

ANNUAL REPORT

2021/22

Thriving with Passion

Deer Industry NZ purpose



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FROM THE CHAIR & CEO



Mandy Bell

MANDY BELL
Chair



INNES MOFFAT
Chief Executive Officer

The deer industry recovered strongly from the ongoing Covid pandemic and showed remarkable resilience as it responded to the challenges and sought fresh opportunities.

The venison sector was more affected than others, but nonetheless made good progress developing new markets and achieving better value across the whole carcass. Returns improved considerably during this period but have still some way to go before venison fully regains its place as one of the most profitable red meat sectors.

Deer Industry New Zealand (DINZ) and the five venison companies worked together to strengthen China as a third “leg” of the industry’s platform, complementing Europe and a burgeoning market in the United States. Progress in smaller markets such as Scandinavia was also encouraging.

A pivot away from such a heavy reliance on foodservice, which was devastated for a time by Covid lockdowns, to retail channels has also restored some momentum.

The velvet industry was not immune from the pandemic thanks mainly to shipping issues and lockdowns in China, but generally fared better. Production topped 1,000

tonnes for the first time and farmgate returns improved by 20–25 percent over the year.

The highly successful seven-year Passion2Profit partnership with the Government through the Ministry for Primary Industries wrapped up at the end of this period. The additional resourcing boosted not only the efforts to market premium venison mentioned above, but also market-led production on farm.

Most of the former P2P Advance Parties have elected to continue operating with reduced funding, a sign that this model for encouraging practice change is now well integrated into industry culture. It’s also encouraging that this partnership is being followed immediately by a further three-year government-funded programme designed to help farmers streamline their farm planning as regulatory requirements ramp up.

The year saw the introduction of our new Nature’s Superpower™ story telling for New Zealand deer products. It takes an innovative approach to proudly telling the

story of why farmed deer products are an excellent use of New Zealand natural resources. Elements of the story will be introduced to new market development activities in selected markets.

Environment and animal welfare issues continue to feature in the farming landscape and DINZ continued to take the lead at both national and regional level. For example, the industry was part of the He Waka Eke Noa partnership which, after this reporting period, appeared to have achieved most of its goals for a just transition to an emissions pricing scheme.

The deer industry was also well represented during the revision of the Deer Code of Welfare. Although some areas in the draft code need closer attention, it is a largely positive document, thanks in no small part to input from DINZ and deer farmers through the New Zealand Deer Farmers' Association.

The industry's investment in science continues to yield benefits, with a greater emphasis on aligning research directions with strategic priorities. It has also been notable that awareness and uptake of tools for genetic improvement in herds has continued to rise.

Our investment in VelTrak also merits mention – the electronic velvet traceability system was used for the second year. After some improvements, we are very pleased with the more intuitive process for recording velvet. We received considerable feedback that the system is a vast improvement on the old traceability system, and we look forward to it providing our regulators and customers with greater assurance of the safety and integrity of our velvet harvest system.

While these developments are encouraging, we are operating in a very dynamic environment, and it is timely that we have mapped out a strategy for the period 2022–2027 that acknowledges and embraces the opportunities and challenges facing us. While tinged with realism, our strategy focuses on our inherent strengths and strategic advantages.

Under the overarching purpose of "Thriving with Passion", the strategy is focused on four distinct pillars: our community, our land and people, our value chain partners, and our consumers. The needs of these people and places are the drivers for our strategic objectives. To put it another way, we want our land, our people and our consumers to thrive.

Before we delved into particular themes, or areas of strategic focus, it has been useful to take a step back to remind ourselves what is special about the deer industry. It isn't just another livestock enterprise. We use Aotearoa New Zealand's natural resources wisely and well to grow

a healthy, high-value product that's good for us and the world. The people who consume our products expect, and get, an exceptional experience.

We innovate; we are constantly working on ways to deliver our products more efficiently and sustainably; health and wellbeing are important to us; we expect to have a net positive effect on the environment; we are strongly connected within our own industry but also with the wider communities where we live, work and do business; we want to lead a confident industry into the future.

Based on those values, our strategic investment focus for this next five years is concentrated in six areas:

- 1 **North American retail:** helping companies derive value added items from leg cuts.
- 2 **Velvet health markets:** Developing new and expanded markets for New Zealand velvet as an ingredient in contemporary health foods.
- 3 **Welfare:** A strong focus on animal welfare and best practice methods for velvet harvest.
- 4 **Science:** Ensuring our innovation pipeline is set up to investigate and deliver the knowledge that enables producers and marketers to thrive.
- 5 **Community engagement:** enabling our farmers and their advisers to connect and tell a credible, compelling story about how we farm ethically and sustainably.
- 6 **DINZ is fit for purpose:** making sure our skills, work areas and investment are properly aligned to deliver essential industry-good services.

At the function at Parliament in September to mark the success of the Passion2Profit primary growth partnership with the Government, Agriculture Minister Damien O'Connor challenged the industry to set a \$1 billion revenue goal. It's certainly aspirational, but with clear vision and a collective will to succeed, it's also achievable. 

VENISON



Venison mince 500g “bricks” sold well at retail in the United States. Mince was seen as a “gateway” product for consumers unfamiliar with venison.

RECOVERY FOR VENISON

Venison was in recovery mode for the 2021/22 season, after the devastating impact of Covid-19 on the foodservice sector around the globe the previous year. Markets were still challenging, and activity pivoted towards marketing at retail, primarily in the United States and China. While production was down, the value of exports increased 12 percent on 2020/21 and farmgate prices lifted by a third.

It was a difficult year to navigate for venison. Consumers started to return to restaurants in Europe and the United States at the start of the season, and later in New Zealand, as Covid-19 restrictions were progressively eliminated in those markets. By the end of the season, restrictions had been removed in all but one market: China.

Global economic uncertainty continued however, especially in Europe, with inflation, high energy prices and the Ukraine War affecting consumer confidence and spending.

Processing in New Zealand was temporarily disrupted by an outbreak of the Omicron Covid-19 variant, which closed some plants in March. Production quickly recovered, however.

Disruption to shipping, including delays, port misses and lack of containers, combined with very high freight rates, especially for air, continued to affect the venison supply chain throughout the whole year.

Despite these setbacks, the Deer Industry New Zealand (DINZ) venison marketing manager and representatives from each of the five venison exporters navigated the obstacles within the Marketing Working Group (MWG).



Fire water boiled venison cooked in the spicy Sichuan style of Southwest China. It was one of dozens of recipes developed to suit Chinese tastes.



Chef Wei Lo of Incubation Restaurant (left), pictured with Lu Chen of Tribal Brand Asia, was one of six chefs to come up with recipe concepts for New Zealand venison. The former sous-chef from Shanghai's Radisson Hotel had worked with venison and was confident using it.

PASSION2PROFIT PROGRAMME

Marketing activity continued to focus on the United States and China. The underlying aim was to achieve a sustained lift away from commodity markets and to reduce volatility for venison. Exporters worked hard, supported by DINZ, to rebuild venison demand, develop new markets and customer segments, and introduce new products.

In the United States, the Passion2Profit (P2P) programme co-funded the launch of venison mince “bricks” into American retail stores by Silver Fern Farms, Alliance, First Light and Mountain River Venison. Volumes sold through retail significantly increased, with the MWG’s target of 450 tonnes exceeded in August, well ahead of target. Other venison cuts being trialled at retail included tomahawk steaks and medallions.

In China, P2P-supported chef and restaurant research carried out last year deepened understanding of where New Zealand venison sits in Chinese cuisine. Activity in the programme this year moved on to intensive recipe development with Chinese chefs.

Work for foodservice was further interrupted by lockdowns later in the year because of China’s zero-Covid strategy.

Three venison companies were licensed to export to China: Alliance Group, Mountain River Venison and Silver Fern Farms.

P2P also supported the launch of new retail products in China by Silver Fern Farms and Alliance.

An application was made to the Ministry for Primary Industries’ Sustainable Food & Fibre Fund at the end of the season to accelerate the work from this programme.



Upmarket Chinese retailer Sam's Club's app was pointing the way to Silver Fern Farms' new Venison Gift Box which was successfully introduced for Christmas 2021 and Chinese New Year, with P2P support. Large posters of products were also shown at the entrance of all of the retailer's 30+ stores, with the gift box well displayed.

DINZ MARKET INNOVATION FUND

To accelerate the covid recovery, DINZ allocated \$400,000 in the Market Innovation Fund, to support innovative marketing initiatives developing new markets and new products. In its second year, the fund further supported the P2P programme pivot.

Three companies were awarded funding in 2021/22 to:

- **Develop the high-value Scandinavian market.** Mountain River Venison built on its work to develop this market, which has good potential for venison. It expanded its range of retail outlets and grew awareness of the range of frozen New Zealand venison cuts. These included tri-tips, short-loins, steaks, goulash and tenderloins among others.
- **Launch new retail products in China.** Alliance, and in-market partner Grand Farm, successfully launched a new range of venison products into upmarket Chinese supermarkets. Developed in familiar forms to resonate with Chinese consumers, the first two items – venison rolls and brisket cubes – were launched on jd.com, China’s second-largest ecommerce retailer, at the end of December. By April, more than 6,000 packs had been sold. Five more products were planned to be added to the range.
- **Develop a new e-commerce vehicle in the United States.** First Light used the funding to support the development and launch of its US direct-to-consumer ecommerce website and to introduce eight new New Zealand venison cuts: venison tenderloin, tri-tips, 5- 8- and 10-rib racks, striploin, shortloin and diced venison.

EUROPEAN GAME SEASON

In Europe, the season started with cautious optimism. As Covid-19 vaccination levels rose, restaurants gradually started to reopen, and consumers were out and about again.



