

# Annual Report

## 2019/20



**Deer Industry**  
New Zealand

# FROM THE CHAIR AND CEO



Ian Walker, Chair



Innes Moffat, Chief Executive Officer

Our industry is no stranger to market disruption. Pioneers of the venison industry worked through the impact of Chernobyl in the 1980s, while velvet marketers traded through the Asian Financial Crisis in the 1990s. That kind of disruption returned in 2020, but it was at a whole new level.

Never before has our sector experienced an impact to the global extent of the Covid-19 pandemic. It has been much more than a simple matter of market access. From March 2020, shipping, airfreight and restaurant sales have been severely disrupted by lockdowns and reductions in consumer expenditure in all our markets.

While our overseas markets were in turmoil, farmers, transporters, processors and support services had to work through a period of unprecedented lockdown here in New Zealand.

A special note of thanks must go to the workers in our processing plants. While many New Zealanders were taking time off during the Covid-19 lockdown, these essential workers continued to turn up in very trying circumstances to make sure that processing capacity was available for farmers needing to quit livestock. This was especially important in the areas that suffered from moisture deficits and feed shortages.

We saw the best of New Zealand farmers coming to the fore in 2020. The donation of feed from across the country to farmers in Hawke's Bay

as they suffered the triple impact of drought, Covid-19 lockdown and Tb movement controls, is just one example of farmers' willingness to help others in need.

These were not the only issues for us in 2020. Going into the year we also faced challenges in the form of freshwater and greenhouse gas regulation, and a softening venison market.

## BOARD MANAGEMENT

In 2020 we farewelled Danny Hailes after nine years as a director elected by venison marketing companies. Danny provided experienced governance and an industry viewpoint to the work of the DINZ board and we thank him for his contribution. Nigel Jones was elected as the new director for a three-year term.

The board undertook a skills review during the year. This has been passed on to the Selection and Appointments Panel, who will use this to assess skills needs when considering future DFA appointments to the board. This was a good opportunity to assess the skills and experience necessary to govern Deer Industry New Zealand.

In a new initiative for DINZ, we welcomed an observer to join the board for the year. Rob Kidd was chosen from a strong field of applicants and provided his valuable perspective to the board deliberations during the year. The observer role will become a regular part of DINZ board work to both give aspiring industry leaders some governance experience, and bring different views and experiences to board discussions.

We would like to thank all directors for their direction of DINZ activities over the year.

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## FINANCIAL ADMINISTRATION

DINZ operates carefully with levy payers' funds and ensures responsible investment for industry needs. Despite the expectation of increased services and increased calls on DINZ staff time, levy rates were held steady for the 2019/20 financial year.

As the year unfolded, the board instructed DINZ staff to pursue a conservative approach to expenditure given the uncertainty that Covid-19 created, but to also consider where resources could be redirected to support marketers developing sales and supporting existing customers.

DINZ finished the year in a strong financial position and was able to make a grant to the Deer Research Trust, which can be used to fund future research activity.

## HEALTH AND SAFETY

Deer Industry New Zealand takes its responsibility for worker health and safety seriously, both as an employer and an event organiser. DINZ staff develop health and safety procedures that fit our organisation's needs and we have been pleased to see a more formal safety-conscious approach to event management adopted.

We are pleased to report there were no health and safety issues for DINZ this financial year and we will continue to strive to achieve a zero incident record. Mental health is also some-

thing we take seriously for our team of many thousands across the country. We urge farmers and farm workers to keep an eye on each other and seek advice when you are concerned for someone's wellbeing.

## REGULATION

The operating environment for deer farmers continued to change in 2019/20 with the introduction of He Waka Eke Noa – the partnership between agriculture, the Crown and Māori aiming at providing farmers with incentives to monitor and reduce agricultural greenhouse gas emissions. The introduction of regulations on freshwater management will have an impact on many farmers and DINZ was successful in getting deer excluded from some of the provisions within the regulations.

We ended the year waiting for the election, but know that irrespective of political party, the direction in the way natural resources are managed in New Zealand is changing. We remain supportive of good environmental stewardship and the protection of natural resources, but will keep working with local and national government to implement affordable solutions that work for farmers and result in better outcomes for the land, for the community and for animals.

## PROSPECTS

Despite the ravages of Covid-19 across the year, our sector ended 2020 with a

sense of optimism. The velvet market still offered good prospects, if the normal early-season nerves could be settled. Chilled venison orders were solid. Producers had got animals up to weight early and were taking the opportunity of supplying animals with some certainty of an adequate payment, even though prices were well down on previous years.

Our industry remained positive about the future, while acknowledging the trials that 2021 would bring.



**Ian Walker**  
Chair  
Deer Industry New Zealand



**Innes Moffat**  
Chief Executive Officer  
Deer Industry New Zealand

# VENISON

## YEAR IN REVIEW

Deer Industry New Zealand had three clear priorities for the venison sector heading into the 2019–2020 year. Supported by venison marketing companies, the key activities were:

- increase sales of Cervena® venison in Europe during the summer
- increase sales to foodservice in the United States
- open up opportunities for farm-raised New Zealand venison in mainland China.

The venison market entered the 2019–2020 season with a slight overhang of manufacturing venison in the United States and some concerns about demand for high-priced proteins in the European foodservice market. The chilled season in Europe wasn't as good as some importers had hoped, with high prices leading to product substitution to other items. However the situation was manageable and exporters were looking forward to a successful 2020.

In February/March, the global food-service sector targeted by New Zealand venison was severely affected by the

outbreak of Covid-19. The pandemic significantly disrupted exporters' and DINZ's programmes, with sales cancelled and events needing to be postponed.

Added to this were import issues in China with confusion over the status of venison as a game meat.

The priorities for exporters and their customers, and DINZ, changed rapidly. With the suspension of the restaurant trade, DINZ was focused on:

- restoring access to China
- helping marketers find new channels for venison
- creating material to target customers online or via retail outlets.

DINZ chefs were put to work creating digital content and conducting webinars with retail buyers and product developers. Social media programmes were activated to take the message about the quality and availability of New Zealand venison to potential customers' homes. In addition, new meal ideas were provided to chefs as they tackled the challenge of shifting from fine dining to road-side pick-ups.

Rapid reallocation of energy, focus and

funds allowed replacement activities to pick up over the second half of the year, but the reduction in the international restaurant and foodservice trade severely impacted returns for New Zealand venison producers. Schedule payments to producers dropped over the year (Figure 1 and Figure 2), with spring payments on contract peaking a little over \$7.00 per kg.

## Processing

Deemed an essential business, New Zealand venison processing continued through the various Covid-19 Alert levels with tight processing protocols at Level 4 in April/May. DINZ passed its appreciation to meat plant workers for a job well done in trying circumstances.

## KEY STATISTICS

### Production up

As a result of the ability to process deer, even through Alert levels 3 and 4, total production in New Zealand for the year was up 8.2% on the previous year due to an increase in numbers and an increase in average carcass weight.

