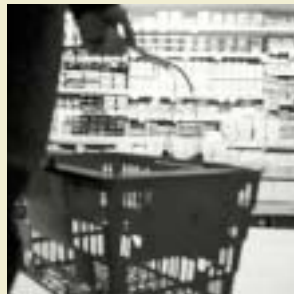


NEW ZEALAND GAME INDUSTRY BOARD 2001-2002



“The deer industry’s future success and viability depends on having industry agreed programmes that are absolutely appropriate for our markets. Short term and unique issues and events must not affect our resolve to continue in the direction on which we have embarked.”

CLIVE JERMY CHAIRMAN



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GIB EXECUTIVE



Biosecurity And Market Assurances

Publicity about 1080 during the year was an acute reminder of the importance of New Zealand's reputation as a supplier of clean, natural and safe food and how fragile that reputation is.

The Game Industry Board's approach, endorsed by the DFA in May, was to publicly support the calls from MAF and other industry participants for stricter controls and enforcement to ensure the compliance of feral recovery operators with MAF's assurance systems.

Assurance that a specific need is being met is necessary but not enough. We must also be able to prove that this need is in fact being met through robust systems.

After two seasons of prosperity and industry harmony following the reforms of 1999, which saw the *3 Partners:1 Vision* strategy launched, the industry's difficult venison season is a clear illustration of the challenges we still face as an industry.

Positively, this is only the third season of our marketing programmes in operation in Europe and it is absolutely clear that our goal of extending the consumption period through mainstream distribution like retail is the way forward for New Zealand venison. There is positive evidence of these programmes working despite the unusual circumstances of the last 12 months.

Elusive Stability

Unique factors such as Foot and Mouth Disease and BSE fuelled demand and prices during the off-season. By the start of the peak production and consumption season, consumers' fears about these disease outbreaks had largely eased, beef consumption was back to approximately 90% of its pre-BSE levels, beef prices were low and Germany's high unemployment and negative economic growth combined to see resistance to highly priced venison. While we may never see such a combination of issues again, our vulnerability to traditional seasonal markets has never been more exposed.

Our in-market partners demand price stability and managed supply growth. Meeting these market needs is critical to the industry's ability to support future growth in high-value, non-traditional and non-seasonal markets.

The Game Industry Board has worked closely with MAF Biosecurity and others to step up sampling to support our CWD-free status.

The Game Industry Board was involved in the Board of Inquiry process in support of the objective of the Animal Health Board National Pest Management Strategy – eradication of Bovine Tb from cattle and deer herds by 2013.

However, the programme required to achieve Tb eradication is costly. A key issue needing resolution is how that funding is shared by the cattle, dairy and deer industries. The deer industry continues to argue for an allocation formula based on export earnings. It would mean a substantial reduction in the contribution required from the deer industry. This approach was supported by an independent review commissioned by the AHB Members' Committee and the Board of Inquiry but the issue remains unresolved between sectors at year-end.

Industry Programmes

This has been the third year of the *3 Partners:1 Vision* strategy and, despite the issues surrounding venison currently, we are more than pleased with the level and quality of promotional

programmes being run in conjunction with processors/exporters and their in-market partners.

Illustrating their commitment to the programme, as at year-end, companies and their in-market partners have contributed \$2.32 for every \$1 of levy funding allocated to joint promotion activities.

While we will always have product in the traditional autumn/winter consumption period, the future for sustainable growth and value maintenance lies in out-of-season consumption by a broader-based market – especially through retail channels.

Endeavours in this area are most pleasing while it must be noted that this is only our third year of focus and investment in the European market.

Kyoto Protocol

Along with other agricultural bodies, the Game Industry Board vigorously argued against New Zealand's ratification of the Kyoto Protocol ahead of our major competitors in three formal submissions and appearances at Select Committee hearings. Government, however, remains committed to its course and the Game Industry Board remains involved in discussions regarding the research government has signalled it will require agricultural industries to fund.

Issues such as this highlight the need for a strong and unified voice to promote agriculture's interests.

