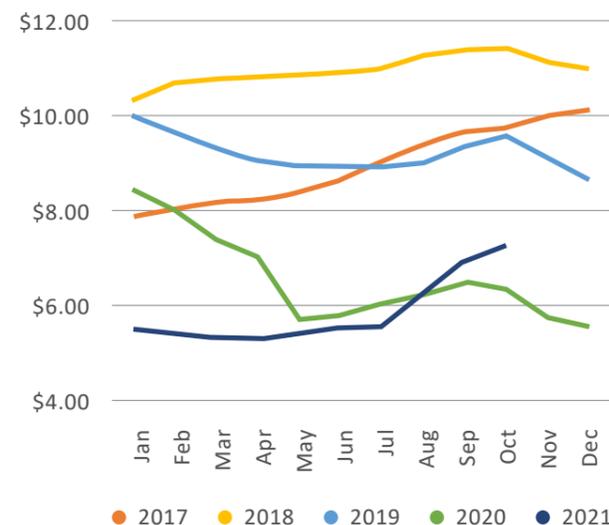


Figure 2: National published schedule 2017–2021 (monthly averages)



CHINA MARKET DEVELOPMENT

Work continued developing demand for venison in China. A new Chinese language website, posters and presence on WeChat social media lift the profile of a previously lesser-known red meat in China.

China successfully controlled its Covid-19 outbreak and foodservice businesses there faced far less disruption compared with their US and European counterparts. A key focus has been working with restaurant chefs to demonstrate how to integrate New Zealand venison into traditional Chinese cuisine. As part of the Passion2Profit (P2P) project, chefs develop dishes, documented with photos and videos of their work. This work also helped with development of a Chinese lexicon for venison that puts its descriptors into a local context.

US MARKET GROWTH

The United States retail sector is also a key part of the industry's Covid recovery strategy. With funding from the P2P programme, four venison marketing companies worked together to develop retail customers for New Zealand venison.

A significant focus of the companies was introducing "ground" venison, an easy product for consumers to understand and cook with. As ground venison develops an established customer base, companies will introduce more higher-value items to their retail range.

Locked-down consumers experiencing greater "food fatigue" were attuned to trialling new cuts and meat types.

With its status as a "natural" high-protein, nutrient-dense and low-fat meat, venison is comfortably occupying the "niche" category, often competing against other equally well-regarded meats such as bison. Early results of the United States focus were positive, with sales volumes there up 23 percent for the year, after a Covid-induced slump in sales in 2020.

EUROPE

The traditional European markets faced widespread food service closures from October 2020 that in some cases stretched well into the Christmas period, quashing consumption, and severely limiting chilled trade exports.

SHIFT FROM CHILLED TO FROZEN

Venison exports for the year ended June were valued at \$150.4 million. This represented a drop of 19 percent in value on the previous season, despite the 21 percent lift in volume sold.

This was reflected in values received for both frozen and chilled venison, and the significant shift from higher-value chilled trade to frozen. The chilled trade contributed 17 percent of total value this year, compared with 26 percent of trade value in 2019/20.

Despite the challenges, the New Zealand industry displayed





remarkable flexibility in adapting to the changes in these traditional markets.

ONLINE PLATFORMS

A switch to greater social media presence resulted in a gain of 2000 Facebook followers in Germany, buoyed by use of videos featuring German-speaking NZ deer farmer Miriam Boyens discussing New Zealand venison and cooking options.

The virtual was also reinforced by the actual. DINZ executive chef Shannon Campbell demonstrated his own flexibility under changed circumstances, moving to do more online demonstrations, videos and classes, while also preparing venison test kits to keep German chefs connected to the product while at home.

Recognising the pressure the pandemic was putting on export sales opportunities, the industry also responded on a domestic level by further developing e-commerce platforms and offering an increased retail presence here at home from an early stage.

All marketing companies invested in online platforms and this effort will be further strengthened in the coming year. DINZ will promote venison in the New Zealand market, with initiatives for both foodservice and retail.

DINZ is leveraging off the skills and profile of ambassador chef Graham Brown training chefs on venison use around New Zealand, while social media presence will also be boosted. 🦌

“DINZ is leveraging off the skills and profile of ambassador chef Graham Brown”