Mountain River Venison’s Swedish representative Mikael Granberg (left) and DINZ consultant chef Shannon Campbell on duty in Sundsvall to interest Swedish buyers in New Zealand venison.

European exporters had bought larger volumes of venison early in the season, in a bid to get around problems with shipping.

DINZ supported exporters’ activity in the top European market, Germany, and also in Belgium, the United Kingdom and Sweden.

Promotional activity started for the first time in two years but was dodging Covid restrictions early in the season.

The services of consultant chef Shannon Campbell were in strong demand for in-store tastings and events at supermarkets during the 2021/22 game season, which ran from October through to May. His skills with the camera, both video and still, developed during Covid lockdowns, were put to good use in recipe development for use on social media in various markets. Public relations extended the reach of all the activities, growing awareness for New Zealand venison.

In the United Kingdom, DINZ supported an Alliance partnership with the NZ Beer Collective in London in March to target gastropubs during New Zealand Beer Month.

Figure 1: National average published schedule July 2021 – June 2022

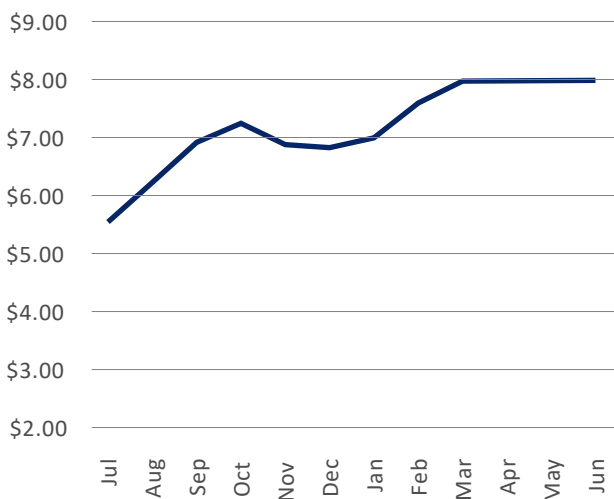
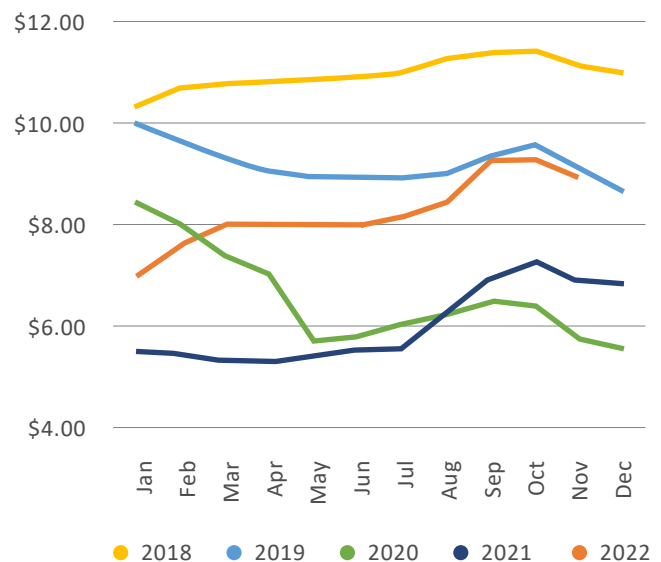


Figure 2: National published schedule 2018–2022 (monthly averages)



By the end of 2021/22, DINZ personnel and venison exporters were starting to make their first market visits in two years. A major campaign of promotional activity was being planned for the start of the 2022/23 game season.

NEW ZEALAND VENISON AT HOME

In New Zealand, the domestic campaign took a step up with DINZ undertaking more activity at home to show New Zealanders about and how to cook New Zealand venison.

New recipes and videos were developed in conjunction with recipe website fresh.co.nz and gained a wider reach through New Zealand Venison’s social media channels.

Recipes ran in *Dish* magazine, Australian and New Zealand *Women’s Weekly* and *NZ Herald’s* Viva supplement. New Zealand venison was included in the 30-day NZ Food Writers’ Challenge in March and April, which was sponsored by New Zealand Venison.

New Zealand Venison BBQ Day was extended to a week in 2022, running from 10–17 September and attracting many entrants for a BBQ competition. Coinciding with the start of the game season, events took place in other markets including China, Germany, the United Kingdom, and United States. Its success means it will be repeated again in 2023.

OUTLOOK

The work undertaken this year should give a good, balanced platform featuring a number of markets for New Zealand venison. There is particularly good potential for the product in the United States and China. Exporters are confident that venison has a good, long-term future, evidenced by their commitment to, and investment in, the product.

While economic difficulties remain, there is a positive outlook for 2022/23.

Figure 3: 2021–2022 season exports by volume (tonnes) and market destination

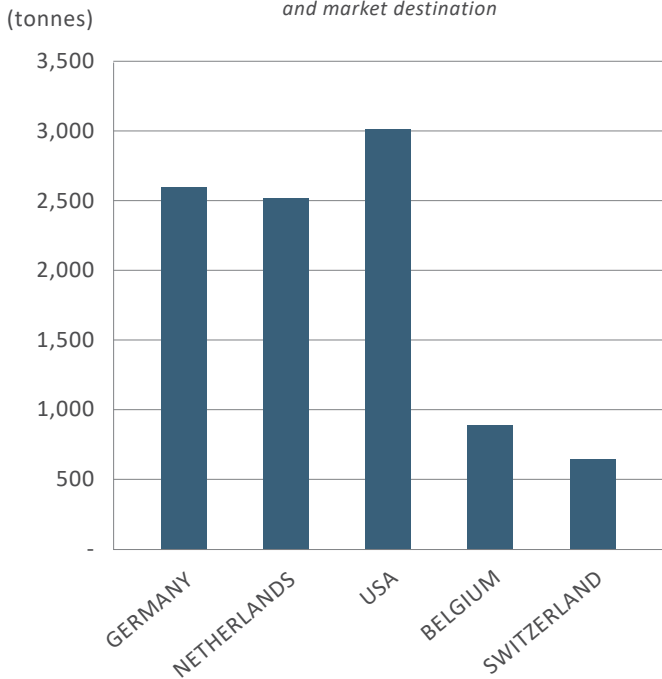
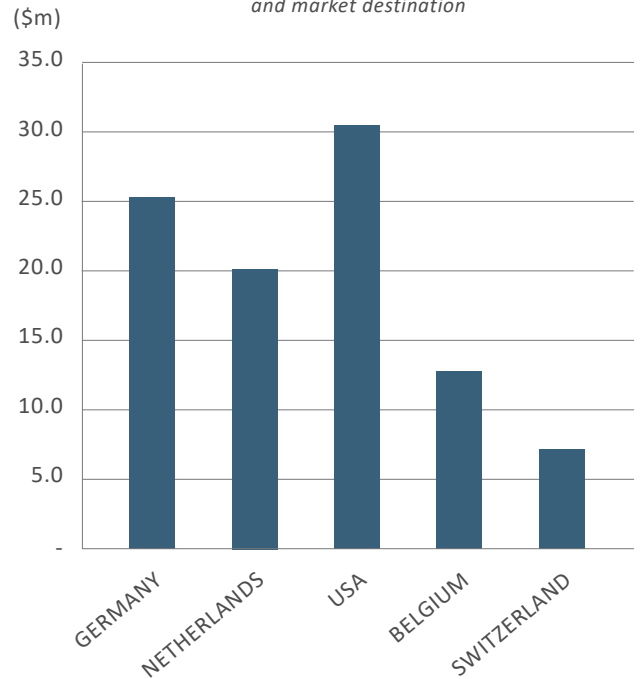


Figure 4: 2021–2022 season exports by value (\$m) and market destination

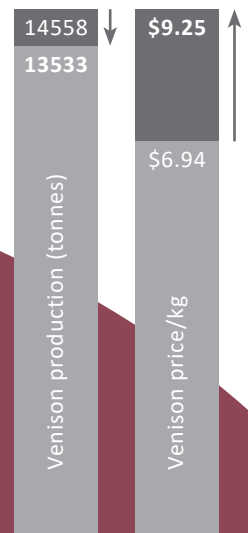


STATISTICS FOR 2021/22 SEASON

Venison production: decreased 7% from 14,558 tonnes in 2021 to 13,533 tonnes in 2022.

Venison exports by value increased 12%. Main destinations: United States \$46m, China \$32m, Germany \$26m, Netherlands \$22m, Belgium \$16m.

National average farmgate prices for venison: increased 33% from \$6.94/kg in September 2021 to \$9.25/kg in September 2022.



VELVET



New Zealand trade commissioner Stephen Blair (middle front) at the recommenced annual Traditional Medicine festival in Seoul.



DINZ markets manager Rhys Griffiths (second from left) met with New Zealand Ambassador to South Korea Philip Turner (third from left) and staff and students of Kyunghee University during his first visit to the market for two years in July.

RECONNECTING WITH VELVET CUSTOMERS

While Covid-19 continued to knock New Zealand’s velvet markets for six, this extremely challenging season saw Deer Industry New Zealand (DINZ) and velvet exporters reconnecting in person with customers in the important export markets of South Korea and China. Strong demand lifted farmgate prices over the year and, in the medium term, the outlook is positive.

Customer contact during Covid-19 lockdowns was maintained by New Zealand-based DINZ staff through virtual market tours online, but it was important to maintain personal contact too. Korea-based New Zealand officials, including New Zealand Ambassador Philip Turner and New Zealand Trade Commissioner Stephen Blair, stepped into the breach, particularly in the early part of the season, further enhancing the respect and understanding of the New Zealand velvet industry.

As both Korea and New Zealand removed Covid-19 restrictions mid-year, and trade started operating more normally, DINZ market visits resumed in July. Reciprocal visits to New Zealand by Korean customers were being made by the end of the season.