Industry Structural Review

After 25 years, the industry had evolved into four major stakeholder groups, not all of which were fully representative of their respective sectors, with two separate levies. It was time to streamline these industry structures by providing for a single representative body with one funding base for industry strength, unity and cost efficiency without compromising sector political representation.

Consultation with all sectors resulted in approval for the new organisation. Deer Industry New Zealand – the new operating name for the Game Industry Board – will commence operations on 1 October 2002 (see page 12).

Board Members

It is significant for the industry and the Game Industry Board – whose role is to assist with the orderly development of the deer industry – that

we are now working with all companies on fully industry agreed programmes.

Today your Board is working alongside 100% of the industry. I am very pleased to welcome Stewart Barnett (CEO, PPCS Ltd), John MacDonald (Owner/Operator, Canterbury Antler Ltd) and John Scurr (immediate past Deer Farmers' Association President) to the Board.

John MacDonald joined the Board in January 2002 replacing Bob Bennett as the Deer Industry Association's nominee to the Board to represent the velvet and co-product processing industry. Stewart Barnett and John Scurr joined the Board in July as a result of the additional transitional appointments agreed as part of industry restructuring.

I would like to thank all Board Members for their excellent contribution and support and I would like to recognise the long service of Bob Bennett to the GIB. Bob stepped down from the Board at the end of 2001 after two terms.

On behalf of the Board, I acknowledge and thank the Executive for their professionalism and dedication in championing the industry's causes and thank Sue Lindsay who leaves after 10 years of service.

Conclusion

As noted in last year's Annual Report, the highs the industry experienced were largely the result of global factors outside our control, including the disease outbreaks in Europe and exchange rate. Not only were the prices at this time short-lived and transitory, they have also caused significant damage to the industry's reputation in the market and to key relationships. Sustainable profitability requires more than riding the highs and lows of the commodity roller-coaster. It is my hope that the Deer Industry New Zealand structure and the involvement of all companies in the industry's market development programmes will provide the basis for a robust debate on what can be done to address this major challenge.



Clive Jermy, Chairman



Nominated by the New Zealand Deer Farmers' Association
< CLIVE JERMY (Chairman)
 Palmerston, Otago
 Managing Director and Chair of Stanfield's Bushey Park Ltd, farms near Palmerston; CIC Head of Delegation for New Zealand.



Appointed by the Minister of Agriculture
< ANDREW THOMSON
 (Deputy Chairman)
 Thorndon, Wellington
 Chairman, Game Industry Board Audit Committee; Director of Abacus Biotech Ltd; New Zealand Railways Corporation; Ruapapa Ltd; Chair of Group Research Holdings Ltd and VARNZ Ltd.

Nominated by the New Zealand Deer Industry Association
STEWART BARNETT >
 Dunedin, Otago
 CEO PPCS Ltd; Director of the Canterbury Frozen Meat Co Ltd and Windward Skins (1992) Ltd, Air Foods NZ Ltd, Kiwi Fern Ltd, CFM Management Ltd, Glendermid Leathers Ltd, Slink Skins Canterbury Ltd, Supergrass Ltd, Broadoak Ltd; Global Technologies (NZ) Ltd, Marlborough Seafoods Ltd, Rowallan Investments Ltd, Mair Venison Ltd, MVL Management Services Ltd and Richmond Ltd.



Nominated by the New Zealand Deer Industry Association
JOHN MACDONALD >
 Christchurch, Canterbury
 Owner/operator of Canterbury Antler Ltd; Director of Cinema 3 Ltd.



Nominated by the New Zealand Deer Industry Association
< CHRIS NEWTON
 Hastings, Hawke's Bay
 Member of the Game Industry Board Audit Committee; Chief Manager Marketing, Richmond Ltd, Director of Richmond Ltd and the following Richmond subsidiary and associated companies: Richmond Europe, Brussels; Richmond Oman; Richmond Lonsdale UK; Richmond Waitotara Europe, Rotterdam; Richmond Speciality Beef Importers USA; Richmond Singapore; Richmond Japan; Richmond Germany Hamburg; Alternate director of NZ Lamb Company.