Figure 3: 2020–2021 season exports by volume (tonnes) and market destination

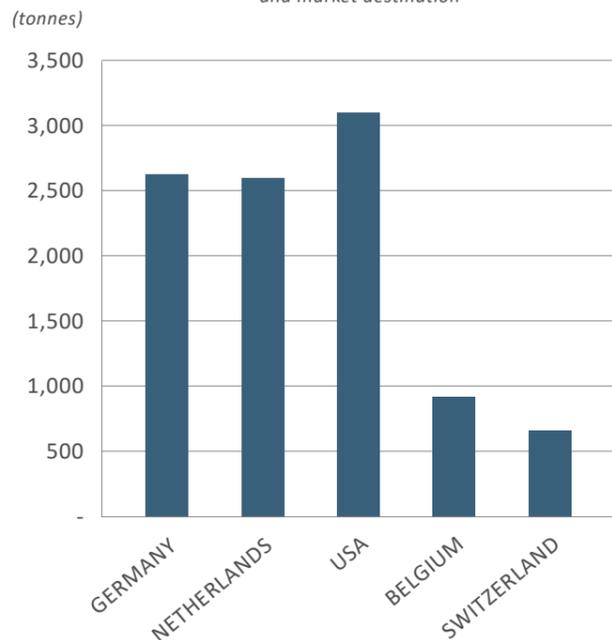
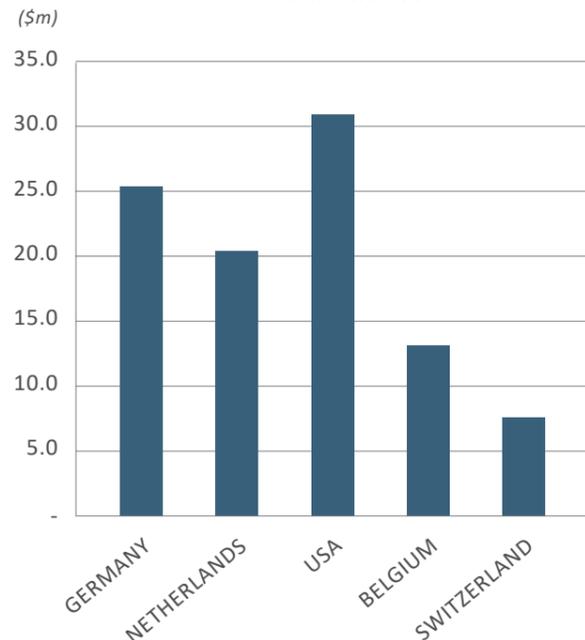


Figure 4: 2020–2021 season exports by value (\$m) and market destination



VELVET

KEEPING CONNECTED IN A COMPLICATED WORLD

Staying connected with our key customers is critical to ensure continued growth for the New Zealand velvet sector. Fortunately, Deer Industry New Zealand (DINZ) contracts very capable representatives in South Korea, Taiwan and now, through the China Deer Velvet Coalition, in China.



Felix Shen, China

Seamus Harris, Taiwan

JongKyu Jang, South Korea

All beamed in live for the 2021 deer industry conference in May.

MAINTAINING GROWTH OF CONTEMPORARY HEALTH FOOD PRODUCTS IN KOREA

DINZ's health food strategy continues to pay dividends as more premium products containing NZ velvet were launched in South Korea over the 2020/21 season.

DINZ's Korean contracted representatives organised innovative virtual market tours to ensure that the DINZ executive maintained a close connection with the



Left: The world's number 1 velvet brand, KGC's Cheong Nok, launched Cheon Nok W – targeting women.



Right: Large food company Pulmone launched its NZ velvet products, available through corner stores in Korea.

Two examples of new products launched in 2020/21

industry's key partners. This enabled continued planning of promotional activity to encourage increased consumption of products containing NZ velvet.

NZ officials based in Korea provided strong support for the NZ deer industry through meeting with the industry's key contacts and customers. The willingness by senior officials to meet our contacts in person not only keeps the connection current, but also enhances the respect and standing of the NZ velvet industry.



Right: Trade Commissioner Stephen Blair (left), NZ Ambassador Phil Turner (centre at back) and other Embassy representatives visit a New Origin Store to discuss New Zealand velvet products.

The NZ–Korea Free Trade Agreement, implemented on 20 December 2015, continued to pay dividends for processed NZ velvet. On 1 January 2021, NZ processed velvet had only 10.6% duty compared with the 20% duty paid for frozen velvet, or velvet from other countries. This advantage was successfully negotiated by NZ officials, with 1.3% of duties removed every 1 January until NZ processed velvet eventually becomes duty free.

CHINA DEER VELVET COALITION

Three leading velvet exporters, Provelco, CK Import Export and PGG Wrightson, helped

commercialise the industry's health food strategy with the launch of the China Deer Velvet Coalition (CDVC) in March 2021.

The focus is on developing NZ velvet's place in China's health food market. The three companies provided a significant investment, with a smaller contribution from DINZ. The total funding is matched by NZ Trade & Enterprise.

The CDVC has employed a senior market manager who operates out of the Primary Collaboration NZ office in Shanghai, China, working alongside other NZ primary product representatives.



DINZ continues to work with all companies with a focus on adding value to NZ velvet in China.

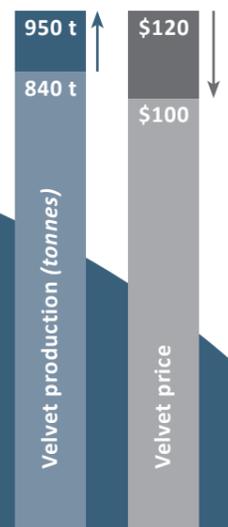
Early signals prove that there are companies in China keen to implement a China-focused health food strategy, mirroring the approach that has been so successful in Korea.