Supplies of velvet to both Korea and China were hampered by extraordinarily disrupted shipping and in-market transport conditions during the pandemic. This risk added to the cost of shipping.

TARGETING HEALTH FOOD MARKET

Strong demand and the strategy of targeting Korea’s healthy food sector paid off with reported farmgate prices lifting 20–25 percent at the end of the season in April, compared with the previous year. This followed two years of softened prices because of the uncertainty and logistical challenges brought about by Covid.

Thanks to the New Zealand–Korea Free Trade agreement, signed in 2015, New Zealand processed velvet had only a

9.3% duty from 1 January 2022, compared with the 20% duty paid for frozen velvet or velvet from other countries. This will reduce by a further 1.3% a year to 0% in 2029.

Eight of 12 new velvet health food products launched in Korea in 2022 contained, and more importantly, were marketed as containing, New Zealand velvet. These were in response to consumer demand for new immunity-boosting products during the pandemic.

DINZ participated in NZ Trade & Enterprise workshops on connecting with Korean consumers, which will change the approach from next season.

DINZ continued its support for Korean Medicine Doctors (KMD) through the third year of its scholarship programme with oriental medicine universities, including Kyung-Hee, Dongguk and Wonkwang universities.

NEW HEALTH FOOD PRODUCTS LAUNCHED IN KOREA



Korea Ginseng Corporation (KGC) launched new variants of its successful Cheong Nok brand – one for women (left) and another for seniors (centre). | New Origin’s Sooshin Energy Shot (right).

VELVET TRADE IN CHINA HAMPERED

Covid-19 uncertainty for consumers and the velvet business prevailed throughout the whole season as China continued its elimination strategy for the disease. Lockdowns impacted the only port of entry for frozen velvet, Dalian, and logistics within the country, while Chinese food processing was also affected by the implementation of stringent measures.



Felix Shen, the NZ China Deer Velvet Coalition’s representative in China was among the millions in Shanghai and other cities unable to leave their homes for more than six weeks in March–April.

In addition to the stifling of new product development programmes, this resulted in delay for the China Deer Velvet Coalition’s activities to develop New Zealand velvet’s share of the Chinese health food market. PGG Wrightson, Provelco and CK are involved in the joint venture, supported by NZ Trade & Enterprise and DINZ.

However, a first-ever import for dried whole velvet was successfully trialled through a new alternative port, Beijing, in June.

OUTLOOK FOR NEW ZEALAND VELVET


The medium-term outlook for New Zealand velvet exports is positive, with potential for expansion to \$200 million in the next decade or so.

With more opportunities emerging in the healthy food market, especially around functional foods, the Korean market will continue to develop.

Despite the difficulties this season, significant growth opportunity remains in China. Consumption is natural and organic and entry to the market must be well managed to replicate what has been done in Korea.

DINZ also explored potential in other markets in Asia. These include Taiwan, where joint promotion activity with a Korean health food company reported success for a second new velvet product, and the start of a five-year programme in Vietnam. Exploratory work in Japan will start next season.

DINZ continued work with the Ministry of Foreign Affairs & Trade on long-standing and sporadic trade barriers.

Traditional grading guidelines were updated at the start of the season and a new simplified velvet grading chart produced. 

STATISTICS FOR 2021/22 SEASON

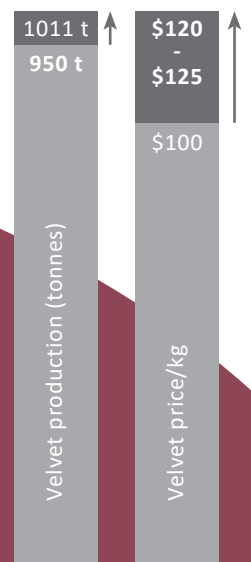
Velvet production, based on levy paid, increased 6.5% from 950 tonnes in 2020–2021 to about 1,011 tonnes for 2021/22.

The average velvet price estimated for 2021/22 rose by 20–25% from around \$100/kg to about \$120–125/kg.

Farmgate returns were estimated to exceed

\$120 million in the 2021/22 season, up from \$96 million the previous year and four times the value achieved in 2010. This comes from a combination of improving prices and increased production.

Shipping disruption and port closures continued, along with increases in freight costs, which had an effect on the final prices received.



FARM PERFORMANCE



Participants at Lincoln Hills deer milking operation during the 2021 Big Deer Tour

NEXT PHASE FOR PASSION2PROFIT

The transition of the successful 7-year jointly funded Passion to Profit (P2P) partnership with the Ministry for Primary Industries was marked in 2022. P2P has now become Deer Industry New Zealand (DINZ) funded as part of a new portfolio in the Farm Performance Programme.

Over the 7 years, P2P systematised 50 years of deer knowledge and research into a coherent set of well-used resources and programmes for deer farmers and rural professionals.

ACHIEVEMENTS IN PAST 12 MONTHS

- New modules were developed and delivered for online rural professional workshops to target specific sector groups, in particular new land management advisers at regional councils.
- A new modular handbook of resources was developed to help farmers complete their farm environment plans.
- Of the 24 Advance Party groups of farmers, 22 groups have continued to meet under the DINZ- and farmer-funded P2P programme.
- Two of the Advance Party groups elected to transition to become environment groups, bringing the number of Deer Industry Environment Groups to 15.
- The majority of deer farmers who qualify have now been audited under the Farm Assurance Programme, and a number are fulfilling the requirements of the Farm Assurance Plus programme.
- Two new Deer Facts were produced, to make a total of 53 of the information resources produced, a rich data set of knowledge available for deer farmers.
- A successful National Technical Workshop was held in Fairlie, attracting 80 farmers, and including whole farm teams.

- The annual Big Deer Tour was held for eight final-year tertiary students, and a Future Deer Farmers Experience was held for five ITO-enrolled students.
- DINZ supported a week-long deer experience for final year vet students, providing a range of experiences from deer in the paddock through to a taste of venison.

PRIORITIES FOR THE COMING YEAR

- A focus on continuing the successful transition of the P2P programme into DINZ farm performance activities.
- 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 over the range of market-led initiatives.
- DINZ has been successful in gaining MPI funding to help support deer farmers as part of the integrated farming planning accelerator fund, and this 3-year programme will be developed with deer farmers over the next six months.
- Helping deer farmers improve both productivity and profitability remains a priority for DINZ and the farm performance programme. A new practice change and adoption advisory group will be formed to help extend the reach of the information developed by the industry. 🦌

DEER SELECT

PROVING VALUE IN COMMERCIAL SETTINGS

Work carried out in commercial farm settings has continued to highlight the strong contribution of breeding values when they are used to target genetic traits to match the needs of particular farm systems.

ACHIEVEMENTS

Across-breed connectedness between wapiti and red was a major focus for Deer Select. The 2021-born progeny of three wapiti and five red industry sires completed measurements for growth, meat and parasite resistance (CARLA) at AgResearch Invermay.

Within-breed connectedness has been well managed by red and wapiti breeders, meaning all the main sire-producing venison herds have comparable breeding values (BVs). The value of this was shown several years ago when Invermay used paired sires with similar values for weight at 12 months (W12) from different studs and measured the progeny through to processing. The progeny sometimes had slightly different growth lines but for each pair of sires, they ended at the same weight by 11 months of age.

This on-farm work confirmed that a sire with, say a W12 breeding value of +20 kg from one stud gave the same result as another +20 kg sire from a different stud when progeny were run together with the same feeding and management. This reflects the increased recording accuracy and connectedness of herds over the past 10 years. It also means buyers can purchase the right-sized genetics for their farm system with confidence, from their breeder of choice.

EXTENSION

Extension activities involving Passion2Profit (P2P) Advance Parties were undertaken, the main event being a well-attended interactive technical day in Fairlie. This was also the first time we used the new Deer Select display funded through P2P. Several print articles about the event were produced in both deer and rural print media.

There has been a noticeable increase in the range of BVs that farmers are interested in. Early conception and hence earlier fawning featured strongly in summer-dry areas and there was

more targeted use of the W12 breeding value to the “right size” genetics for different farms and different systems. There has been steady interest in the CARLA breeding value, an indicator of an earlier and higher immune response to parasite challenge.

NEW HERDS

Several new herds, predominantly commercial velvet herds, are using Deer Select to record and report their information. Loss of herds due to a lack of succession is a risk to the programme.

RESEARCH

Research into integrating genomics into the evaluation has progressed to the point it can be done on a breed basis. This adds increased accuracy, particularly for later-recorded or single-sex traits. Genomics and a single across-breed evaluation are works in progress. The ongoing technical and practical support provided by AgResearch scientists – and the practical support from farm and technical staff with recording the industry progeny – is much appreciated. 🦌



A new Deer Select display stand was unveiled at a technical workshop held in Fairlie in August.

ANIMAL WELFARE & DEER QA



HIGH COMPLIANCE WITH STANDARDS

Deer Industry New Zealand (DINZ) plays a key role in supporting the industry through its various quality assurance programmes, as well as participating in pan-industry and government animal welfare groups. Highlights from these activities are outlined below.



VelTrak was officially launched in October 2021. Moving to an online traceability system was never going to be easy, but farmers, buyers and processors did a magnificent job of getting to grips with the new process.

Following the end of the season, DINZ made several changes to VelTrak, with the aim of making it easier and more friendly to use. These included revising the tag scanning process for velvet buyers and improving the VelTrak tags to ensure greater retention during handling and transport.

From a regulatory perspective, VelTrak vastly improved the speed and accuracy of tag traceability checks conducted by the Ministry for Primary Industries (MPI), further underpinning its confidence in the integrity of the velvet supply chain.