Nominated by the New Zealand Deer Farmers' Association
< WARREN MOYES
 Whangarei, Northland
 Member of the Game Industry Board Audit Committee; Chair of New Zealand Electricity Networks Association; Northpower Ltd; Metropower Ltd and Whangarei Tourism Trust; farms near Whangarei.



Nominated by the New Zealand Deer Farmers' Association
JEFFREY PEARSE >
 Waitohi, South Canterbury
 Chair of the Game Industry Research Trust; Shareholder of Velexco Ltd; farms near Temuka.



Nominated by the New Zealand Deer Farmers' Association
MICHAEL PATTISON >
 Silverstream, Upper Hutt
 Marketing Consultant; Director, Berryfruit Exports New Zealand Ltd; Trustee of the Game Industry Research Trust; Trustee and Director of Velvet Quality New Zealand Trust Ltd.



Nominated by the New Zealand Deer Industry Association
< MICHAEL RICE
 Christchurch, Canterbury
 Trustee Game Industry Research Trust; Director of Cervena Company Ltd.



Nominated by the New Zealand Deer Farmers' Association
< JOHN SCURR
 Wanaka, Otago
 Shareholder of Velexco Ltd; farms near Temuka.



INDEMINIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

The New Zealand Game Industry Board indemnifies all directors and officers named in this report, and current directors and officers of the Group against all liabilities (other than to the New Zealand Game Industry Board or a member of the Group) which arise out of the performance of their normal duties as director or officer, unless the liability relates to conduct involving lack of good faith. To manage this risk, the Group has indemnity insurance.



Difficult market conditions for venison in Europe, agreeing and implementing a new single representative organisation for the deer industry and several major projects meant a very busy and testing year.

Our objective was the development of an efficient and robust foundation to support deer industry objectives.

Venison Market Events

The major feature of the year was the dramatic swing in fortunes of the venison industry.

Last year's record venison prices and export earnings dropped sharply as highly priced venison met market resistance after BSE and Foot and Mouth Disease concerns eased and cheap beef became an attractive option. Soft market conditions endured generally throughout the year and dampened the start of the 2002 chilled season.

Production

Venison production was lower than last year, avoiding further pressure on the market.

Venison production dropped 11% from 504,000 to 450,000 animals this year. With slightly higher average carcase weights (55.3 kg) total venison production decreased 10% to 24,900 tonnes.

Velvet production for the year was up 6% to 522 tonnes frozen. The total number of stags sent for venison production is at historical highs

(280,000 animals) and the proportion of stags making up total venison production (62%) is at its highest level in 10 years, excluding the impact of the Asian economic crisis. This is positive in terms of managing future velvet production.

Exports

Total deer industry exports came back 18% to \$257 million (FOB) after last year's record venison export earnings. Of this total, venison exports accounted for \$202 million (79% of total export earnings), velvet \$36 million (14%), co-products \$8 million (3%) and hides and leather \$10 million (4%).

Farmgate Returns

The average schedule price fell rapidly from the record high of \$10.17 (60kg AP stag) at the start of the year to a low of \$5.25 (down 48%) in June.

For the remainder of the year the schedule remained relatively flat, rising later than normal in August and peaking at the close of the year at \$6.68.

The 2001/02 velvet season returned an average of \$96.10 per frozen kg across all grades, up 21% on the previous year. Prices fell at the start of the season as large volumes came onto the market early and then generally improved throughout the remainder of the year as prospects in Korea brightened and volumes eased.

Industry Growth

The herd continues to grow strongly. The growth rates recommended in previous years (10% growth in hinds, 5% growth in stags) remain unchallenged as sound objectives but recent growth is estimated to be beyond these levels at around 13%.

Achieving price stability and managed supply in line with market needs remains the industry's most important issue and its biggest challenge. While there are undoubtedly significant growth opportunities for venison, market development is a long-term activity and increased supply must be managed carefully. Apart from external factors such as the health of global economies and the

New Zealand dollar, how we recover from the current situation will be heavily influenced by supply patterns.