Another key role for DINZ involves market access, which can be unclear at times. DINZ continues to work with the Ministry for Primary Industries on resolving long-standing and sporadic impediments to trade.

STATISTICS FOR 2020/21 SEASON

Velvet production, based on levy paid, increased from 840 tonnes in 2019/20 to about 950 tonnes for 2020/21. It is estimated that the growth results from strong levy compliance as well as some natural growth in production.

The average velvet price estimated for the 2020/21 season fell by about 15% from \$120.00/kg to \$100.00/kg. This decrease was reportedly due to a risk discount by importers in response to the uncertain supply line brought about by Covid-19. Shipping disruptions, significant increases in freight costs and port closures did all eventuate, creating additional costs in getting velvet to the market.



PASSION2PROFIT

ANOTHER STRONG YEAR

The Passion2Profit (P2P) market-led production programme has enabled another strong year of farmer engagement, joint learning and peer support.

P2P projects provided a most valuable network for farmers as they encountered a world and markets disrupted by Covid-19 for their key customers.

At farm level, and across the range of P2P projects, there was a period of reflection and quiet pride in what farmers and rural professionals have built together across the six years of the programme. The partnership with industry and the Ministry for Primary Industries (MPI) remained strong and valued, particularly during a period of ongoing change, uncertainty and opportunity.

ACHIEVEMENTS

Rural professional workshops continued with a broad range of rural professionals seeking to build on their knowledge of deer farming systems. In addition, a workshop model was developed for new team members at regional councils. These modules contain a mix of general information on deer and specific information to help those organisations build capability around deer farming systems.

Five new Deer Industry Environment Groups formed during the year, with a focus on

building further knowledge of environmental opportunities and completing their Farm Environment Plans. Existing groups have elected to continue to meet following completion of their plans, to build awareness of ongoing environment policy and implementation. P2P continues to support these groups with funding and facilitation.

Twenty-five Advance Parties continued to meet during the year, and some took the opportunity to visit Advance Parties in other regions to continue to learn from their peers.

Three hundred and forty-one deer farms have now been audited as part of the Farm Assurance Programme, and a number of deer farmers helped test and refine the Farm Assurance Plus programme before its official launch.

MPI remained a strong partner for the programme overall and was particularly supportive during the disruption caused by Covid-19 lockdowns.

The P2P programme continued to support industry-wide initiatives to develop processes, systems and information around intensive winter grazing.

Below: Farmers have taken pride in what has been achieved over six years of the programme.



Right: Deer Facts are popular sources of practical and up-to-date information for farmers.

The Deer Fact suite of information was refreshed and updated. The series remains a popular source of information for deer farmers and those who support them.



Far right: Eight young people took part in the 2021 Big Deer Tour.

Cervidae Oral, a new triple-combination drench registered for deer, was released. P2P supported the drench rollout with a series of workshops for veterinarians and farmers. The parasite management booklet produced with P2P funding was refreshed and reprinted. A copy was provided to every deer farmer as part of the marketing of this new drench. P2P programme management was closely involved in the delivery and extension programme for He Waka Eke Noa (HWEN) to help every deer farmer know and manage their greenhouse gas (GHG) numbers. Project "know your number" is being managed by the P2P programme to help every deer farmer know their GHG number by the end of 2022. Two technical workshops were held, one in Invercargill immediately after the deer industry conference and one in Palmerston North. Both were well supported, with 250 farmers and rural professionals attending across both events.

Right: Participants at the national technical workshop in Invercargill.



The programme was able to complete both the Big Deer Tour for eight tertiary students

and Future Deer Farmers Experience tour for four newer entrant deer farm trainees.



The market-led programme continues to benefit from the experience and expertise within the P2P Advisory Group. A rotation of membership during the past 12 months provided a good combination of energy, knowledge and enthusiasm.

PRIORITIES FOR THE COMING YEAR

The current funding round for P2P completes in September 2022 and there is strong interest from farmers and programme management to finish the programme strongly.

Work is underway to complete a final report detailing the progress made across the full range of projects. This will include an independent farmer survey, repeating one completed before P2P commenced, and another at the programme's midpoint.

There is strong interest in developing a new work programme to provide ongoing support to embed changes in farmer skill and confidence. This will enable them to continue improving performance, increase efficiency and meet personal, community and discerning customer expectations around environment. Core members of the P2P Advisory Group are working with farmers and rural professionals to build a new programme off the strengths and knowledge of the current P2P. As with the current programme, the NZ Deer Farmers' Association is a key partner.

The intention is to develop a new programme and seek the support and funding of partners to enable new initiatives and a new programme to commence in October 2022.

ANIMAL WELFARE & DEER QA

MAINTAINING THE HIGHEST STANDARDS

As part of its ongoing commitment to ensuring the welfare of farmed deer, Deer Industry New Zealand (DINZ) continues to support and directly invest in quality assurance programmes, while contributing an industry perspective on matters of regulatory reform and compliance. These activities are briefly discussed below.