REGULATED CONTROL SCHEME FOR DEER VELVET HARVEST

The Regulated Control Scheme for Deer Velvet Harvest 2017 (RCS) sets out minimum hygiene requirements for the harvesting, handling, storage and transport of velvet intended for export.

The initial round of deer shed audits was completed ahead of the 2022 velvet season. The programme then moved into a monitoring and surveillance phase to provide ongoing assurance that deer velvet was being removed according to government regulations.

Given that MPI can request a facility inspection at any time, farmers are reminded to ensure that their deer sheds are fully compliant with all aspects of the RCS every time they remove velvet.

VELVET SURVEILLANCE PROGRAMME

The velvet surveillance programme run by MPI, with support from DINZ, continues to work well and ensures a high level of compliance with National Velveting Standards Body (NVSB) requirements. Discussions with MPI veterinarians during the year revealed no major concerns with the deer they saw and where instances of non-compliance were detected, they were dealt with quickly and effectively. It is recommended that surveillance continues over the year ahead, in order to protect the vast majority of deer farmers who continually abide by the rules.

NATIONAL VELVETTING STANDARDS BODY

The results of the annual National Velveting Standards Body (NVSB) velvet removal audit once again showed excellent compliance with programme requirements. Minor concerns were noted around the effective use of tourniquets and farmers’ knowledge of antler nerves; those areas will be a focus of attention for next season’s audit.

The NVSB also contributed to a series of new industry guidelines, including ones covering sales and auctions, as part of its ongoing commitment to ensuring stag welfare.

TRANSPORT

Sixty accredited transport companies were registered with DINZ, a reduction of two companies compared with the previous year. Annual audits of transport companies continue, along with driver training courses. Compliance with the programme is high. Training of new transport drivers is vitally important, so that they understand the unique nature and temperament of farmed deer and how to transport them safely.

If farmers have any concerns about whether or not deer are fit to be transported, they should seek veterinary advice

and obtain a Fitness for Travel Declaration (Vet Cert) if one is needed. Transporting an unfit animal without a veterinary certificate is an offence, which carries with it significant penalties, including potential jail time. Similarly, if deer transporters believe that animals are unfit to be transported, they have a legal obligation not to transport those animals.

Finally, DINZ participated in the establishment of a new, pan-sector group, organised by Waka Kotahi, with the aim of improving driver and animal welfare during livestock transport. While there are few regulatory concerns about deer transport, largely because of the systems that are already in place, it is important that the industry is represented so that it can ensure any proposed changes do not adversely impact deer.

NEW ZEALAND FARM ASSURANCE PROGRAMME (NZFAP)

DINZ is an Associate Member of New Zealand Farm Assurance Programme (NZFAP) and is represented on the programme’s Technical Advisory Group (TAG). NZFAP includes deer and covers three key areas:

- Animal origin and traceability
- Security and food safety
- Animal health and welfare.

During the year, the TAG reviewed the current NZFAP standard and made minor changes to the requirements for deer to reflect current good practice and make the standards easier to understand.

As always, DINZ is keen to see participation in the NZFAP programme grow and encourages interested farmers to discuss the available options with their respective processing company agent.

DEER CODE OF WELFARE

At time of writing, the draft Deer Code of Welfare was out for public consultation, following considerable input from an industry working group that assisted the National Animal Welfare Advisory Committee (NAWAC) and MPI with its final drafting during mid-2022.

The revised code was a major revision of the previous version, which was essentially unchanged from the original 2007 document. As such, it contained a much greater emphasis on promoting good animal welfare, rather than just focusing on minimising suffering.

DINZ made a formal submission on the draft Deer Code of Welfare and encouraged the rest of the industry to review the document and share their views on it, so that the final version is practical and workable for the industry both now and in the years ahead. 🦌

Comparison of the old (bottom) and new (below) VelTrak tags which were improved in 2022 to provide more secure retention.



ENVIRONMENT



SUPPORTING A VIABLE AND THRIVING DEER INDUSTRY

Responsible management of land, waterways, and emissions is important to support and sustain New Zealand’s economic, environmental and social wellbeing. The deer sector has been world leading as stewards of the natural environment and sustainable communities since the 1990s. With major reforms impending, much work has been implemented to ensure we have a viable, thriving industry, with the needs of deer farmers acknowledged and recognised in policy development.

ACTIVITIES

Deer Industry New Zealand (DINZ) has an integral part to play in advocacy and support for farmers, achieving improved relationships with key stakeholders and partners, and working closely with central and local government to help co-design effective policy and methods.

To this end, DINZ continued to represent deer farmers both regionally and at a national policy level. This included helping 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, intensive winter grazing and green-

house gas emissions) that place an undue or disproportionate burden on deer farming.

DINZ also worked with other primary industry organisations and central government agencies to provide input into central government environmental policies that will impact on deer farming and industry sustainability. As part of this, DINZ has remained a He Waka Eke Noa partner because being at the table gave the best opportunity to protect the interests of New Zealand deer farmers and the wider deer industry.

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



Staff from the Ministry for Primary Industries and Otago Regional Council attending a “Deer 101” day at Black Forest Park, Outram, in April 2022.

In association with the NZDFA Otago and Southland branches, DINZ organised winter grazing training days for Otago Regional Council, MPI and Environment Southland teams.

DINZ also organised a “Deer 101” field trip for government officials (working in freshwater and greenhouse gas emissions policy) to visit two Canterbury farms and observe farming practices to manage environmental risks. A second Deer 101 field trip was held for Hawke’s Bay Regional Council staff visiting a local farm. Engagement like this helps government organisations develop more pragmatic environmental policy that doesn’t place extra and undue cost or burden on deer farming.

LOOKING AHEAD

DINZ will continue to support farmers through regional planning processes, via workshops, online resources and working closely with NZDFA representatives.

In partnership with other key stakeholders, DINZ will contribute towards policy development and discussions around:

- freshwater farm planning
- indigenous biodiversity
- He Waka Eke Noa and greenhouse gas emissions inventory
- intensive winter grazing
- stock exclusion.

The consultation period for agricultural greenhouse gas emissions reduction has ended and we are now awaiting a decision

from government. DINZ submitted on the proposal on deer farmers’ behalf, highlighting two key areas of concern:

- price settings and transitional arrangements
- sequestration and nature-based solution incentives/biodiversity credits.

Continued advocacy for deer farming with central government will be vital to ensure the refinement and implementation of greenhouse gas and freshwater regulations is fair.

Updated intensive winter grazing regulations came into effect after this reporting period, from 1 November 2022, meaning farmers needed to start planning for their winter 2023 grazing.

Freshwater farm plan regulations are expected to be ready for rollout from early 2023. Freshwater farm plans will build from existing plans but are not the same as farm environment plans. The first regions for roll out in 2023 are Southland, Gisborne and Waikato.

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. Involvement in the Waikato Regional Council Plan Change 1 proceedings and Otago Regional Council’s Land and Water plan alongside the NZDFA and primary sector stakeholders will continue. 🦌

PRODUCER MANAGEMENT



Attendees at Waihi Pukawa Station, Turangi, during the 2022 Next Generation programme.



The DINZ roadshows in 2022 had a positive response from farmers who attended.

LINKS STRONG, DESPITE DISRUPTIONS

Ongoing disruptions caused by Covid-19 presented challenges for DINZ, but also demonstrated just how strong the links are within the industry. The year featured highly successful industry roadshows across the country in lieu of the traditional industry conference, as well as the ever-popular Next Generation programme held in Taihape-Ruapehu and the branch chairs' conference in Wellington.

PRIORITIES

The main priority for the DINZ producer management team is to ensure the NZDFA is well represented within industry activities as well as reporting on New Zealand Deer Farmers' Association (NZDFA) branch events and local activity.

This includes:

- Working with DINZ executives to bring a producer perspective to DINZ activities, especially via Passion2Profit and other on-farm initiatives, innovation steering groups and engagement with regulators through farm field days and regional workshops
- 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.



Ruapehu Red Deer Stud, one of the destinations during the Next Generation programme.



EMERGING PRIORITIES

Challenges and fallout from Covid-19 disruptions continue to be top of mind for many farmers, with venison prices slowly recovering but struggling to remain competitive with other land uses. Higher returns and diversified markets for venison were priorities in 2021/22 and will no doubt continue to be so. The cost and volume of environmental regulation facing deer farmers are of major concern, with pricing of greenhouse gas emissions being hugely important for industry viability.

ACTIONS

Deer industry roadshows

The industry conference was cancelled this year due to Covid-19 concerns. A series of seven roadshows were instead held around the country to provide farmers with industry updates. These were received positively by farmers and attendance was high for all of the roadshows. Overall, about 180 farmers attended these roadshows. DINZ will look to hold more of these events in future years, while the format and frequency of the industry conference will be reviewed.

May 2022 branch chairs' meeting

The October 2021 branch chairs' meeting was cancelled due to Covid-19 but by May 2022 travel restrictions were lifted, allowing a meeting to take place in Wellington. This included a special dinner where the contributions of long-serving NZDFA members John Somerville (Southland) and Richard Broughton (Northland), and also Tony Pearse's retirement from DINZ, were recognised. These meetings are especially important for NZDFA branch chairs to share farmer views from across the country, understand issues facing the industry and discuss priorities with the DINZ board and executive.



Workshop held during the May 2022 branch chairs' meeting.

Next Generation programme

This was the 10th annual Next Generation programme and as usual it very quickly became oversubscribed. This year the event was hosted by the Taihape-Ruapehu NZDFA branch and had a strong farm focus covering three diverse farms:

- Waihi Pukawa Station (Māori Trust, venison focus but developing a velvet herd)
- Balquhidder (breeding and velvet, strong environmental stewardship)
- Ruapehu Red Deer Stud (venison stud focus).