Total export volume for the year ending September 2020 was down

Figure 1: National average published schedule October 2019–September 2020

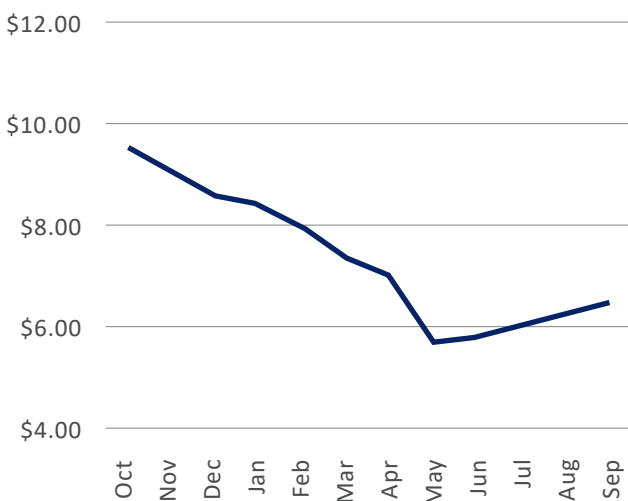
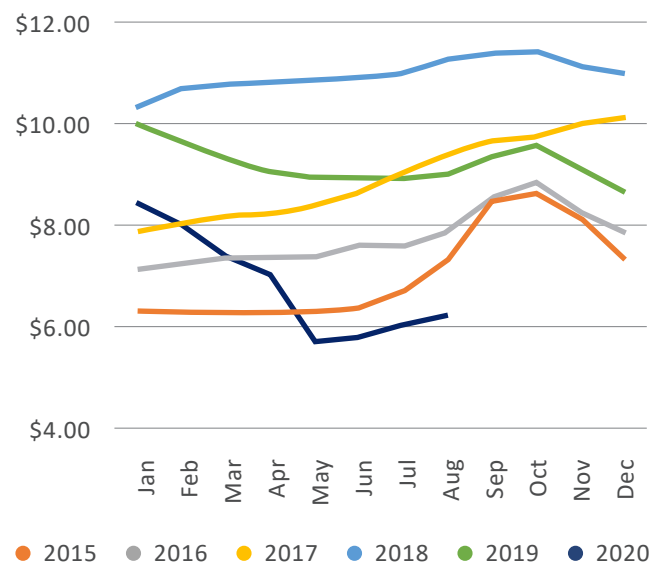


Figure 2: National published schedule 2015–2020 (monthly averages)





Michelin-starred Dutch chef Erik van Loo, chef/owner of Parkheuval restaurant in Rotterdam (right), worked closely with his son Julien (left) in the preparation of the venison tortellini for the Busche Gala.

2 percent year on year. The value of these exports was down 19 percent, however, reflecting the drop in international meat prices and a reduction in chilled exports to summer markets in Europe and the United States.

**Germany top market**

In 2019–2020, Germany regained its number one spot in New Zealand venison’s export rankings, receiving 3,291 tonnes (Figure 3). This was an 11 percent increase in volume on the previous year, but at \$39.1 million there was a 13 percent fall in value for this market (Figure 4). Germany took 28.5 percent of total venison exports by volume. Exports to Germany had bounced back at the start of 2020, helped by reduced pricing following market pressure, but foodservice and restaurants were badly affected by a sequence of lockdowns.

**US back to number two**

The United States became New Zealand’s second-most important market for venison in 2019–2020. The

market received 2,532 tonnes worth \$34.1 million in the 2019–2020 season, a drop of 30 percent by volume and 34 percent by value on the previous year (Figures 3 and 4). Pre-March and the outbreak of Covid-19, the market had been continuing to show its steady growth for ground venison and for sales into foodservice.

**TARGETING KEY EUROPEAN SECTORS**



The venison tortellini crafted by van Loo ready to serve to Busche Gala guests. These innovative canapés featured cured, thinly sliced New Zealand venison as their outer shell.

New Zealand has reduced its reliance on the European game market over the past five years, but it is still an important sales period for New Zealand and

Figure 3: 2019–2020 season exports by volume (tonnes) and market destination

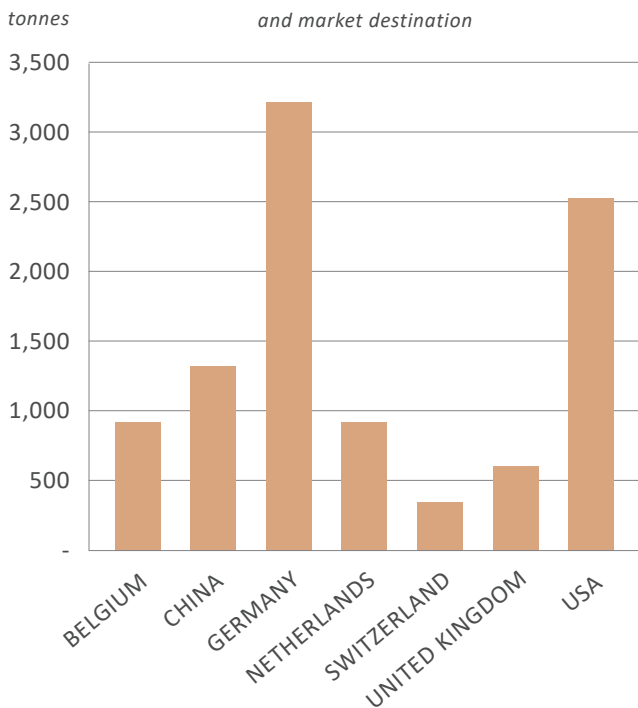
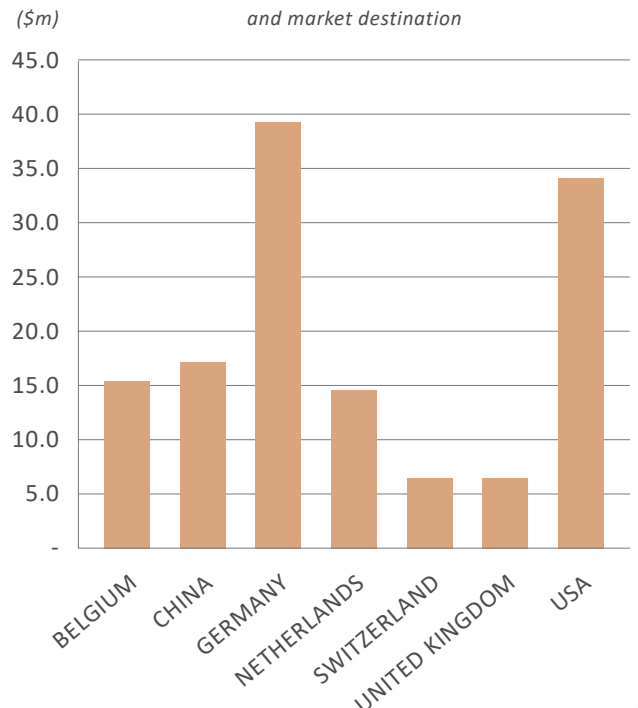


Figure 4: 2019–2020 season exports by value (\$m) and market destination



# 关于 新西兰鹿肉

新西兰鹿肉来自新西兰牧场自然放养的小鹿, 品质极为纯正。

它独特的风味和与其他食材的良好兼容性既能成为你创作新菜的最佳灵感来源, 又能让你的创作有极大的自由发挥空间。



New Zealand **Venison**  
新西兰草饲鹿肉

*Details about how New Zealand venison is raised on farms in New Zealand can be accessed by Chinese consumers from the new China website via QR codes on the WeChat posters.*

the main venison-consuming period across a range of European countries.

DINZ works with Berlin-based Kiwi chef Shannon Campbell to provide hands-on demonstrations with importers and their customers and also promoting our venison at chefs' events like Busche Gala.