VELTRAK



A huge amount of work went into getting VelTrak, the industry's new, web-based velvet tracking and traceability system, ready for launch. This included a countrywide programme of "hands-on" training for velvet buyers and processors, development of user manuals/quick start guides for all parts of the supply chain, and an extensive industry communications campaign.

Below: Tag application and scanning for the new VelTrak system

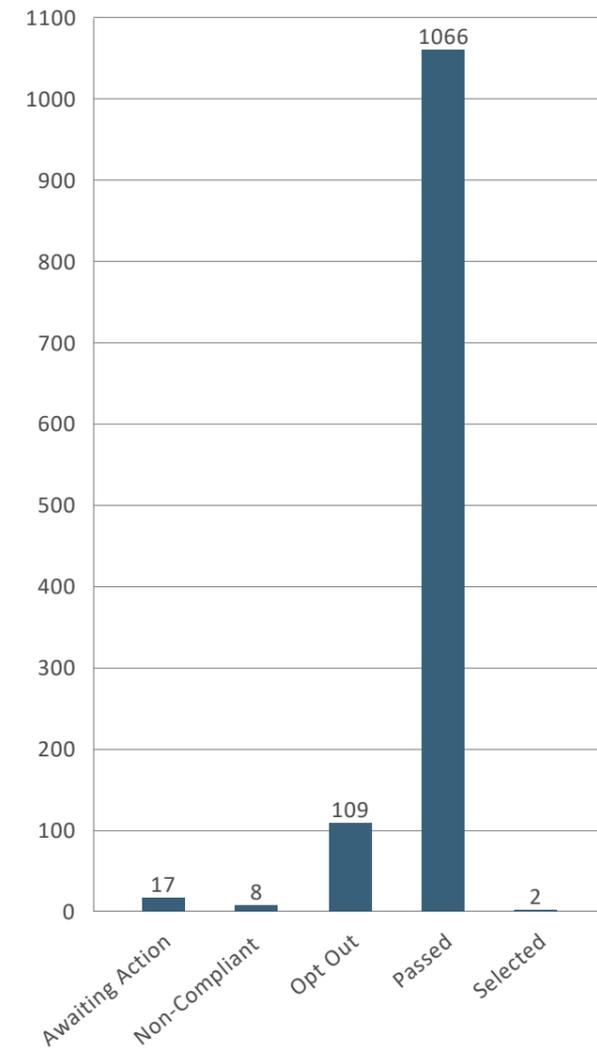


REGULATED CONTROL SCHEME (RCS)

The Regulated Control Scheme (RCS) for Deer Velvet Harvest (2017) sets out minimum hygiene requirements for the harvesting, handling, storage and transport of velvet intended for export. Over the past three years, DINZ has been encouraging all farmers involved in velvet removal to undertake an RCS audit, in order to be able to sell their velvet for human consumption. As of 30 September 2021, 1,066 individual facilities had passed an RCS audit (Figure 1).

As Figure 1 shows, compliance with RCS requirements is high, but farmers are reminded that sheds must be kept clean at all times, as both the Ministry for Primary Industries (MPI) and NVSB auditors can request to inspect a facility at any time.

Figure 1: Regulated Control Scheme audit status as at 30 September 2021



VELVET SURVEILLANCE PROGRAMME

The velvet surveillance programme run by MPI, with support from DINZ, continues to work well and ensure a high level of compliance with National Velvetting Standards Body (NVSB) requirements. It is recommended that surveillance continues over the coming year, in order to protect the vast majority of deer farmers who operate within the rules.

DEER CODE OF WELFARE

DINZ has been working on an updated version of the Deer Code of Welfare and, following targeted industry involvement, submitted a draft document to the National Animal Welfare Advisory Committee (NAWAC) in early September 2021.

The Deer Code of Welfare is an important document, containing minimum standards for the care of deer, which all deer farmers must follow. The code also contains recommended best practices, which can provide farmers with a way to show that they are exceeding the minimum standards.

Following receipt of the draft document, NAWAC convened a sub-committee, containing several deer farmer repre-

sentatives with broad practical knowledge of the industry, to review the code and make recommendations before it is released for public consultation.

DINZ expects public consultation to occur during mid-2022 and strongly encourages all deer farmers to have their say on the document before it is finalised later that year.

TRANSPORT

Sixty-two accredited transport companies were registered with DINZ, six fewer than the previous year. Annual audits of transport companies continue and compliance remains high. Due to the unique nature and temperament of domesticated deer, it is important that everyone involved in transport handles the animals with care and only transports those that are able to withstand the stress involved with being moved.



Farmers who have any concerns about whether or not deer are fit to be transported should seek advice from their veterinarian and obtain a Fitness for Travel Declaration if one is needed. Similarly, if transporters believe that animals are unfit to be transported, they have a legal obligation to leave those animals behind.