Attendees were treated to a range of venison dishes thanks to First Light, Duncan NZ and chef Tyson Burroughs from Rustic Steak House.

Communications

The primary communication method for the NZDFA is the monthly *Stagline* newsletter. However, a survey of farmers on communication preferences showed that many farmers could not see any clear difference between *Stagline-Online* and *DINZ eNews* and also did not want to read the same news twice over.

As a result, a new-look newsletter, re-named *DFA Stagline*, was published in August 2022 with a focus on events that have been happening in DFA branches. It is also sent to all deer farmers to highlight what the NZDFA does for its members. Feedback to date has been very positive.



OTHER ACTIVITIES

The deer industry is represented on various pan-industry and government working groups, providing input from and on behalf of deer farmers (e.g., Intensive Winter Grazing, OSPRI, TB Free, Primary Industry Training Organisation, Wormwise,

Integrated Farm Planning, Otago Regional Council Economic Work Programme, Environment Canterbury Auditors' Reference Group).

RESULTS

Responses to demands of central and regional government for environmental stewardship continue to consume increasing amounts of time. No submissions were made this year due to many processes being slowed down by Covid-19, but the industry will be submitting next year on deer welfare and greenhouse gas emissions pricing. Preparation for these is well underway.

The future format and frequency of the deer industry conference is yet to be determined but is expected to be quite different from the present arrangement. In light of this, the format, frequency and timing of biannual branch chairs' meetings (currently held in May and October) and NZDFA AGM (held in May alongside the industry conference) will also be reviewed.

Additionally, the elections of NZDFA representatives (for the Executive Committee and Selection and Appointments Panel) are constitutionally required to be held by postal ballot – an increasingly expensive and time-consuming process. A change to the NZDFA constitution to allow online voting was to be sought at a special general meeting in October 2022.

The NZDFA–DINZ relationship continues to be close and strong, allowing for robust but constructive discussions with the DINZ board and executive. This will be increasingly valuable as New Zealand agriculture faces global and domestic challenges. The Producer Management team is central to good communication and dialogue for the industry. 🦌



NZDFA executive committee, from left: Karen Middelberg, Mark McCoard, Justin Stevens (chair) and Jamie Ward.

SCIENCE & POLICY

USEFUL FINDINGS EMERGING

In spite of the disruptions experienced over the previous two years, science programmes funded by the industry are now beginning to yield useful findings. On the policy front, managing biosecurity risk has remained a priority.

SCIENCE

The 50th anniversary of deer science at Invermay by AgResearch and its predecessor organisations was marked in 2022 with a well-attended celebration at the end of September. The programme included wide-ranging talks from pioneering scientists and practitioners. The day also provided an opportunity to celebrate our progress and the people who made it possible, as well as allowing for reflection on how much knowledge has been generated in only a generation.

While there were still delays in some research projects due to shipping and Covid-related issues, the science programme had some very good successes this year. Two multi-year projects are set to finish over the next year, but results are already appearing. This has been particularly so in the programme to understand the impact on waterways from deer farmed in hill and high-country environments. There were also several presentations at the New Zealand Veterinary Association Conference based on research funded through the industry.

Promising results were reported in the area of velvet functionality, with benefits from velvet for both fatigue in animal models, and immune function in cell models. As the programme progresses to ensure appropriate-quality velvet for customers who use it in healthy food applications, these

results will help us develop better ways of measuring the functional aspects of different types of velvet and its extracts.

POLICY

Biosecurity was a focus for much of the policy work this year.

Deer Industry New Zealand (DINZ) and the Government successfully negotiated an Operational Agreement on Readiness and Response for Chronic Wasting Disease (CWD). Under the agreement, DINZ and the Ministry for Primary Industries (MPI) set a joint work programme to ensure we are prepared and aligned to respond to a potential CWD incursion and help prepare us to manage one of our key biosecurity risks.

The latter part of the year was heavily focused on foot-and-mouth disease (FMD) biosecurity policy following an outbreak of FMD in Indonesia in April. This led MPI to initiate a large project to improve New Zealand readiness for a potential outbreak. Given the devastating impact FMD would have on the New Zealand deer industry through the immediate stop on exports of venison and velvet, DINZ has kept involved in the many workstreams involved. We have been working to ensure that what is being planned is practical, able to be operationalised and capable of achieving eradication without losing our valuable genetic base. 🦌



Deer scientists past and present gathered to celebrate 50 years of deer research at AgResearch Invermay in September 2022.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

For the year ended 30 September 2022	Consolidated 2022 (\$000)	Consolidated 2021 (\$000)
Revenue income		
Venison levy income	3,787	3,752
Velvet levy income	2,933	2,777
Tbfree levy income	1,186	1,160
NAIT levy	102	101
Grant income	1,350	1,101
Other revenue	451	489
Total Revenue	9,809	9,380
Expenditure		
Research expenditure	838	934
Venison and velvet promotion expenditure	2,761	2,564
P2P expenditure	1,722	1,481
Tbfree and NAIT expenditure	1,337	1,384
Other expenditure	2,914	2,666
Total Expenditure	9,572	9,029
Total Comprehensive Revenue and Expenditure Before Taxation	237	351
Taxation Expense	-	(40)
Total Comprehensive Revenue and Expenditure After Taxation	237	311

SUMMARY STATEMENT OF FINANCIAL POSITION

As at 30 September 2022	Consolidated 2022 (\$000)	Consolidated 2021 (\$000)
Accumulated Funds	3,680	3,443
Represented by:		
Current Assets		
Cash at Bank	2,968	2,466
Investments	251	1,205
Stock - VelTrak Tags	115	70
Accounts Receivable	1,424	1,090
	4,758	4,831
Non Current Assets		
Property, plant and equipment	23	23
Intangible assets	538	519
	561	542
Total assets	5,319	5,373
Current liabilities		
Accounts payable and accruals	1,509	1,806
Employee entitlements	127	114
	1,636	1,920
Non current liabilities		
Accrued lease liabilities	3	10
Total liabilities	1,639	1,930
Net Assets	3,680	3,443

SUMMARY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2022	Consolidated 2022 (\$000)	Consolidated 2021 (\$000)
Opening Equity	3,443	3,132
Total Comprehensive Revenue and Expenditure After Taxation	237	311
Closing equity	3,680	3,443

SUMMARY STATEMENT OF CASH FLOWS

For the year ended 30 September 2022	Consolidated 2022 (\$000)	Consolidated 2021 (\$000)
Net cashflows from operating activities	(146)	786
Net cashflows from investing activities	648	(936)
Net (decrease)/increase in cash held	502	(150)
Opening Cash Balance	2,466	2,616
Closing Cash Balance	2,968	2,466

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 2022.

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 2022

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 Group on page 22 to 23, that comprise the summary consolidated statement of financial position as at 30 September 2022, 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 2022 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 2022, 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 2022 and in our auditor's report dated 24 November 2022.

Board of Directors' responsibility for the summary consolidated financial statements

The Board of Directors are responsible on behalf of Deer Industry New Zealand 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 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 in our capacity as auditor, we have no relationship with, or interests in, the Deer Industry New Zealand Group.

Hamish Anton, Deloitte Limited

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

24 November 2022

Deer Industry New Zealand
Statement of Comprehensive Revenue and Expense
For the year ended 30 September 2022

	Notes	Consolidated 2022 \$,000	Consolidated 2021 \$,000	Parent 2022 \$,000	Parent 2021 \$,000
Revenue					
Non Exchange Revenue					
Levy Revenue Venison		3,787	3,752	3,787	3,752
Levy Revenue Velvet		2,933	2,777	2,933	2,777
Government Grant - P2P		998	891	998	891
Government Grant - Natural Knowledge		351	185	351	185
Government Grant - Share in Consortium		1	25	0	25
TBfree Levy Received	1	1,186	1,160	1,186	1,160
NAIT Levy Received	2	102	101	102	101
Exchange Revenue					
Other Revenue		287	361	286	361
Sales from Veltrak Tags	13	110	114	110	114
Interest Received		54	14	45	11
TOTAL REVENUE		9,809	9,380	9,798	9,377
EXPENDITURE					
RESEARCH INVESTMENT					
Research Expenditure		838	934	1,173	1,207
Total Research Investment		838	934	1,173	1,207
VENISON PROMOTION					
Generic Promotion		1,043	899	1,043	899
Joint Promotion		285	298	285	298
Total Venison Promotion		1,328	1,197	1,328	1,197
VELVET					
Promotion		832	695	832	695
Velvet Removal		363	531	363	531
Purchase of Veltrak Tags	13	238	141	238	141
Total Velvet Expenditure		1,433	1,367	1,433	1,367
TbFREE LEVY	1	1,186	1,283	1,186	1,283
DEERPRO		219	261	219	261
NAIT LEVY	2	151	101	151	101
COMMUNICATIONS		349	466	349	466
QUALITY ASSURANCE		536	497	536	497
PRODUCER MANAGEMENT		222	224	222	224
P2P DEVELOPMENT		13	68	13	68
P2P IMPLEMENTATION		1,709	1,413	1,709	1,413
NATURAL KNOWLEDGE		351	184	351	184
DEERSELECT		58	67	58	67
OPERATING EXPENDITURE					
Audit Fees	3	57	51	50	46
Amortisation of Software	8	271	191	271	191
Depreciation and loss on disposal	8	14	9	14	9
Directors' Fees	10	207	207	207	207
Foreign Currency Loss		29	9	30	10
Insurance		58	47	58	47
Accounting and Advisory Fees		12	13	12	13
Other Operating Expenses		444	353	419	359
Grant To Cervena Trust Limited		3	0	23	10
Levy Audits		2	3	2	3
Premises Rental and Costs		82	84	82	84
Total Operating Expenditure		1,179	967	1,168	979
Total Expenditure		9,572	9,029	9,896	9,314
Total Comprehensive Revenue and Expense Before Taxation		237	351	(98)	63
Taxation Expense	4	0	40	0	40
Total Comprehensive Revenue and Expense After Taxation	11	237	311	(98)	23