Once Covid lock-downs cancelled events, DINZ worked closely with the venison exporters and importers in Germany to help identify specific cuts that needed promotional support and to identify novel or new customers within their markets. New recipes and videos were developed in 2019–2020 for use in demonstrations.

## SUMMER CERVENA IN EUROPE PIVOTS TO RETAIL

This was the fourth year of promotion of a wide range of Cervena cuts to chefs in Germany and Benelux countries during the Northern Hemisphere summer and was one of the elements of the programme of activity in the Passion2Profit (P2P) Primary Growth Partnership.

The season was shaping up well and was set to seek a bigger impact with plans including in-store and chef demonstrations, tastings, competitions, attendance at trade fairs and public relations activity.

The uncertainty created by the shut-down of the restaurant business in March across continental Europe led to the cancellation of restaurant promotions. However one importing company accelerated its plans for retail sales of Cervena and completed a promotional programme via Carrefour in Belgium.

## NEW PRODUCT DEVELOPMENT FOR CHINA

The New Zealand deer industry seeks to ensure market diversification to avoid over-reliance on any one market. Mainland China is an under-developed market for New Zealand venison and three New Zealand processing companies are developing niche opportunities in this huge and



Recipe imagery from Wellington-based photographer Nikki Astwood brought a fresh new look to Cervena this year.

diverse country. Interest in New Zealand venison is growing, and the groundwork laid over previous years has helped, as opportunities in other markets became constrained due to the partial restaurant lockdown. Venison exports to China increased from 200 tonnes in 2018–2019 to more than 1,000 tonnes in 2019–2020 (Figure 3).

The Covid-19 outbreak has accelerated work in the market to find niche opportunities for a range of venison cuts.

DINZ worked with six chefs in China to develop new recipes suitable for

Chinese cuisine. These recipes were incorporated into the development of rapidly developed new marketing material ready for use by venison exporters in China. This included a new Chinese language website, posters for the WeChat social media platform, new recipes and point-of-sale material.



Working in a borrowed commercial kitchen and using professional lighting, Shannon Campbell did not waste time during the disruption caused by Covid-19. He was focused on developing recipes for the current culinary trends for Levantine and Japanese food, along with some easy mince dishes and more traditional Germany slow-cooked dishes for the game season. Here, New Zealand venison has been presented as part of a hummus bowl.



Chef Shen was one of the six chefs working with DINZ on recipe development.

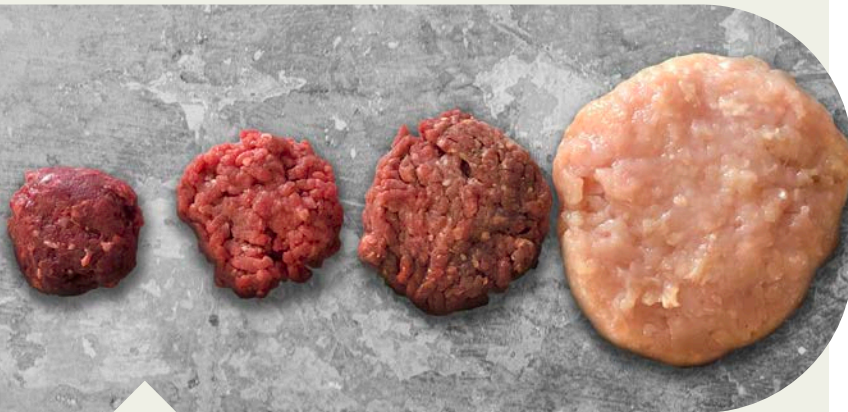


Venison

Beef

Lamb

Chicken



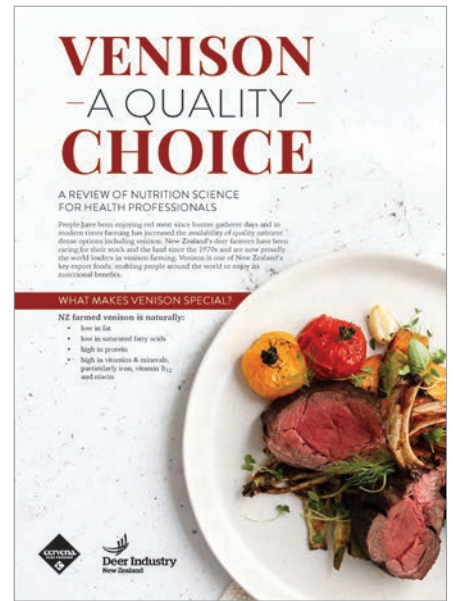
### LET'S TALK VENISON AT HOME

Julie North demonstrated how much mince is required to meet the daily iron requirements of a one-to-three year old child.

Let's talk venison at home: five Kiwi food writers were treated to a New Zealand venison day hosted by Graham and Glenda Brown at their home in Ashley Forest, North Canterbury. The group learned of the nutritional benefits of venison in the family diet from Foodcom's Julie North, saw how versatile venison is in seven dishes demonstrated by Graham and learned about deer production from deer-farmer-next-door Jeff Smith. Positive material has since appeared in print and online.

### VENISON – A QUALITY CHOICE

The nutrition dossier 'New Zealand Venison – A Quality Choice' was translated into German, Dutch and Mandarin. It was also distributed to health professionals here in New Zealand.





# VELVET

## PRIORITIES, ACTIONS AND ACHIEVEMENTS

### Grow the New Zealand velvet (ingredient) brand position in South Korea

- Working closely with a few selected partners in Korea to promote New Zealand velvet as a premium ingredient continues to pay off. Most companies report good online sales growth over the previous year, offsetting some decline in sales through physical stores due to Covid-19 lockdowns.
- Due to market promotional activity, there were another 20 velvet health food products launched onto the Korean market this year.

### Protect New Zealand velvet’s position in traditional sector

DINZ launched a new Oriental Medicine Doctor (OMD) scholarship initiative to get closer to leading universities that have traditionally taught that Russian velvet is the best. The New Zealand Ambassador to Korea presented the scholarships, which resulted in a wide media coverage.

### Implement a similar Korean health food strategy in China through encouraging companies to invest and develop products containing New Zealand velvet

One company achieved successful registration of a healthy functional food product that contains velvet. Two more companies are investing in velvet product development.

### New geographic markets for New Zealand velvet

The industry’s closest Korean partner, KGC, launched its new convenient velvet product ‘Choen Nok Everytime’ into Taiwan. KGC has several retail stores in Taiwan and reported a successful launch. It used a famous young Korean actor (below) and promoted the New Zealand provenance of its velvet ingredient.