Transporting deer that are fit and healthy, in a way that minimises the risk of stress, aggression and injury, is in everyone's best interest, including the consumers, as it results in a better-quality end product.

NEW ZEALAND FARM ASSURANCE PROGRAMME (NZFAP)

DINZ is an associate member of NZFAP and is represented on the programme's Management Committee and Technical Advisory Group (TAG). NZFAP includes deer and covers three key areas:

- animal origin and traceability
- security and food safety
- animal health and welfare.

While membership of NZFAP is determined by the meat processing companies, DINZ is keen to see participation in the programme grow over the coming year and encourages interested farmers to discuss the available options with their company agent.



ENVIRONMENT

| ENSURING THE INDUSTRY'S VOICE IS HEARD

With major reforms impending that are designed to improve freshwater quality, protect biodiversity and reduce greenhouse gas emissions, there has been much work needed to ensure the specific needs of the deer industry are recognised. There has also been considerable ongoing work at regional council plan change level to represent a deer farming perspective.

PRIORITIES

Deer Industry New Zealand (DINZ) continued to help branches of the New Zealand Deer Farmers' Association (NZDFA) and individual deer farmers make submissions on regional plans covering environmental issues (freshwater quality, native biodiversity and greenhouse gas emissions) that place an undue or disproportionate burden on deer farming activities.

DINZ also participated in discussions and collaborations with other primary industry organisations and central government agencies to provide input into development of central government environmental policies that will impact on deer farming activities and industry sustainability.

ACTIONS

Assistance was provided over 2019 – 2021 to the Otago, South Canterbury/North Otago and Canterbury/West Coast NZDFA branches, and the Deer Industry Woodbury Environment Group, to make submissions and presentations to regional plan changes.

DINZ also collaborated with regional councils and other primary industry organisations to develop streamlined consent applications for intensive winter grazing.



In association with the NZDFA South Canterbury/North Otago branch, DINZ organised a winter grazing training day for Environment Canterbury farm environment plan auditors.

DINZ organised a "Deer 101" field trip for government officials (working in freshwater and greenhouse gas emissions policy) to visit two Hawke's Bay farms and observe and discuss farming practices to manage environmental risks. A second Deer 101 field trip was held for Otago Regional Council staff, also visiting two farms. This helps govern-



Above: DINZ engaged with regional councils on consent applications for winter grazing

ment organisations develop more pragmatic environmental policy that doesn't place extra and undue cost or burden on deer farming.

The NZDFA Southland branch of and DINZ spoke to the Southland Regional Forum on how the deer industry can play its part in managing freshwater quality across the region.

Legislation requires farmers to face a price on biological greenhouse gas emissions in 2025. Alongside other industry organisations, Māori and government departments, DINZ is involved in developing an on-farm reporting and pricing system for greenhouse gas emissions and carbon storage.

RESULTS

Mediation for Plan Change 8 of the Otago Water Regional Plan has resulted in agreements that satisfy most of the concerns for deer farming. The matters are now before the Environment Court.

Relationships with regional councils and government officials continue to develop, while understanding of deer farming practices and management of environmental risks by regulators continues to improve. The industry is viewed positively in many key regions.

Central government is now seeking to re-engage with primary industry organisations, including DINZ, over refining and implementing freshwater regulations.

Our views have been communicated to the working groups and the programme office of He Waka Eke Noa (the partnership that is developing on-farm reporting and pricing for greenhouse gas emissions and carbon storage). 🦌



SCIENCE & POLICY

INNOVATION FRAMEWORK WILL DELIVER

The benefits of a major shift in the way deer industry science efforts are managed began to reveal themselves. The science innovation framework will be a more responsive and flexible system for ensuring investment in science delivers what the industry needs.

SCIENCE

The launch of Cervidae Oral in September 2021 was the culmination of several years of research and product development. Having an approved combination anthelmintic specifically formulated for deer has been a massive achievement for a small industry. The new drench, together with non-pharmaceutical measures to manage parasites, is a milestone that will help delay widespread parasite resistance as long as possible.

A lot of work this year has been in shaping the new research commissioning partnership and innovation steering groups. While the focus has been on commissioning research, a lot of work has also gone into monitoring and evaluation of research projects. This will help ensure that projects deliver the expected benefits. It will also ensure that projects that do not deliver the expected benefits can be reconsidered, with resources directed where they will yield the greatest benefit for the industry.

Within the new framework, the ability to commission small pieces of work to understand an issue better before carrying out a full research project is proving its worth. It is allowing ideas to be better defined and therefore appropriately prioritised. It has also allowed DINZ and AgResearch to move quickly where an opportunity presents itself to be part of bigger projects and leverage off other New Zealand research.

POLICY

A major overhaul of the legislation that governs processing of both velvet and venison is coming to an end. As part of this, Deer Industry New Zealand (DINZ) has ensured that the fundamental requirements are relevant to our processors. A major achievement in this area was to ensure that the ability for our NVSB auditors to also carry out the RCS audits was maintained. This ensures that audits are carried out by people

that are intimately familiar with both deer and velvetting. It also limits the number of separate audits required on farm.