The accompanying notes on pages 28 to 43 form part of these financial statements

**Deer Industry New Zealand
Statement of Changes in Equity
For the year ended 30 September 2022**

	Notes	Consolidated 2022 \$,000	Consolidated 2021 \$,000	Parent 2022 \$,000	Parent 2021 \$,000
Opening Equity		3,443	3,132	1,992	1,969
Total Comprehensive Revenue and Expense After Taxation		237	311	(98)	23
Total Recognised Revenue and Expenses		237	311	(98)	23
Closing Equity		3,680	3,443	1,894	1,992
Closing Equity comprises:					
Deer Industry New Zealand	11	1,894	1,992	1,894	1,992
PGgRc	11	1	17	-	-
Deer Industry New Zealand Research Trust	11	1,785	1,434	-	-
		3,680	3,443	1,894	1,992

The accompanying notes on pages 28 to 43 form part of these financial statements

**Deer Industry New Zealand
Statement of Financial Position
As At 30 September 2022**

	Notes	Consolidated 2022 \$,000	Consolidated 2021 \$,000	Parent 2022 \$,000	Parent 2021 \$,000
Accumulated Funds	11	3,680	3,443	1,894	1,992
Represented By :					
Current Assets					
Cash & Bank accounts		2,968	2,466	844	777
Stock - Veltrak Tags	13	115	70	115	70
Investments	5	251	1,205	251	1,205
Receivables	6	1,354	1,063	1,351	1,063
Accrued Interest		1	2	1	2
Prepayments		69	25	69	25
Total Current Assets		4,758	4,831	2,631	3,142
Less Current Liabilities					
Accounts Payable		808	493	467	255
Income Received in Advance		201	134	201	134
Accruals		500	1,179	500	1,179
Taxation Payable	4	-	-	-	-
Employee Entitlements		127	114	127	114
Total Current Liabilities		1,636	1,920	1,295	1,682
Non-Current Assets					
Property, Plant & Equipment	8	23	23	23	23
Intangible Assets	8	538	519	538	519
Total Non Current Assets		561	542	561	542
Non Current Liabilities					
Accrued Lease Liabilities		3	10	3	10
Total Non Current Liabilities		3	10	3	10
Net Assets		3,680	3,443	1,894	1,992

The accompanying notes on pages 28 to 43 form part of these financial statements

The Financial Statements were authorised on behalf of the Board by:


Chair of the Board

24 November 2022
Date


Chair of Audit and Risk Committee

24 November 2022
Date

Deer Industry New Zealand
Cashflow Statement
For the year ended 30 September 2022

	Consolidated	Consolidated	Parent	Parent
	2022	2021	2022	2021
	\$,000	\$,000	\$,000	\$,000
Venison, Velvet & TBfree Levies Contributions	8,265	7,794	8,265	7,794
Government Grants	942	1,054	942	1,029
Interest Received	55	14	46	11
Other Operating Income	421	541	422	472
	<u>9,683</u>	<u>9,403</u>	<u>9,675</u>	<u>9,306</u>
Payments to Suppliers and Employees	9,742	8,467	10,163	8,733
Taxation Paid	2	87	2	87
GST Paid	85	63	93	(10)
	<u>9,829</u>	<u>8,617</u>	<u>10,258</u>	<u>8,810</u>
Net (Outflow) / Inflow from Operating Activities	(146)	786	(583)	496
Cashflows from Investing Activities				
Cash was received from:				
Sale of Investments	5,504	2,653	4,604	1,953
Cash was applied to :				
Purchase of Investments	4,550	3,469	3,648	2,755
Purchase of Fixed Assets	306	120	306	120
Net Inflow/(Outflow) from Investing Activities	648	(936)	650	(922)
Net Increase/(Decrease) in Cash Held	502	(150)	67	(426)
Opening Cash Balance at start of the year	2,466	2,616	777	1,203
Closing Cash Balance at end of the year	<u>2,968</u>	<u>2,466</u>	<u>844</u>	<u>777</u>

The accompanying notes on pages 28 to 43 form part of these financial statements

Deer Industry New Zealand

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

REPORTING ENTITY

The financial statements are for Deer Industry New Zealand (the Parent), as a separate entity and the consolidated financial statements are for the Deer Industry New Zealand Group (the Group), which includes all its subsidiaries and associated entities as disclosed in these notes.

Deer Industry New Zealand is a marketing authority established under the Primary Products Marketing Act 1953 and the Deer Industry New Zealand Regulations 2004.

Deer Industry New Zealand is charged with promoting and assisting the development of the deer industry in New Zealand.

The Parent and the Group are designated as a public benefit entity (PBE) for financial reporting purposes. The financial statements for Deer Industry New Zealand are for the year ended 30 September 2022 and were approved by the Board on 24 November 2022.

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of Deer Industry New Zealand are required to comply with Public Benefit Entity Accounting Standards (PBE).

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards. Deer Industry New Zealand is eligible to report using Tier 2 PBE accounting standards due to it being non-publicly accountable and non-large.

Deer Industry New Zealand has taken full advantage of the exemptions available under the framework.

Basis of measurement

The accounting policies set out in the relevant notes to the financial statements have been applied consistently to all periods presented in these financial statements. The financial statements have also been prepared on an historical cost basis. Accrual accounting is used in the recognition of expenses and revenues. The accounting policies have been applied consistently by the Group entities.

Presentation currency

The financial statements are presented in New Zealand dollars, rounded to the nearest thousand.

Deer Industry New Zealand

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

Goods and Services Tax

The financial statements are prepared exclusive of GST with the exception of receivables and payables, which are stated inclusive of GST.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include Deer Industry New Zealand and its subsidiaries. All significant inter-company transactions are eliminated on consolidation.

The following entities have been consolidated for the year ended 30 September 2022. All subsidiaries and the Trusts have a 30 September balance date.

- Deer Industry New Zealand Research Trust

The Trust is a charitable research trust established by Deer Industry New Zealand on 10 June 2008. Operations began on 1 July 2008. The Trust is registered as a charitable entity under the Charities Act 2005 (Registration Number CC33142). The purposes of this Trust include:

- (a) undertake, and arrange to be undertaken, research into deer and into processing methods for slaughtered deer;
- (b) undertake, and arrange to be undertaken, research into products derived from deer including venison and velvet;
- (c) undertake, and arrange to be undertaken, research into processing and dealing with products derived from deer including venison and velvet;
- (d) undertake, and arrange to be undertaken, research into the farming of deer to enhance the value, quality and marketability of the production from deer farming; and
- (e) disseminate research outcomes to the deer industry.

- Cervena Trust Limited

Cervena Trust Limited is the corporate trustee of the Cervena Trust. Deer Industry New Zealand owns 25 percent of the share capital of Cervena Trust Limited and the remaining 75 percent is held in a fiduciary capacity by the directors on behalf of Deer Industry New Zealand. In these circumstances, while not operationally part of the Deer Industry New Zealand Group, power and benefit elements are present and therefore the financial statements of the Cervena Trust Limited are required to be consolidated with those of Deer Industry New Zealand under IPSAS 6: *Consolidated and Separate Financial Statements*. The company does not trade.

Deer Industry New Zealand NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

The following entities have not been consolidated for the year ended 30 September 2022:

- Cervena Trust

The purpose of the Cervena Trust is to develop and promote the Cervena appellation. It does this by licensing the appellation through Cervena Trust Limited to sub-licensees. The Trust has not been consolidated as Deer Industry New Zealand does not have an ownership interest in the Trust. In addition, the beneficiaries of the Trust are not the same group as the stakeholders in Deer Industry New Zealand but are a subset of that group.

The following company is an associated entity of Deer Industry New Zealand during the year ended 30 September 2022.

- Pastoral Greenhouse Gas Research Consortium (PGgRC)
DINZ has a 1.28% interest in this research consortium.

The proportionate consolidation method of accounting for joint operations applies the following principles for the Company's share in the joint operation with separate disclosure of:

- MBIE non-exchange revenue,
- Other revenue,
- Research expenditure, and
- Administration expenditure.

The share of cash contributions in the consortium is not always consistent amongst partners annually which creates a variance between net asset movement and the proportionate surplus or deficit reported by each of the joint ventures. Adjustments to reflect this annually are recognised in the Statement of Comprehensive Revenue and Expense as "Change in Proportionate Share in Consortium Net Assets".

PGgRC has a balance date of 30 June and DINZ has consolidated their share from 1 October 2021 to 30 September 2022.

- OSPRI New Zealand Limited

OSPRI New Zealand is a not-for-profit limited company, established on 1 July 2013. Its shareholders are DairyNZ (45.5%), Beef+Lamb New Zealand Ltd (45.5%) and Deer Industry New Zealand (9%). TBfree New Zealand Ltd (formerly the Animal Health Board) and NAIT Ltd are wholly-owned subsidiaries of OSPRI New Zealand Ltd.

OSPRI New Zealand Limited is registered as a charitable entity under the Charities Act 2005 (Registration Number CC49247). Ospri New Zealand Limited has a 30 June balance date.

OSPRI is an equity investment accounted for at cost which is nil.

Deer Industry New Zealand

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

Revenue

The specific accounting policies for significant revenue items are explained below.

Levy Income from members (Non exchange revenue)

Venison, velvet, TBfree and NAIT levies are received from members in the ordinary course of business and are accounted for using an accrual basis.