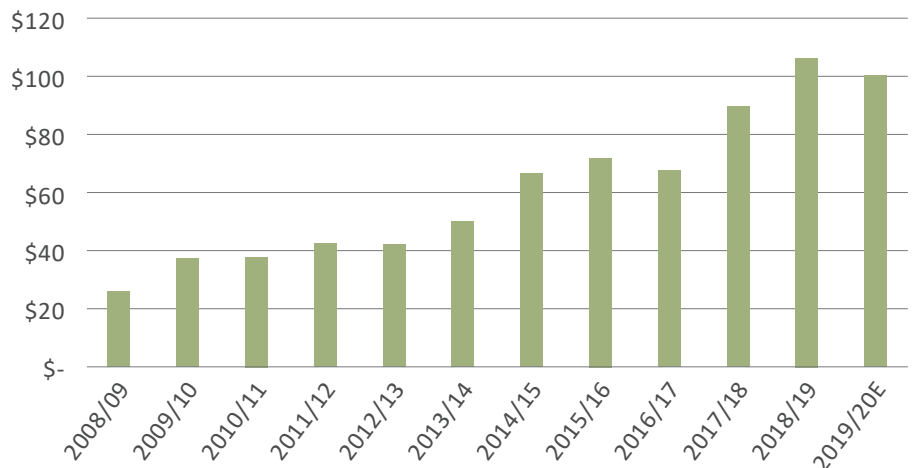
### Statistics for 2019/20 season

- Velvet production increased from 803 tonnes in 2018/19 to around 840 tonnes for the 2019/20 season. However, some importers reported that increasing velvet production (nearly doubling in 8 years) resulted in the decreased prices paid to producers this year.
- Although the average velvet price came back from the previous year’s historic high of \$132.50/kg to \$120.00/kg, DINZ estimates the industry has achieved a second year of farmgate values of more than \$100m (Figure 1).
- Processed New Zealand velvet’s current unique trade advantage with Korea continues to deliver improved benefits. On 1 January 2020, New Zealand processed velvet only had 12 percent duty compared with 20 percent duty paid for frozen velvet or velvet from other countries. The advantage was successfully negotiated by New Zealand officials for the New Zealand–Korea Free Trade Agreement (FTA). The FTA was implemented on 20 December 2015 and 1.3 percent of duties are removed every 1 January until New Zealand processed velvet eventually becomes duty free.



From left: New Zealand Ambassador Philip Turner, Won Young Park (15th class of Oriental Medicine College), Jae Kyoung Lee (17th class of Oriental Medicine College) and Jae-Dong Lee, Dean of Kyung Hee Oriental Medicine College.

Figure 1: Farmgate value of New Zealand velvet industry for the years ending 30 September 2008–2020 (\$m). Source: DINZ internal estimated figures



# PASSION2PROFIT MARKET-LED PROGRAMME

While the Covid-19 pandemic significantly disrupted delivery, it also showed the strength of the P2P programme at farm level.

An invaluable outcome of the programme has been networks of farmers that trust each other and provide support and encouragement. During times of stress such as droughts, floods and pandemics, the value of these networks cannot be underestimated.

Despite not being able to meet in person, the fact that farmers already knew each other made it easier to experiment with online meetings. Many groups were able to enjoy the novelty of face-to-face meetings via a screen.

## ACHIEVEMENTS

- Modules were developed and delivered for online rural professional workshops, enabling the engagement of expertise and experience that would not have been possible for an in-person workshop.
- Fifteen Deer Industry Environment Groups have developed, enabling the completion of a further 156 Farm Environment Plans. Originally envisaged as a short-term project to complete plans, most of these groups have elected to continue meeting to build awareness of ongoing environment policy and implementation. P2P continues to

support these groups with funding and facilitation.

- Twenty-eight Advance Parties (APs) continued to meet during the year. Several groups were involved in exchange visits to extend their knowledge and networks.



- Two hundred and seven deer farms were audited as part of the Farm Assurance Programme and a number of deer farmers participated in a prototype evaluation of an enhanced Farm Assurance Plus programme.
- The Ministry for Primary Industries remained a strong partner for the programme overall and was particularly supportive during the disruption caused by Covid-19 lockdowns.
- The P2P programme has developed significant resources to help deer farmers and the rural professionals who support them, and during the

*Exchange visits have become a popular part of Advance Party activities as members learn from others working in different farming environments.*



*Rural professionals gathered in Balclutha in August 2020 for a highly constructive and informative two-day workshop.*



past year there has been a focus on how they could be integrated for even greater benefit. A project aiming at improved management of intensive winter grazing enabled P2P resources and expertise on feeding, environment and animal health and welfare to be successfully integrated into one programme.

- Three new Environmental Deer Facts were produced during the year, adding to the rich data set of knowledge available for deer farmers. *Intensive winter feeding – Minimising the environmental risk* (June 2020), *Make your native bush sing – Biodiversity protection & enhancement* (June 2020), *Trees for deer – Welfare and productivity* (Sept 2020).
- A series of 14 parasite workshops were held nationwide with 340 farmers and veterinarians attending. A copy of the resource book prepared for the workshop has been provided to every deer veterinarian.

*Improved winter grazing practices were the focus of P2P expertise on a range of topics.*



- A successful annual conference of AP chairs and facilitators was opened to all members of Advance Parties and held as a series of Zoom calls. The online format enabled greater participation both in terms of total numbers and in the geographic spread, adding to the richness and diversity of comments.

## PRIORITIES FOR THE COMING YEAR

- Funding for the current P2P programme will finish in September 2022. There is strong interest among farmers in continuing P2P, both broadening and deepening the programme within the deer industry. Design and consultation with all P2P programme stakeholders will take place during the year.
- There will be ongoing support to embed changes in farmer skill and confidence, so they continue to improve performance and increase efficiency. This means continuing to support uptake of improved management practices through P2P practice change activities. An increased focus on integrating across projects will bring greater synergy for farmers across the range of market-led initiatives.
- Enliven the Quality Assurance programme to ensure it provides value to producers and their customers. This means adding in market-led requirements as part of initiatives to provide an integrated farm plan structure and assisting with the adoption and auditing of standards.
- Encourage and support farmers to document and adopt improved environmental stewardship to ensure they meet their own, society's and market expectations.

For information about the P2P Marketing Premium Venison programme, see the Venison report on page 4.



# ANIMAL WELFARE AND DEER QA

## TRANSPORT

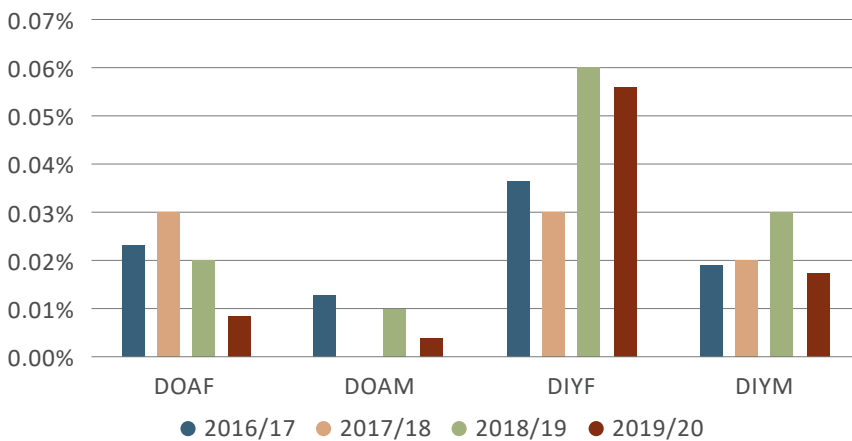
- Sixty-eight accredited transport companies are registered with DINZ, a drop of two transport companies from the previous year.
- Re-auditing of the DeerQA transport companies continues each year; however with deer numbers declining in some areas, some transport operators have opted not to continue transporting deer.
- Livestock drivers, deer farmers and persons in charge of animals must be aware of the Care and

Procedures Regulations introduced in 2018. It is essential that all those transporting deer possess the skills needed to avert any potential animal welfare problems that may arise, not only during loading but right through the journey and at unloading.