DINZ has continued to ensure that traceability and biosecurity policy is relevant to the deer industry. As an example, a proposed requirement for double tagging deer was discarded. In addition, we have worked with OSPRI to ensure that material used for training and education includes deer, and is appropriate for the New Zealand context.

The work on chronic wasting disease (CWD) readiness restarted this year. While the reduction in international travel has dramatically reduced the current risk for entry of CWD, DINZ has worked with MPI to ensure import health standards consider and reflect the risk of introducing CWD through the importation of deer products through legal pathways. In preparation for borders reopening, we continue to work with MPI to maintain vigilance for CWD risk goods at the border.

As part of our wider work in biosecurity, DINZ continues to take an active part in work under the government–industry agreement (GIA) together with the other livestock industries. While challenges remain within this structure, it continues to provide an important pathway to protect the deer industry against both direct and indirect threats. 🦌

“It has allowed DINZ and AgResearch to move quickly where an opportunity presents itself”

Collecting data as part of the AgResearch hill and high country water quality project

PRODUCER MANAGEMENT

KEEPING THE INDUSTRY CONNECTED

Despite the disruptions caused by Covid-19, DINZ adapted to the challenges and continued to promote strong communication links within the industry. The year featured a highly successful industry conference in Invercargill, a well-supported Next Generation programme based in Queenstown and the annual branch chairs' conference in Wellington.

PRIORITIES

The producer management role continued to extend into reporting non-P2P events, NZDFA branch events and local activity.

Other priorities included:

- working with DINZ executives to bring a producer perspective to DINZ activities, especially via the P2P programme
- engaging fully with the NZDFA nationally via the Executive Committee, Selection and Appointments Panel, branch chairs and committees, individual members and the wider community of active deer farmers
- sharing lessons from P2P and Advance Party activities more widely through Regional Workshops, each hosted by the relevant DFA branch.

EMERGING PRIORITIES

The NZ Covid-19 response reinforced the value of frequent and effective industry communication with NZDFA members, nationally and at branch level, and with the wider DINZ networks. Virtual conferences, webinars and ongoing stakeholder contact were prioritised.

ACTIONS

Valuable, cost-effective and relevant industry events for deer farmers and our partners in the venison and velvet industries included the annual combined NZDFA–DINZ deer industry conference, the NZDFA's Next Generation

programme and the annual October NZDFA branch chairs and New Faces conference. There is a strong leadership development aspect to some of these activities.

2021 Deer Industry Conference

The 2021 deer industry conference, themed "2020s vision: The focus is you", was held in Invercargill. A full programme was developed with a top line up of keynote speakers and willing sponsors, hosted at the Bill Richardson World of Transport Museum and conference centre. For the eighth year in a row, the event was livestreamed.



The 2021 deer industry conference in Invercargill was well attended

The conference was enjoyable at all levels. It was decided to run with the same programme and location that had been planned for the previous year, when the conference was cancelled because of Covid-19. Environmental responsibility, winter grazing management and mental and physical wellbeing were highlights along with the DINZ reports and keynote speakers and a strong bench of sponsors.

The conference partnered a P2P national technical workshop and trade displays, providing an additional op-



Next Generation programme visit to Deer Park Heights, August 2021

portunity for sponsors. That event attracted 130 delegates and was well received.

Next Generation programme

DINZ and NZDFA combined to hold the 2021 Next Generation conference based in Queenstown in August. This attracted a full turnout of 70 delegates. The event helps encourage young people to engage in NZDFA locally and also to become aware of the range of DINZ services for industry.

Each day was spent on large deer farms:

- Fairlight Station, with an introduction to the Fairlight Foundation
- Pāmu, Eyre Creek, an extensive breeding operation and site of an AgResearch/deer industry hill and high country water quality monitoring programme
- Remarkables Station, a model for self-fed overwintering of hinds on lucerne silage; the station is being gifted by the Jardine family to the QEII Trust
- Deer Park Heights, one of the original New Zealand deer farms now incorporating a spectacular tourism operation overlooking Queenstown, and also a sought-after movie location.

There is a regular commitment for Deer Industry News to attend the Next Generation programme and report on the major producer activities.

Branch Chairs' Conference

The October 2020 NZDFA Branch chairs conference and

New Faces programme was held in Wellington. There was increased attendance and access to venison and velvet marketing representatives, plus an in-depth presentation and Q&A with the DINZ Board and staff. Chairs received updated reports from venison and velvet markets.



Brainstorming session at Branch Chairs' meeting, October 2020

The event also featured an introduction to VelTrak, the new velvet antler electronic track and tracing system.

The conference extended its range to include the essential freshwater policy the Climate Change Commission and He Waka Eka Noa, and a closer relationship with Beef & Lamb NZ.

The branch chairs' dinner was highlighted with DINZ's executive chef Graham Brown hosting "Venison on a Plate", a well-received showcase demonstrating some of the lesser cuts, with new presentations for edible by-products.