Government Grant – P2P Programme & Natural Knowledge (Non exchange revenue)

Government grants from the Primary Growth Partnership are accounted for on an accrual basis. Contributions have been made in kind to the P2P Programme but are not included in the financial statements.

Government grants for Natural Knowledge are accounted for on an accrual basis and income is matched to expenditure.

Joint Venture Funding from the Ministry of Business, Employment and Innovation (MBIE) (Non-exchange revenue)

The research joint venture PGgRC receives grant funding following application to MBIE. Funding is recognised when received and when the expected milestones have been achieved and the conditions of MBIE funding have been met. Funding is recognised as revenue in proportion to DINZ's ownership interest in this consortium.

Interest, Other Revenue and Project Management Income (Exchange revenue)

Interest earned, other income and project management revenue is accounted for on an accrual basis

Sales from Veltrak Tags (Exchange revenue)

Sales for electronic Veltrak tags to veterinary clinics is accounted for on an invoice basis.

Deer Industry New Zealand

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

Income Tax

Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

Research

All research expenditure incurred by the Group and Company during the year has been expensed.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held on call with registered banks.

Investments

Investments comprise bank term deposits with expiry dates greater than three months and are accounted for at cost.

Accounts Receivable

Accounts receivable are stated at expected realisable value.

Accounts Payable

Short term payables are recorded at their face value.

Accrual accounting is used in the recognition of expenses and revenues.

Property, plant and equipment

Property, plant, and equipment consist of the following asset classes: Computer equipment, leasehold improvements, furniture and fittings, and office equipment. All asset classes are measured at cost, less accumulated depreciation and impairment losses.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write-off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

Furniture & Fittings	5 to 10 years	10%-20%
Office Equipment	5 years	20%
Computer Equipment	3 years	33%
Leasehold Improvements	5 years	20%

Deer Industry New Zealand

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangibles: Computer Software

Computer software is measured at cost, less accumulated amortisation and impairment losses.

Amortisation

Amortisation is provided on a straight-line basis on all Computer software at rates that will write-off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of computer software have been estimated as follows:

Computer Software	3 years	40%
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The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Employee Entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

Accrued Lease Liabilities

Accrued lease liabilities recognise the remaining benefits of a rent-free period at the commencement of the lease apportioned over the seven-year lease period. The benefit is proportionately reduced each year.

Foreign Currencies

Foreign currency transactions are translated into NZD (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Financial Instruments

Deer Industry New Zealand is party to financial instruments as part of its everyday operations. These include instruments such as bank balances, investments, accounts receivable, trade creditors and forward rate agreements for foreign currency.

Deer Industry New Zealand

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

Inventory

Inventory includes stock for Veltrak tags available for distribution and is recognised at the lower of cost or net realisable value.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those used in previous years.

1. TBfree Levy

Deer Industry New Zealand executed TB Plan Funders' Agreement which is effective from 1 July 2016 for a ten-year period. The agreed annual funding commitment for the July 2022 to June 2023 is \$1.104 million to be paid monthly in equal instalments.

Deer Industry New Zealand collects the TBfree ('TBf') levy at a rate set annually from 1 October, and makes minimum monthly payments based on the annual contribution agreed with OSPRI. If Deer Industry New Zealand collects excess TBf levies over the monthly minimum payment (2021: \$1.160 million) these are required to be remitted to TBf. This year the amount collected was \$1.186 million and the amount remitted was \$1.186 million (2021: 1.283 million) and includes a wash up for the TBf financial year ended June 2021.

These funds are managed by OSPRI and accounted for by Deer Industry New Zealand. Where these levies are surplus to the deer industry's annual commitment to TBf, the funds are carried forward by TBf and interest is accrued at commercial rates for the benefit of Deer Industry New Zealand members. The TBf levy is reviewed annually by Deer Industry New Zealand.

2. National Animal Identification & Tracing (NAIT) Levy

Deer Industry New Zealand collects the NAIT levy at a rate set annually from 1 October. These levy funds are required to be remitted to NAIT in the month following collection.

NAIT also collects directly an Impractical to Tag levy from deer farmers and these levies are applied for the benefit of the deer industry by NAIT.

	2022	2021
	\$,000	\$,000
NAIT Levies received	102	101
NAIT Levies paid	(151)	(101)
	<u>(49)</u>	<u>-</u>

The NAIT levy is reviewed annually by Deer Industry New Zealand.

Deer Industry New Zealand

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

3. Audit Fees

Audit fees paid by Deer Industry New Zealand include the audit of other Group entities:

	2022 \$,000	2021 \$,000
Audit of Deer Industry New Zealand	50	46
Audit of other Group entities	7	5
	<u>57</u>	<u>51</u>

4. Taxation

	Consolidated 2022 \$,000	Consolidated 2021 \$,000	Parent 2022 \$,000	Parent 2021 \$,000
Total Comprehensive Revenue and Expenses Before Taxation	237	351	(98)	63
Tax @ 28%	66	98	(27)	17
Plus/(less) tax effects of:				
• Non-deductible expenses	(64)	(58)	29	23
• Timing differences	8	10	8	10
• Tax losses (utilised)/generated	-	-	-	-
• Prior period adjustment	(10)	(10)	(10)	(10)
Income Tax Expenses as per Statement of Comprehensive Revenue and Expense	<u>-</u>	<u>40</u>	<u>-</u>	<u>40</u>

The Group and the Parent has nil tax payable with a loss of \$39,000 brought forward. (2021: nil tax payable).

The deferred tax asset arising from timing differences and tax losses of \$60,971 (2021: \$39,000) in respect of the Group and \$60,971 (2021: \$39,000) in respect of the Parent have not been recognised in the financial statements.

Deer Industry New Zealand, and Cervena Trust Limited are all taxable entities. The Deer Industry New Zealand Research Trust is tax exempt due to its Charitable Trust status.

Deer Industry New Zealand

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

5. Investments

	2022 \$,000	2021 \$,000
Parent		
Term deposits	251	1,205
Group		
Term deposits	251	1,205

The carrying amount for investments is cost which are their fair value.

6. Receivables

Accounts receivable comprise:

	2022 \$000	2021 \$000
Parent		
Levies receivable	234	492
Government Grant – P2P	680	272
GST Receivable	294	200
Total non-exchange transactions	1,208	964
Exchange Transaction- Sundry Receivables	143	99
Total Parent Receivables	1,351	1,063
Group		
Levies receivable	234	492
Government Grant – P2P	680	272
GST Receivable	294	200
Total non-exchange transactions	1,208	964
Exchange Transaction- Sundry Receivables	146	99
Total Group Receivables	1,354	1,063

Deer Industry New Zealand

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

7. Key management personnel compensation

Key management personnel compensation for the year ended 30 September 2022 and 2021 is set out below. The key management personnel are the Directors of Deer Industry New Zealand, the Chief Executive Officer and his direct reports.

	2022	2021
<i>Board Members</i>		
Remuneration (\$,000)	\$207	\$207
Full-time equivalent members	8	8
<i>Leadership Team (KMP)</i>		
Remuneration (\$,000)	\$1,000	\$971
Full-time equivalent members	6	7
<i>Total Employee Remuneration</i>		
Remuneration (\$,000)	\$1,660	\$1,569
Full-time equivalent members	13	12.4

Deer Industry New Zealand

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

Key Management Staff

Set out below are the numbers of key management staff of Deer Industry New Zealand and its subsidiaries who received remuneration and other benefits of \$100,000 or more during the year, in their capacity as employees.

Remuneration Range	Number of Employees
\$140,000 - \$149,999	3
\$150,000 - \$159,999	2
\$250,000 - \$259,999	1

8. Property, Plant and Equipment and Intangible Assets

\$000	FURNITURE & FITTINGS	COMPUTER EQUIPMENT	OFFICE EQUIPMENT	INTANGIBLE ASSETS	WORK IN PROGRESS	TOTAL
	2022	2022	2022	2022	2022	2022
	\$	\$	\$	\$	\$	\$
Opening Balance	5	17	1	519	-	542
Additions	-	16	3	15	275	309
Disposals	-	(5)	-	-	-	(5)
Depreciation	(1)	(12)	(1)	(271)	-	(285)
Closing Balance	4	16	3	263	275	561
Gross Carrying Amount	14	88	10	926	275	1,313
Accumulated Depreciation	(10)	(72)	(7)	(663)	-	(752)
Net Carrying Amount	4	16	3	263	275	561

\$000	FURNITURE & FITTINGS	COMPUTER EQUIPMENT	OFFICE EQUIPMENT	INTANGIBLE ASSETS	WORK IN PROGRESS	TOTAL
	2021	2021	2021	2021	2021	2021
	\$	\$	\$	\$	\$	\$
Opening Balance	5	8	2	608	-	623
Additions	-	17	-	102	-	119
Disposals	-	(3)	-	-	-	(3)
Depreciation	-	(5)	(1)	(191)	-	(197)
Closing Balance	5	17	1	519	-	542
Gross Carrying Amount	14	77	6	911	-	1,008
Accumulated Depreciation	(9)	(60)	(5)	(392)	-	(466)
Net Carrying Amount	5	17	1	519	-	542

Intangible Assets comprise the VelTrak (velvet tracking system), Customer Relationship Management system and the Regulated Control Scheme Audit (for removal of deer velvet) systems.

Deer Industry New Zealand

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

9. Financial Instruments

Nature and Extent

The Group enters into forward exchange agreements from time to time to hedge against currency movements. These are all transacted during the financial year and no contracts are held over the balance date.

Fair Value

The carrying values of all balance sheet financial assets and liabilities are considered to be equivalent to their fair market values.

Credit Risk

Financial instruments, which potentially subject the Group to credit risk, consist of cash and short-term bank deposits and accounts receivable. The maximum exposure to credit risk is the carrying value of these financial instruments.