Promotional Activities

A successful promotional programme achieved good results in Germany and some exciting joint promotion activities were agreed in our traditional velvet markets. See the Venison Report on page eight and the Velvet Report on page ten for further details.

This was the first year of the Cervena® programme without automatic levy funding. Activities promoting Cervena in the USA continued with GIB joint promotional support and with significant company contributions. Cervena remains an important part of the industry's diversification strategy.

The coming year will see a focus on access issues for velvet in Asia in preference to generic promotion. Improving access is also a focus of venison activity with an intensive programme of work continuing in France.

Quality Programmes

The industry's QA programmes remain critical to assuring consumers that their needs are met.

The On-Farm programme has 1900 farms registered and accredited within the programme (approximately 44% of all farms). This programme is integrated and flexible so that the generic DeerQA programme provides a baseline which companies can adopt and add to with their own specific requirements.

A Code of Welfare for deer farming, as required under the Animal Welfare Act, is being developed and will be open for public consultation.

Ahead of the 2002/03 velveting season, the NVSB tightened elements of the programme relating to auditing and enforcement. This is necessary for the credibility of the programme, to ensure welfare assurances are robust and to protect producers' ongoing ability to remove velvet. It is also important in light of upcoming public consultation on a Code of Welfare for velvet removal.

The GIB continues to work with all sectors to ensure that industry practices withstand the heightened scrutiny of consumers in relation to animal health and welfare and food-safety.

Other Industry-Good Programmes

While our focus remains on market development to support future growth, considerable time is spent addressing a range of issues on behalf of the industry. This year such activities included:

- Submissions and select committee processes arguing against ratification of the Kyoto Protocol, on the Tb Board of Inquiry, on sectors' funding of the AHB NPMS, on GM issues and in relation to government funding of science.
- Cooperation with other organisations on the establishment of research consortia.
- Working with MAF, MFAT and other agencies and organisations on industry-good issues such as global trade liberalisation, labour and skills shortages in agriculture, biosecurity and animal health issues.
- Improving communication with deer industry stakeholders.

Financial Management

Consolidated income was relatively consistent with the prior year, with total income increasing \$60,000 to \$4,300,000. Venison levy income decreased by \$275,000 as a result of the reduced production, however velvet levy income increased by \$313,000 due to a 50 cent increase in levy rates to fund additional research, and increased velvet production from 494 tonnes last year to 522 tonnes in the current year.

Key Financial Points

- The net result before tax is a surplus of \$4,371 (Consolidated).
- No tax is payable on this surplus as tax losses are available.
- Consolidated operating expenditure reduced by \$60,000, with the main movements being a decrease in depreciation of \$25,000 as more assets became fully written off during the year; savings in subscriptions and recruitment fees of \$15,000; savings in other general office expenses of \$14,000, and savings in insurance costs of \$8,000.
- Expenditure on velvet promotion represents 42% of velvet levy income and expenditure on venison promotion represents 57% of venison levy income.
- Total promotion and research costs represent 69% of total levy income, compared with 65% last year.

- \$531,000 was spent on velvet research through Velvet Antler Research New Zealand Limited, representing 34% of total velvet levies collected. This was an increase of \$203,000 from the previous year, which was funded by the increase in the velvet levy rate.

Internal Systems

Work is well advanced on finalising a set of policies for the Game Industry Board's internal management and governance. This work codifies previous practices and is based on international best-practice models. Work is also underway to further improve the industry's database and mailing list and to improve the industry's herd model for forecasting.

Executive

Professional development remains an important part of our operation, with Mark O'Connor (Velvet Manager) completing the Advanced Management Programme at Mt Eliza Business School shortly after year-end.

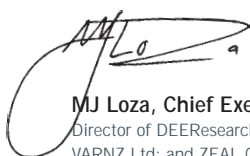
As our industry grows, we are increasingly looking towards new markets and new consumers to support that growth.