- It is important also that drivers are able to judge whether an animal is fit to transport, recognising specific aspects such as body condition scores, injuries, aggression and velvet antler requirements.

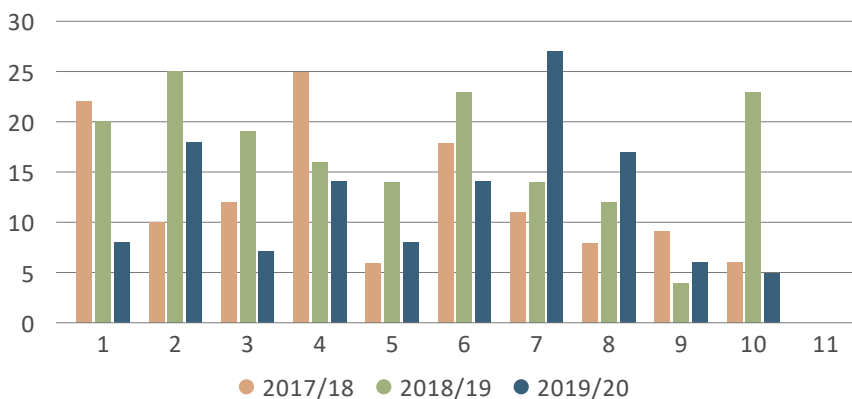
- From a health and safety perspective it is important that drivers are skilled in the proper handling and care of the deer they are transporting.
- Importantly from a farmer’s perspective, if there is any doubt whether deer are fit for transport, they should seek advice from their veterinarian and obtain a Fitness for Transport Declaration.
- Livestock drivers are skilled and aware of the requirements for the transport of any unfit stock and may refuse to load and transport any animals that are regarded as unfit. They have a legal obligation to leave those animals behind at the point of loading.
- The Ministry for Primary Industries Verification Service (MPI VS) continues to monitor all consignments of deer at venison processing plants as part of the joint surveillance programme with DINZ/NVSB.
- DINZ/DeerQA Transport Programme is always looking for continual improvement in deer transport. Statistics show improvements year on year, but three areas still raise concerns: cull hinds, weaned deer and the transport of pregnant hinds.
- Figures 1 and 2 show year-on-year statistics for the transport of deer to processing plants throughout the country.

Figure 1: Deer mortality (male and female) in transit to, or in lairage at, processing plants 2017–2020



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

Figure 2: Total annual deaths (hinds and stags, dead on arrival and dead in yards) by premises 2018 – 2020



Source for Figures 1 and 2: MPI Verification Service

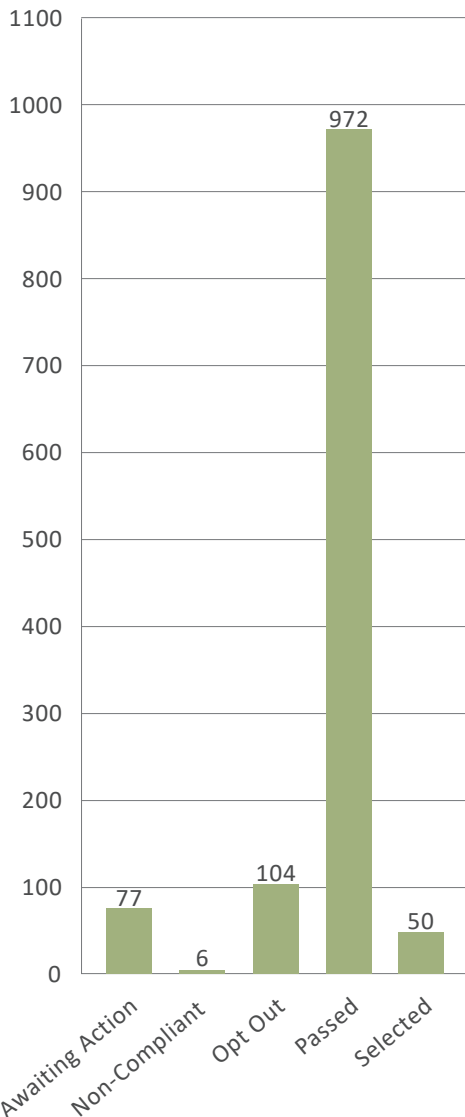
## REGULATED CONTROL SCHEME (RCS)

- The third year of the RCS audits continued to be very positive (Figure 3).
- Most farmers/velvetters were proud of the improvements made to their premises.
- The NVSB auditors reported a noticeable change in acceptance and compliance across the board

All those involved in transporting deer need to be aware of the relevant regulations and possess the right skills.



Figure 3: Regulated Control Scheme – status of all audits at Sept 2020



- This was to be expected due to greater awareness and more time having passed to initiate changes where necessary.
- Ten percent of those selected for audit have opted out of RCS audits; this figure has remained constant across the three years of auditing. Reasons for opting out include selling out, having only a few deer to velvet, “it is not worth it” or even “no, I’m not going to do it”.
- Sheds where velvet is removed must always be maintained to RCS requirements during velvet removal and may be audited at any stage in the future by either MPI or the NVSB auditors.
- The NVSB auditors will continue to audit the remaining deer sheds throughout 2020–2021.
- The NVSB auditors will also begin to revert to conducting the velvet removal audits that have been on hold for the past three years because of the RCS regulation.
- These velvet removal audits will continue each season; 10–20 percent of all velvetters are eligible for these audits each year.

### VELVET SURVEILLANCE PROGRAMME

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

#### Background

- The MPI VS Deer Antler Animal Welfare Procedure has included a “surveillance” approach to assessing NVSB velvet removal compliance over the past 12 years or more.



Deer sheds where velvet is removed may be audited at any time by either MPI or NVSB auditors.



- For the 2019–2020 velvet season, this was based on weekly, targeted recording of suppliers of velvetted stags at all deer slaughter premises across the country, in addition to recording and following up any cases of apparent non-compliant velvet removal. The procedure was updated prior to the start of the 2019–2020 velvet season but the surveillance programme is largely unchanged from recent years.
- Data collected by MPI VS verifiers is collated by VS before forwarding to DINZ. The names are checked against the list of NVSB-approved velvetters and the names and contact details of any supplier not on the NVSB list are returned to VS for follow up.

### Findings

- The names and contact details of 528 suppliers were captured by MPI VS during the 2019–2020 velvet season, (October 2019 – January 2020). (There were 562 suppliers in 2019–2020.) There were three duplications, due to the same supplier being recorded from a different premise or during different months.
- Of those captured, 36 were found by DINZ to have unknown velvetter

status or had previously been accredited velvetters but were in abeyance or suspended status (37 in the previous season).

### Conclusions

- The MPI VS deer velvet procedure is sound and is working well. It is known to have assisted the deer industry to maintain a high level of compliance with the NVSB scheme by maintaining awareness across the country.
- The role of the watchlist has been enhanced by ensuring all supervising veterinarians at deer slaughter premises are using the list and referring all animal welfare cases through one coordinator, to monitor all deer antler animal welfare cases recorded. This improves consistency across the country and facilitates a simplified and streamlined contact with both DINZ and MPI Compliance, for those cases being referred.
- MPI recognises that compliance with NVSB has improved as a result of the MPI velvet surveillance programme and is reluctant to see standards slip or wait for non-compliance to result in animal welfare issues that are likely to result in compliance action.