That feature was repeated at branch level in South Canterbury when the DINZ Board attended and spent an evening with branch members. The Board has a policy of meeting local branch members in a key region twice a year.

Communication

Communications included an extension and appealing new design of the monthly NZDFA electronic newsletter, Stagline-Online, as well as frequent online meetings.

Stagline-Online for NZDFA members features updates from the DINZ executive and board, and NZDFA executive committee, plus feature articles on industry activity throughout the regions and at national level. It has a good circulation and opening rate.

OTHER ACTIVITIES

The deer industry was represented on the Minister of Agriculture's pan-sector Winter Grazing Action Group which is due to report in November 2021.

RESULTS

Responses to demands of central and regional government for environmental stewardship have consumed increasing amounts of time. One example was the producer

consultation and strong submissions from both NZDFA and DINZ on the essential freshwater legislation.

While the 2021 deer industry conference was enjoyed and well presented, it failed to attract significant farmer support. This suggests a review of the format for the annual conference incorporating the NZDFA AGM may be timely. Options developed for wider consultation include a major biennial event in a large centre with a national technical conference in alternate years.

In terms of producer engagement, and supporting the combined activities of the NZDFA leadership, DINZ board and executive team and Passion2Profit programme, the relationship between NZDFA and DINZ has grown closer and more valuable during challenging times.

The strength of a united industry in difficult times with Covid-19 driving unsustainable venison returns, and the willingness of all parties to engage, has emphasised the value of two-way communication through the producer management team – a vital role within DINZ. 🦌



DEER SELECT

BROADENING SCOPE FOR BREEDING VALUES

Across-breed evaluation and a broader range of more accurate breeding values are among the significant improvements helping reshape and enhance the genetic selection options offered by Deer Select.

ACHIEVEMENTS

Across-breed connectedness

Five red and three wapiti industry sires were mated to hinds by artificial insemination at AgResearch Invermay as support for the new across-breed evaluation. The progeny will be born in November 2021 and recorded to underpin across-breed evaluation. Members of the industry have largely been co-operative in maintaining within-breed linkages at the conclusion of the Deer Progeny Test programmes.



Across-breed evaluation

This has been a major undertaking and is effectively "Deer Select Mark 2". It builds on data from the Deer Progeny Test and follow-up programmes. It uses the new genotyping-by-sequencing (GBS) DNA system developed at AgResearch in 2017 to assign breed more accurately. It is expected the new system will be delivered to industry in early 2022 and used for the 2022/23 selling season. This will result in new breeding values (BVs), different to those that breeders and farmers have become used to.

Deer Select improvements

- Red and wapiti in same evaluation with BVs able to be directly compared for connected herds and traits.
- Updated velvet heritabilities
- Updated meat module
- New fertility breeding values for first calvers and mixed age hinds

- A new deer model to determine updated economic values for traits
- Sub-indexes for reproduction, growth and meat
- Updated maternal and terminal indexes

Extension

A number of extension activities have been undertaken, mainly through the Passion2Profit (P2P) programme. Several genetics-focused Advance Party meetings were held in both the North and South Islands, a velvet day at Fairlie was very well attended, and national technical workshops were held at Invercargill and Palmerston North.

Several printed articles were produced, in both deer and rural print media. These have often used data from the "BVs in practice" exercise undertaken the previous year to give confidence that BVs result in demonstrable differences under standard farming conditions.

There has been a notable increase in the range of BVs that farmers are interested in. Early conception (CDeBV) featured strongly in summer-dry areas, and there was more targeted use of the standard weight at 12 months (W12eBV) BV to get the "right size" genetics for different farms and systems.

CARLA

There has been a good uptake by breeders, with all wapiti and most red venison-focused herds recording the CARLA trait for improved robustness to lungworm and gut parasite challenge. There has also been good farmer interest in the new CARLA BVs.

CHALLENGES

Getting all aspects of the across-breed evaluation collated has been technically challenging. Expertise from AgResearch and AbacusBio has been critical to its development. The next challenge will be delivering it to breeders and farmers in the coming year. 🦌

SUMMARY FINANCIAL STATEMENTS

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

For the year ended 30 September 2021	Consolidated 2021 (\$,000)	Consolidated 2020 (\$,000)
Revenue income		
Venison levy income	3,752	3,742
Velvet levy income	2,777	2,413
Tbfree levy income	1,160	1,113
NAIT levy	101	100
Grant income	1,101	858
Other revenue	489	308
Total Revenue	9,380	8,534
Expenditure		
Research expenditure	934	648
Venison and velvet promotion expenditure	2,564	2,199
P2P expenditure	1,481	1,388
Tbfree and NAIT expenditure	1,384	1,218
Other expenditure	2,669	2,209
Total Expenditure	9,032	7,662
Movement in Equity in Joint Venture	-	(13)
Change in Proportionate Share in Consortium Net Assets	3	-
Total Comprehensive Revenue and Expenditure Before Taxation	351	859
Taxation Expense	(40)	(47)
Total Comprehensive Revenue and Expenditure After Taxation	311	812