Tony Pearse was appointed to the new position of Producer Executive in August 2002 – a critical and very well received element of the year's restructuring. I would like to recognise the time, effort and dedication of the Executive during this difficult year and thank the Executive for their professionalism and dedication.

I would like to add special thanks to Sue Lindsay who announced her resignation shortly after year-end. After 10 years as the 'face' of the Deer QA and NVSB programmes, Sue will be missed by all industry participants with whom she has worked.

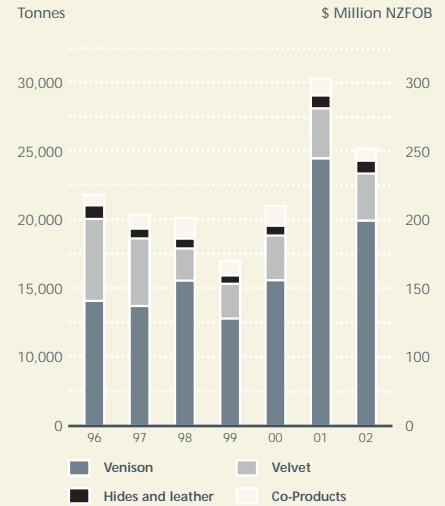
Conclusion

As our industry grows, we are increasingly looking towards new markets and new consumers to support that growth. These new markets, so vital for a profitable future, have new demands and needs and we must find ways, as an industry, to meet them. Most importantly, finding a way to provide the price stability and managed supply demanded by our in-market partners remains the industry's most important issue and biggest challenge. The restructuring completed this year provides a solid industry base to consider the best response to that challenge.



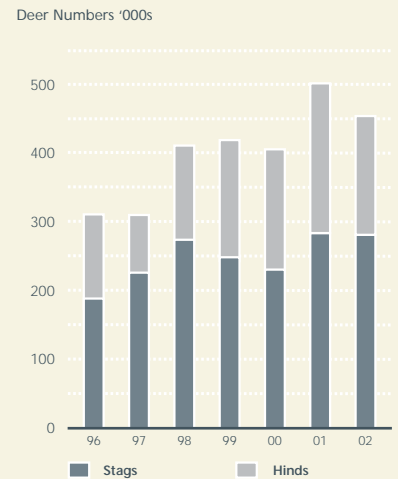
MJ Loza, Chief Executive Officer
 Director of DEEResearch Ltd; Group Research Holdings Ltd;
 VARNZ Ltd; and ZEAL Quality Assurance of NZ Ltd.

Total Exports



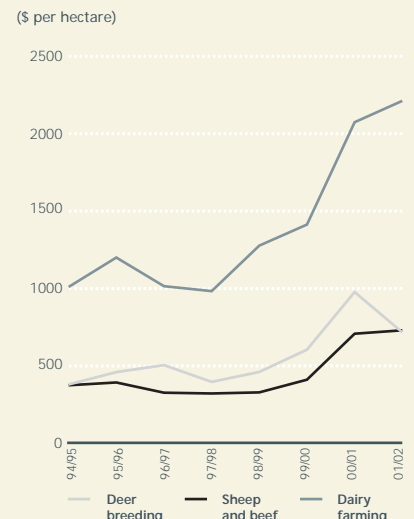
Industry export returns fell from record levels last year to \$257 million, down 18%. Venison export value decreased by 19% to \$202 million, while velvet earnings were relatively stable at \$36 million.

Venison Production



Processing throughput dropped by 11% to 450,000 animals as producers responded to low schedule prices. Total production was down by only 9% reflecting slightly higher average carcass weights.

Economic Farm Surplus



The huge increases in Economic Farm Surplus (EFS) of 2001 were not repeated in 2002 and dropped back at the end of the year, in line with market conditions, by 27% for deer breeding on high quality land (17 su/ha) to \$717 per hectare.



Venison

Slow sales resulting from last year's prices put pressure on market prices resulting in a cautious market for the 2002 season. This, plus the market's hesitancy to commit to significant volumes in the 2002 chilled season, led to reduced prices at the farm gate.