### Recommendation

- For the above reasons, it is recommended that the monitoring of suppliers of velvetted stags is continued in the same format for the 2020–2021 season.



# ENVIRONMENT

## PRIORITIES

- DINZ continued to help branches of the NZ Deer Farmers' Association (NZDFA) and individual deer farmers make submissions on regional plans covering environmental issues (such as freshwater quality, native biodiversity, greenhouse gas emissions and winter grazing on crop) 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 have an impact on deer farming activities and industry sustainability.

## ACTIONS

- Assistance provided to the Otago, South Canterbury/North Otago and Canterbury/West Coast branches of the NZDFA and the Deer Industry Woodbury Environment Group to make submissions to regional plan changes.
- Coordinated farmer input into the development of guidelines for winter grazing for independent auditors of Environment Canterbury Farm Environment Plans. These guidelines are also being used nationally.
- DINZ adopted a Deer Farming Environmental Plan that outlines actions for industry participants through which deer farming can be recognised as an environmentally responsible and sustainable land use.
- To aid farmers' understanding of levels of on-farm greenhouse gas emissions, and carbon storage in woody vegetation, a case study of for four different deer farms was completed in October 2019 (see [www.deernz.org/deerhub/farm-environment/climate-change/action-reduce-emissions](http://www.deernz.org/deerhub/farm-environment/climate-change/action-reduce-emissions)).



*The role of woody vegetation sequestering carbon in deer farming systems was examined in a case study of four farms.*

- DINZ organised a "DEER 101" field trip for government officials (working in freshwater and greenhouse gas emissions policy) to visit two North Canterbury farms and observe and discuss farming practices to manage environmental risks. This helps government organisations develop more pragmatic environmental policy that doesn't place extra and undue cost or burden on deer farming.
- DINZ engaged with the government and regional councils to identify requirements arising from freshwater reforms where burdens on deer farmers vastly outweigh any water quality benefits.
- 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.
- The government announced new regulations for freshwater management in August 2020. While there are two areas that remain unresolved (defining low-slope land for excluding deer from waterways and requiring a consent for winter grazing), a number of issues raised by DINZ resulted in good outcomes for deer farming.
- Relationships with regional councils and government officials developed further, while understanding of deer farming practices and management of environmental risks by regulators continued to improve.

*Below: Protecting wetlands features in many deer farm environment plans.*

## RESULTS

- Waikato Regional Council approved the "Waikato Regional Plan Change 1: Waikato and Waipā River Catchments" in March 2020. This plan change represents a good outcome for deer farming in the catchments, following extensive input from DINZ and NZDFA.



# SCIENCE & POLICY

## POLICY

We advocated for and obtained the recognition in animal welfare legislation of NVSB accreditation as the condition for velvetting by non-veterinarians.

### Achievements

- Recognition of NVSB accreditation in legislation as the means of non-veterinarians being permitted to harvest velvet will ensure maintenance of consistent and high standards of stag welfare at velvetting, which is what society and consumers want.
- We have worked closely with OSPRI and other OSPRI shareholders to revise the TB Pest Management programme. This will entail a greater proportion of TB levies supporting earlier eradication work in difficult-to-access areas, ensuring that buffer zones between TB areas and farmland are better protected

from incursions and limiting testing of live deer to only very high-risk situations.

- DINZ ensured that the deer industry’s views on traceability and biosecurity were being heard frequently and often in industry, government and joint industry–government forums.
- We have developed VelTrak to an implementation-ready state. VelTrak is our UHF RFID-based online stick-level domestic supply chain velvet tracking platform.

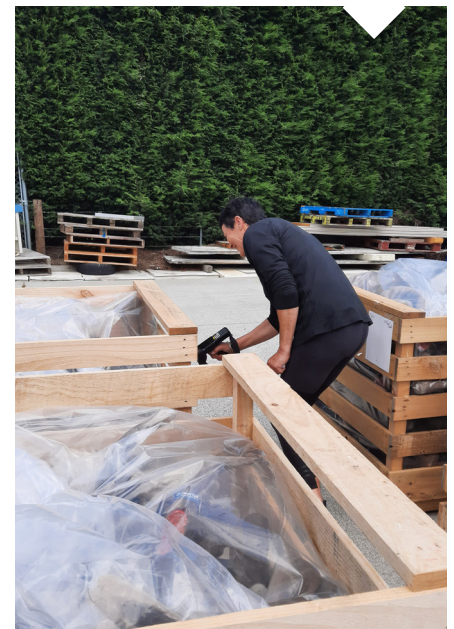
### Challenges

- Maintaining activity on chronic wasting disease readiness – that is, doing all we can to keep the disease out of New Zealand – was hampered by Covid-19 and other issues taking precedence for both stakeholders and government officials. We are regaining traction on this important work.
- Getting the whole New Zealand velvet supply chain ready to use

VelTrak for the next velvet season will be a huge task. DINZ is leading plenty of education activities to assist in a smooth roll-out.



*Getting VelTrak ready to implement for the 2021–22 season will be a major task.*





## SCIENCE

### Achievements

- Our velvet customers are rightly interested in the composition of our products. We brought our 30-year-old velvet composition knowledge up to date by completing an analysis of commercial velvet sourced from all over the country. Knowing the composition of New Zealand’s product puts exporters in a good position when dealing with knowledgeable customers. The results of the analysis showed that the relative proportions of the extractable (usable) components in New Zealand deer velvet had increased while the proportion of ash had decreased.



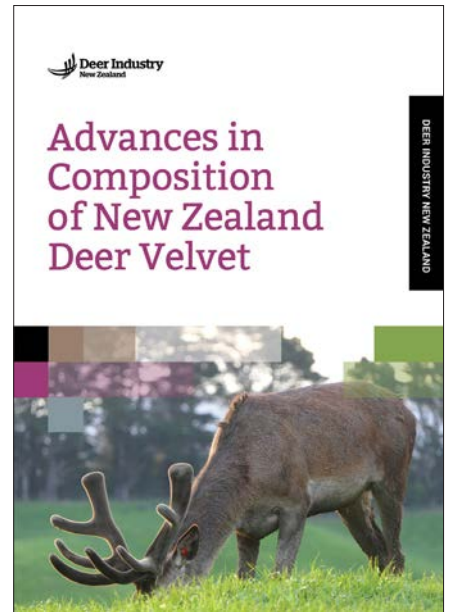
- The new concept of commissioning short, sharp impact assessments of different research opportunities (rather than by trying to pick winners without much to go on) paid off by our stakeholders having vigorous debates on different options for further research proposed by learning phases, particularly in the velvetting welfare sphere.
- Another huge win was the proof of the economic benefits of genetic selection for CarLA (a larval antigen that deer respond to by producing an antibody against parasite larvae). The CarLA response is effective

against both lungworm and intestinal parasites, which is very good news for the deer industry. Genetic selection for a CarLA response is now a proven tool to add to the parasite management kit. This work was steered by the extremely engaged Deer Industry Parasitology Group of farmers, vets and scientists.

- We set up a new science commissioning partnership between DINZ and AgResearch, designed to engage industry more in science, get more strategic about industry priorities, secure more overall funding, and identify better linked research opportunities – no more velvet versus venison competition!

### Challenges

- Roles and responsibilities within the new science commissioning system are still being refined, so it will still take work to get to the point where it runs itself and participants start to see the benefits.