The Group makes investments with the ANZ Banking Group New Zealand and Bank of New Zealand. The credit risk with respect to accounts receivable is limited due to the number of debtors.

Interest Rate and Currency Risk

While the majority of the Group's activities are carried out in New Zealand, of the total expenditure incurred by the Group approximately 15% were denominated in foreign currency.

At balance date, there are no foreign currency deposits (2021: nil). The notional or principal contract amounts of foreign exchange instruments at balance date for the parent and group for forward exchange contracts was nil (2021: \$nil). The unrealised gain/loss on these contracts at balance date is nil (2021: nil). All deposits held by the Group are short term in nature. The Group receives interest at current market rates.

10. Board and Directors' Fees and Related Expenses

These expenses cover amounts paid to Board Members and Directors in the form of honoraria, attendance fees for board meetings and other special meetings that may arise from time to time. It also covers the cost of travel for Board Members and Directors incurred in fulfilling their respective roles.

The annual fees and honoraria for Deer Industry New Zealand Board Members are; the Chairman receives \$40,000, the Chairman of the Audit & Risk Committee \$24,700, Audit & Risk Committee members receive \$24,200 and the remaining Board Members \$23,200. The Board comprises eight members.

Deer Industry New Zealand

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

In the 2022 year, the Parent's Directors' fees totalled \$207,275 (2021: \$207,400). The Parent also incurred Directors' expenses of \$93,608 (2021: \$35,430) - which comprised of: \$61,376 in travel, accommodation and sundry expenses (2021: \$35,430) and \$32,232 in strategy development (2021: nil).

From 1 July 2022 Hamish Fraser and Jacqueline Rowarth replaced Ian Walker and Mark Harris as directors.

Cervena Trust Limited

Directors fees were not paid for meetings for the year ending 30 September 2022 (2021: nil). Travel expenses were nil (2021: nil).

11. Equity

The equity of the Group is \$3,680,000 (2021: \$3,443,000), of which \$1,785,000 (2021: \$1,434,000) is held by the Deer Industry New Zealand Research Trust.

Deer Industry New Zealand (Parent)

	2022 \$,000	2021 \$,000
Opening Balance	1,992	1,969
Surplus attributable to Deer Industry New Zealand	(98)	23
Closing Balance	1,894	1,992

Deer Industry New Zealand Research Trust

	2022 \$,000	2021 \$,000
Opening Balance	1,434	1,163
Surplus attributable to Deer Industry New Zealand Research Trust	351	271
Closing Balance	1,785	1,434

PGgRc (Joint Venture 1.28% share)

	2022 \$,000	2021 \$,000
Opening Balance	17	34
(Deficit) attributable to Deer Industry New Zealand PGgRc	(16)	(17)
Closing Balance	1	17

Deer Industry New Zealand

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

12. Related Parties

Deer Industry New Zealand provided no funding for the year to the Pastoral Greenhouse Gas Research Consortium (2021: \$35,000).

Deer Industry New Zealand provided a research grant to the Deer Industry New Zealand Research Trust of \$867,000 (2021: \$650,000).

An operational grant of \$20k (2021: \$10k) was provided from Deer Industry New Zealand to Cervena Trust Limited.

Payments are made to fund joint promotional activities to venison processing companies who have directors, officers or shareholders who are also board members of Deer Industry New Zealand.

As part of the annual budget setting process, the Board is responsible for allocating the total pool of funds to be spent on joint promotion, which is then subject to industry consultation. This pool is allocated to venison processing companies based on a formal allocation policy administered by Deer Industry New Zealand management. As such, the Deer Industry New Zealand board has no influence on the allocation of these funds to venison companies.

Deer Industry New Zealand provided funding to OSPRI New Zealand Limited of \$1.186 million (2021: \$1.283 million).

At balance date Deer Industry New Zealand owed OSPRI New Zealand Limited \$111k (2021: \$98k).

Deer Industry New Zealand

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

13. Veltrak Tags

During the year, 500k electronic Veltrak tags were purchased (2021: 500k tags). 324k tags were sold for \$110k (2021: 336k tags sold for \$114k). The cost of these tags was \$163k (2021: \$141k), a net cost to Deer Industry New Zealand of \$53k (2021: 27k).

At 30 September, there are 339k tags on hand valued at \$115k available for distribution (2021: 164k on hand valued at \$70k). These have been revalued to the lower of cost or net realisable value.

14. Commitments

Rent

Commitments in respect of non-cancellable operating leases for rental of office premises are as follows:

	Parent & Consolidated	Parent & Consolidated
	2022 \$,000	2021 \$,000
Not later than 1 year	40	81
Later than 1 year and not later than 2 years	-	40

TBfree

Commitments in respect of funding entered into by Deer Industry New Zealand for the National Bovine Tuberculosis Pest Management Strategy with the TBfree are as follows:

	2022 \$,000	2021 \$,000
Not later than 1 year	1,104	1,196
Later than 1 year and not later than 2 years	1,104	1,196
Later than 2 years and not later than 5 years	1,932	3,289
Later than 5 years	-	-

P2P

This 7-year programme (2015 to 2022) has been named Passion2Profit (P2P) to reflect the transition from an industry established through a passion for deer and venison to an industry also focused on greater profits. P2P is co-funded by the government's Primary Growth Partnership (PGP) up to a figure of \$7.4m.

P2P is made up of two interlinked projects:

Deer Industry New Zealand

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

- Marketing premium venison
- Market-led production

These projects aim to correct the mismatch between venison production and demand in traditional markets, while progressively developing new markets that demand quality venison at chilled prices all year round.

The P2P Primary Growth Partnership contract ended on 30 September 2022. The final year of the programme included wrap up of the programme's projects. A review of the impact of the activity will be undertaken with MPI.

Contracted	2022 \$,000	2021 \$,000
Not later than one year	-	1,146

15. Contingencies

Deer Industry New Zealand's associated entity Pastoral Greenhouse Gas Research Consortium current holding is 1.28% (2021: 1.28%).

DINZ has unconditional guarantees to the other partners in the PGGRC unincorporated joint venture which:

- guarantee the due performance and observance of the guaranteed obligations by its subsidiary companies; and
- indemnify against any loss or damage due to any breach of the unincorporated joint venture agreements by its subsidiary companies. No claims have been made.

16. Subsequent Events

There were no material events subsequent to the balance date requiring disclosure in the financial statements (2021: nil).

17. Covid-19

The outbreak of the novel coronavirus (COVID-19) in early 2020 and into the 2022 financial year has affected business and economic activity around the world including deer industry's export markets and New Zealand. COVID-19 has no material impact on the financial performance of Deer Industry New Zealand aside from some disruption to market development activities and extension events that did not progress.



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF THE DEER INDUSTRY NEW ZEALAND AND GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

The Auditor-General is the auditor of Deer Industry New Zealand (the 'Parent') 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 financial statements of Deer Industry New Zealand Parent and Group on his behalf.

Opinion

We have audited the Parent and Group financial statements of Deer Industry New Zealand and Group on pages 1 to 20, that comprise the Parent and Group statement of financial position as at 30 September 2022, the Parent and Group statement of comprehensive revenue and expense, the Parent and Group statement of changes in equity and the Parent and Group cashflow statement for the year ended on that date and the notes to the Parent and Group financial statements that include accounting policies and other explanatory information.

In our opinion:

- the financial statements of Deer Industry New Zealand Parent and Group:
 - present fairly, in all material respects:
 - its financial position as at 30 September 2022; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

Our audit was completed on 24 November 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the Parent and Group financial statements, and we explain our independence.

Basis for our opinion

We carried out our audit 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. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Parent and Group financial statements

The Board of Directors are responsible on behalf of Deer Industry New Zealand and Group for preparing the Parent and Group financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.



The Board of Directors are responsible for such internal control as they determine is necessary to enable the preparation of the Parent and Group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Parent and Group financial statements, the Board of Directors are responsible on behalf of Deer Industry New Zealand and Group for assessing Deer Industry New Zealand and Group's ability to continue as a going concern. The Board of Directors are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intend to wind-up the Trust or to cease operations, or have no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Primary Products Marketing Act 1953.

Responsibilities of the auditor for the audit of the Parent and Group financial statements

Our objectives are to obtain reasonable assurance about whether the Parent and Group financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these Parent and Group financial statements.

We did not evaluate the security and controls over the electronic publication of the Parent and Group financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the Parent and Group financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Deer Industry New Zealand and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Deer Industry New Zealand and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Parent and Group financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Deer Industry New Zealand and Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the Parent and Group financial statements, including the disclosures, and whether the Parent and Group

Deloitte.

financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the Parent and Group financial statements of the entities or business activities within the Group to express an opinion on the Parent and Group financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

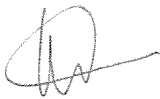
We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Independence

We are independent of the Deer Industry New Zealand and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the 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. MANDY BELL

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



2. HAMISH FRASER (FROM JULY 2022)

Partner and Officer of Venator New Zealand Limited Partnership, Fraser Deer Limited Partnership



3. MARK HARRIS (UNTIL JUNE 2022)

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



4. 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.



5. JACQUELINE ROWARTH (FROM JULY 2022)

Director of DairyNZ, Director of Ravensdown, Shareholder and director of Oraka Farming, Adjunct Professor of Lincoln University



6. DR IAN WALKER (UNTIL JUNE 2022)

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

ELECTED BY VENISON MARKETERS AND PROCESSORS



7. GERARD HICKEY

Officer of Firstlight Foods | Shareholder of Firstlight Foods



8. NIGEL JONES

Officer of Alliance Group Limited



9. DAVE COURTNEY

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 Association Liability insurance.