SUMMARY STATEMENT OF FINANCIAL POSITION

As at 30 September 2021	Consolidated 2021 (\$,000)	Consolidated 2020 (\$,000)
Accumulated Funds	3,443	3,132
Represented by:		
Current Assets		
Cash at Bank	2,466	2,616
Investments	1,205	401
Stock - VelTrak Tags	70	-
Accounts Receivable	1,090	976
	4,831	3,993
Non Current Assets		
Property, plant & equipment	23	15
Intangible assets	519	608
	542	623
Total assets	5,373	4,616
Current liabilities		
Accounts payable and accruals	1,806	1,353
Employee entitlements	114	114
	1,920	1,467
Non current liabilities		
Accrued lease liabilities	10	17
Total liabilities	1,930	1,484
Net Assets	3,443	3,132

SUMMARY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2021	Consolidated 2021 (\$,000)	Consolidated 2020 (\$,000)
Opening Equity	3,132	2,276
Total Comprehensive Revenue and Expenditure After Taxation	311	812
PGGRC Interest transferred from DEEResearch	-	44
Closing equity	3,443	3,132

SUMMARY STATEMENT OF CASH FLOWS

For the year ended 30 September 2021	Consolidated 2021 (\$,000)	Consolidated 2020 (\$,000)
Net cashflows from operating activities	786	722
Net cashflows from investing activities	(936)	391
Net (decrease)/increase in cash held	(150)	1,113
Opening Cash Balance	2,616	1,503
Closing Cash Balance	2,466	2,616

NOTES TO SUMMARY FINANCIAL STATEMENTS

The specific disclosures included in this summary financial report have been extracted from the full financial report which was authorised for issue on 24 November 2021.

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

The summary financial report does not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial report of the Group.

If you require a set of accounts, please contact Innes Moffat on email - innes.moffat@deernz.org and we will forward a copy to you.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF DEER INDUSTRY NEW ZEALAND GROUP'S SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

The Auditor-General is the auditor of Deer Industry New Zealand and its controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, Hamish Anton, using the staff and resources of Deloitte Limited, to carry out the audit of the summary consolidated financial statements of the Group on his behalf.

OPINION

The summary consolidated financial statements of Deer Industry New Zealand and the Group on pages 22 to 23, that comprise the summary consolidated statement of financial position as at 30 September 2021, the summary consolidated statement of comprehensive revenue and expenditure, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year ended on that date, and related notes, are derived from the full consolidated financial statements for the year ended 30 September 2021 that we have audited.

In our opinion, the summary consolidated financial statements are consistent, in all material respects, with the audited full consolidated financial statements for the year ended 30 September 2021, in accordance with PBE FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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

The summary financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full financial statements.

THE FULL FINANCIAL STATEMENTS AND THE FULL STATEMENT OF PERFORMANCE AND OUR AUDIT REPORT THEREON

We expressed an unmodified audit opinion on the full consolidated financial statements for the year ended 30 September 2021 and in our auditor's report dated 24 November 2021.

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited full consolidated financial statements of Deer Industry New Zealand and the Group, based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, Deer Industry New Zealand.



HAMISH ANTON, DELOITTE LIMITED

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

BOARD MEMBERS

APPOINTED BY THE NEW ZEALAND DEER FARMERS' ASSOCIATION



1. KRIS ORANGE

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



2. MARK HARRIS

Shareholder of Fonterra, Farmlands and Ballance | Officer of Gallagher Group Ltd



3. WILLIAM OLIVER *(UNTIL 30 JUNE 2021)*

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



4. DR IAN WALKER

Owner of Kilgaren Farm Partnership | Director of Centralines Ltd | Director and Shareholder of Kilgaren Farms | Shareholder of Silver Fern Farms, Ballance, Ravensdown, Farmlands and Provelco



5. MANDY BELL *(FROM 1 JULY 2021)*

Director and shareholder of Criffel Station, AglisNZ Ltd, AgResourced Ltd, Criffel Water Ltd | Shareholder of Alliance Group Limited, Balance | Member of P2P Advisory Group

ELECTED BY VENISON MARKETERS AND PROCESSORS



6. GERARD HICKEY

Officer of Firstlight Foods | Shareholder of Firstlight Foods



7. NIGEL JONES

Officer of Alliance Group Limited



8. SIMON LIMMER *(UNTIL 30 JUNE 2021)*

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



9. DAVE COURTNEY *(FROM 1 JULY 2021)*

Officer of Silver Fern Farms

ELECTED BY VELVET MARKETERS AND PROCESSORS



10. TONY COCHRANE

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



Ph: +64 4 473 4500

info@deernz.org | www.deernz.org

Postal address: PO Box 10702, Wellington 6140

Physical address: Level 5, Wellington Chambers, 154 Featherston Street, Wellington 6011

INDEMNIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

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