*Left and above: Knowledge of the composition of New Zealand deer velvet was updated and showed that the proportion of extractable components has increased.*

*Below: Taking a saliva sample to test for the CARLA response in deer.*



# DEER SELECT



## ACHIEVEMENTS

### Across-breed connectedness

Within-breed connectedness has been maintained in red and wapiti, enabling breeding values (BVs) for most traits to be directly comparable within each breed.

Current across-breed connections were required as part of working toward a single evaluation with red and wapiti. Two wapiti sires were contract mated over red hinds at AgResearch Invermay and will be recorded through to processing in November 2020.

Ongoing maintenance of across-breed connections will be required to support a single across-breed evaluation. The intention is to have a single evaluation available in 2021.

### Extension

A number of activities have been undertaken, through Advance Parties, podcasts and webinars. In the project BVs in Practice, three farms mated sires of different genetic merit for growth to commercial hinds.

Hinds were run together, fawned together and the progeny recorded through to processing.

Two herds were red hinds with red sires about 10kg apart for growth to 12 months (W12 BV). In the third herd, two wapiti/elk terminal sires were put over hybrid hinds.

## Current across-breed connections were required as part of working toward a single evaluation with red and wapiti.

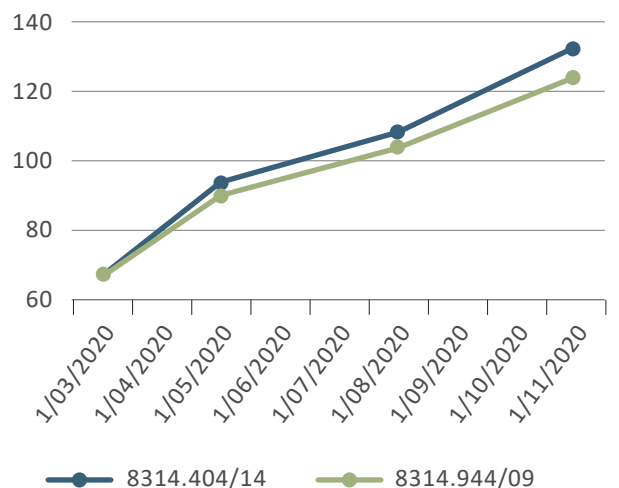
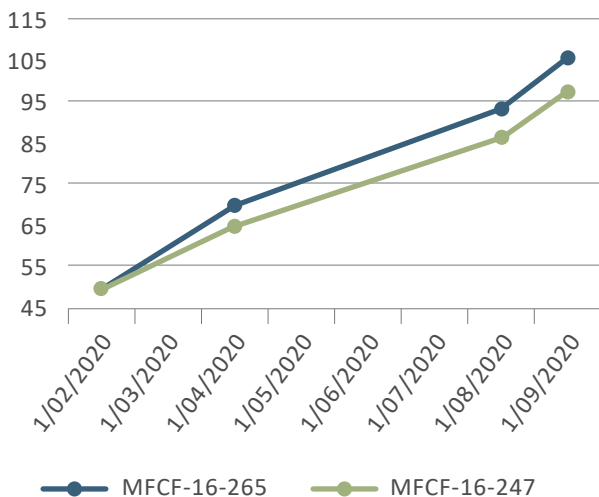
In all three herds the progeny of the higher-growth-rate sires grew faster, reached heavier weights and had a greater proportion processed earlier (Figure 1).

There were no corrections for hind age or any other factors, but it was a good real-world example of the impact of higher breeding values in a typical commercial setting. Thanks to John and Tasha Hamilton, Duncan and Lorna Humm, David and Ali Seifert and the sire breeders.

### CARLA

The science team at Invermay

Figure 1: Two examples from BVs in Practice comparing growth rates of progeny of two sires differing by 10kg for weight at 12 months. In each case the blue sire had the higher breeding value and the heavier liveweights (kg).





confirmed the value of the gene for deer's response to the carbohydrate larval antigen (CarLA) in reducing parasite egg/larvae output and enabling higher growth rates.

This applies particularly in autumn in animals with higher genetic merit for CARLA. As a result of this research work, the CARLA BV has transitioned from "research BV" status to become a standard Deer Select BV.

Some early adopter breeders had been selecting for CARLA for a couple of years and some new herds began recording the trait in 2020. Extension work was undertaken to help commercial farmers understand CARLA and how adding it to their breeding programme may make their herds more robust in the face of parasite challenge.

### Velvet weight heritability confirmed

A joint project was undertaken with AgResearch to re-estimate the heritability of velvet traits using the records of 1,300 sires and their progeny in Deer Select.

The heritability for both 2-year-old velvet weight (VW2) and mature velvet weight (MVW) was about 50 percent, much less than the 75–80 percent often quoted in the past.

This means there is more value than previously thought in a computer-based system that can use all data on all relatives to give the best prediction of merit for velvet weight. This is especially so for females, which don't directly express the trait.

Interestingly the heritability in Deer Select had been around 50 percent previously, so this study confirmed the value using a large dataset.

### CHALLENGES

The ongoing challenge is to increase uptake of improved genetics by commercial farmers. The BVs in Practice programme showed that under commercial conditions BVs do deliver real outcomes.

There is a greater spread of traits available – growth, meat, early conception – that is associated with higher conception rates, velvet and CARLA. This extends the value of Deer

Select BVs well beyond the earlier focus on growth alone. It is about choosing the "right-size genetics" to suit a particular farm system.

*Above and below: The CARLA Breeding Value, for deer's response to the carbohydrate larval antigen, is now a standard Deer Select BV and an important selection tool for resilience to internal parasites.*



# PRODUCER MANAGEMENT

## PRIORITIES

- Full and active engagement with the NZDFA nationally, via the Executive Committee, Selection and Appointments Panel, branches, wider NZDFA membership and all active deer farmers.
- Working with DINZ executives to add a producer perspective and engage with DINZ activity, especially via the P2P programme.
- Developing and presenting valuable cost-effective industry events for deer farmers and partners in the venison and velvet antler industries. These include the annual combined NZDFA–DINZ deer industry conference, the DFA’s Next Generation programme and the annual October NZDFA Branch Chairs and New Faces conference.
- Communication and events, including *Stagline-online* for DFA members and regional workshops within the P2P programme.
- Strong submissions from both NZDFA and DINZ with producer input on the Essential Freshwater legislation. Responses to growing demands by national and regional government for environmental stewardship have become increasingly important activities.

## EMERGENT PRIORITIES: APRIL 2020

- Following the Covid-19 lockdowns, industry communication, virtual conferences, AGMs, webinar updates and stakeholder contact.
- DINZ representation on MPI’s Winter Grazing Action Group.

## RESULTS

- The October 2019 Branch Chairs and New Faces conference extended its

range to include addresses related to the Essential Freshwater policy, signalling a close relationship with Beef & Lamb NZ. DINZ Board members and staff provided updates from venison and velvet markets and an opportunity for Q&A. The New Faces programme, supported by DINZ to encourage leadership development and NZDFA succession, was well supported with talent largely drawn from Advance Party membership. The conference also took the opportunity to formally farewell departing DINZ CEO Dan Coup and acknowledge his contribution to the industry over the previous 6 years.

- As a result of Covid-19, the 2020 deer industry conference was cancelled, with a decision to run the deferred programme in May 2021 (since confirmed for Invercargill at the Bill Richardson Transport Museum from 18–21 May 2021).
- As part of a whole-of-DINZ response, four webinars with six presentations related to planned conference themes were delivered. They covered the CARLA breeding value, deer genetics, winter grazing, water health and environmental stewardship, deer reproduction, DeerPRO and New Zealand velvet antler production. Recordings of the online conference sessions can be seen at: [www.deernz.org/webinar-2020](http://www.deernz.org/webinar-2020)



*Attendees visit Temco Agriculture during the 2020 Next Generation programme, hosted in Napier.*

*Winter grazing workshop session at the 2019 Branch Chairs and New Faces conference.*





**DINZ staff and NZDFA acknowledged their long-valued association with AgResearch's Deer Group and recognised the retirement of its head, Dr Geoff Asher**

- DINZ staff and NZDFA acknowledged their long-valued association with AgResearch's Deer Group and recognised the retirement of its head, Dr Geoff Asher, Invermay, following his 40 years' outstanding service to the deer industry and deer science. He was rightly recognised by the industry in 2019 when he received the Deer Industry Award. Geoff has been one of the great pillars of deer research and extension, ably transferring new knowledge and its application to farmers, scientists and industry throughout the four decades.
- The 45th NZDFA AGM was, for the first time, held online because of the Covid-19 pandemic. Highlights of the AGM included an NZDFA donation of \$10,000 to the East Coast Rural Support Trust.
- The Next Generation conference held in Hawke's Bay in August 2020 and themed "Coping with a crisis" related to the severe drought of

2020. There was record attendance, and activities included a field day at Smedley Station and Temco Agriculture. The conference also invited Hawke's Bay deer farming families to join Next Generation delegates for a meal and entertainment as part of drought recovery support. It was certainly the best event of its type yet held: see

[www.deernz.org/din103](http://www.deernz.org/din103)

- The producer management team returned to full strength with the return of Amy Wills part time as special projects manager, helping with P2P regional workshops in coordination with NZDFA and communications manager, Cenwynn Philip (also working part time).
- We bid farewell to Rebecca Norling who had provided maternity cover in 2020. Rebecca improved communications to DFA members and all DINZ stakeholders using her skills as a graphic designer.
- *Stagline-online*, the NZDFA's flagship monthly communication vehicle has stimulated new levels of interest with regular updates from the DINZ executive team and an appealing new format.
- In a review of one of the most difficult years the deer industry has endured in terms of producer engagement and support, the combined activities of the NZDFA leadership, DINZ executive team, board and Passion2Profit programme were assessed. In the view of most, the engagement of deer farmers, the NZDFA and team DINZ has never been closer nor more valuable in such challenging times.



# SUMMARY FINANCIAL STATEMENTS

## Summary Statement of Comprehensive Revenue and Expenditure

For the year ended 30 September 2020	Consolidated 2020 (\$,000)	Consolidated 2019 (\$,000)
<b>Revenue income</b>		
Venison levy income	3,742	3,258
Velvet levy income	2,413	2,259
Tbfree levy income	1,113	1,079
NAIT levy	100	92
Grant income	858	1,245
Other revenue	308	416
<b>Total Revenue</b>	<b>8,534</b>	<b>8,349</b>
<b>Expenditure</b>		
Research expenditure	648	925
Venison and velvet promotion expenditure	2,199	2,060
P2P expenditure	1,388	2,214
Tbfree and NAIT expenditure	1,218	1,171
Other expenditure	2,209	2,187
<b>Total Expenditure</b>	<b>7,662</b>	<b>8,557</b>
Movement in Investment in Associate	(13)	(10)
<b>Total Comprehensive Revenue and Expenditure Before Taxation</b>	<b>859</b>	<b>(218)</b>
Taxation Expense	(47)	-
<b>Total Comprehensive Revenue and Expenditure After Taxation</b>	<b>812</b>	<b>(218)</b>

## Summary Statement of Financial Position

As at 30 September 2020	Consolidated 2020 (\$,000)	Consolidated 2019 (\$,000)
<b>Current Assets:</b>		
Cash at Bank	2,616	1,503
Investments	401	1,301
Accounts Receivable	976	925
	<b>3,993</b>	<b>3,729</b>
<b>Non Current Assets:</b>		
Property, plant & equipment	15	20
Intangible assets	608	235
Investments in joint ventures	0	13
	<b>623</b>	<b>268</b>
<b>Total assets</b>	<b>4,616</b>	<b>3,997</b>
<b>Current liabilities</b>		
Accounts payable and accruals	1,353	1,617
Employee entitlements	114	80
	<b>1,467</b>	<b>1,697</b>
<b>Non current liabilities</b>		
Accrued lease liabilities	17	24
<b>Total liabilities</b>	<b>1,484</b>	<b>1,721</b>
<b>Net Assets</b>	<b>3,132</b>	<b>2,276</b>

## Summary Statement of Changes in equity

For the year ended 30 September 2020	Consolidated 2020 (\$,000)	Consolidated 2019 (\$,000)
<b>Opening Equity</b>	<b>2,276</b>	<b>2,494</b>
Total Comprehensive Revenue and Expenditure After Taxation	812	(218)
PGGRC Interest transferred from DEEResearch	44	0
<b>Closing equity</b>	<b>3,132</b>	<b>2,276</b>

## Summary Statement of Cash flows

For the year ended 30 September 2020	Consolidated 2020 (\$,000)	Consolidated 2019 (\$,000)
Net cashflows from operating activities	722	(242)
Net cashflows from investing activities	391	113
<b>Net (decrease)increase in cash held</b>	<b>1,113</b>	<b>(129)</b>

## 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 1 December 2020.

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

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

If you require a set of accounts, please contact Innes Moffat on email - [innes.moffat@deernz.org](mailto: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 2020

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

### Opinion

The summary consolidated financial statements of Deer Industry New Zealand on pages 22 to 23, that comprise the summary consolidated statement of financial position as at 30 September 2020, the summary consolidated statement of comprehensive revenue and expenditure, summary consolidated statement of changes in equity and summary of consolidated statement of cash flows for the year ended on that date, and related notes, are derived from the full consolidated financial statements of Deer Industry New Zealand for the year ended 30 September 2020 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 2020, 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 audited full consolidated financial statements and our audit report thereon

We expressed an unmodified audit opinion on the audited full consolidated financial statements for the year ended 30 September 2020 and in our auditor's report dated 1 December 2020. That report also includes:

- An emphasis of matter that draws attention to note 17 of the audited full consolidated financial statements which explains the impact of the Covid-19 pandemic on the Group.

### Board of Directors' responsibility for the summary consolidated financial statements

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

### Auditor's responsibility

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

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

**Hamish Anton, Deloitte Limited**

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

# BOARD MEMBERS

## APPOINTED BY THE NEW ZEALAND DEER FARMERS' ASSOCIATION



### 1. Kris Orange

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



### 2. Mark Harris

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



### 3. William Oliver

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



### 4. Dr Ian Walker

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

## ELECTED BY VENISON MARKETERS AND PROCESSORS



### 5. Danny Hailes (until 30 June 2020)

Officer of Alliance Group Limited | Director of DEEResearch Ltd



### 6. Nigel Jones (from 1 July 2020)

General Manager Strategy for Alliance Group Limited



### 7. Simon Limmer

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



### 8. Gerard Hickey

Officer of Firstlight Foods | Shareholder of Firstlight Foods

## ELECTED BY VELVET MARKETERS AND PROCESSORS



### 9. Tony Cochrane

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



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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.