Compounding the difficult market situation were signs of a weakening German economy, with unemployment rising and negative economic growth.

The **industry agreed promotional strategy** was the platform for collective and unified promotional investment. Extending the consumption season to include spring and summer remained the central objective, and will continue to gather momentum as the retail sector is developed. Supporting year-round consumption, was the positioning of New Zealand venison as a versatile protein suitable for a variety of cuisine styles targeting younger, less traditional consumer segments.

Promotional activities covered all major markets and involved considerable investment from New Zealand exporters and their in-market partners. New Zealand venison had a strong presence at all major European

food fairs, including Anuga (Cologne), Intercool (Düsseldorf) and SIAL (Paris).

The Spring Fit promotion in Germany, designed to encourage Spring restaurant use of venison, was repeated and extended to include 51 restaurants. An estimated 200,000 targeted restaurant diners were exposed to New Zealand venison throughout the course of the promotion.

Over 100,000 promotional items were distributed throughout Germany including 55,000 new brochures for chefs and consumers, supported by promotional posters, point-of-sale retail display materials, pens, tee-shirts and caps.

With a budget of \$651,120, the **joint promotion (JP) programme** was the central vehicle for GIB investment in market development initiatives.

In 2002, it leveraged over \$2.1 million of investment, meaning that for each \$1.00 put in by GIB, an additional \$2.32 was contributed by exporters and their in-market partners, in addition to their own individual company activities. Highlights included:

- GERMANY – a mobile kitchen was built to raise the profile of New Zealand venison at regional in-house trade fairs and cash and carry promotions over 46 days. A retail press campaign promoted year-round usage.
- FRANCE – inclusion in a high quality food catalogue, distributed to over 150,000 food service outlets and the development of a distributor training programme.
- BELGIUM – a portion controlled product launch targeting catering, foodservice and retail.
- THE NETHERLANDS – chef luncheons featuring New Zealand venison were supported by prominent advertising in an in-house publication designed to promote leg cuts and year-round use.
- SWITZERLAND – a public relations campaign promoted further-processed consumer-ready products to a combined circulation of over two million. A key Swiss foodservice journalist visited New Zealand.
- USA – Cervena® licensees collectively undertook a Cervena joint promotional programme including significant coverage of Cervena in top-end food media publications, sponsorship of spring and summer chef events and involvement with the *Bon Appetit* series of culinary events in Dallas, New York, Los Angeles and San Francisco.
- SCANDINAVIA – participation at seven major food fairs in Sweden and Finland.

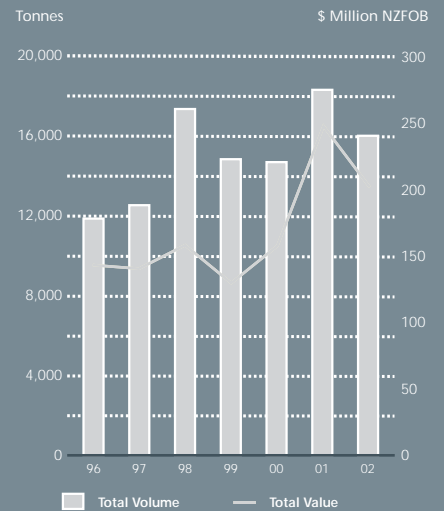
Education was also an important part of the venison promotional programme again. During the year, the GIB Executive Chef, Graham Brown spent four months in Europe and the USA. Chefs, trainee chefs, sales staff, merchandisers and butchers attended educational workshops, seminars, luncheons and dinners.

Efforts to improve **market access** to the important markets of France and Norway were accelerated in 2002.

Exports of New Zealand venison to the potentially lucrative Norwegian market are currently subject to quota and tariff restrictions. With the assistance of Norwegian market partners and the Ministry of Foreign Affairs and Trade, GIB increased lobbying pressure on Norwegian authorities to reconsider these restrictions.

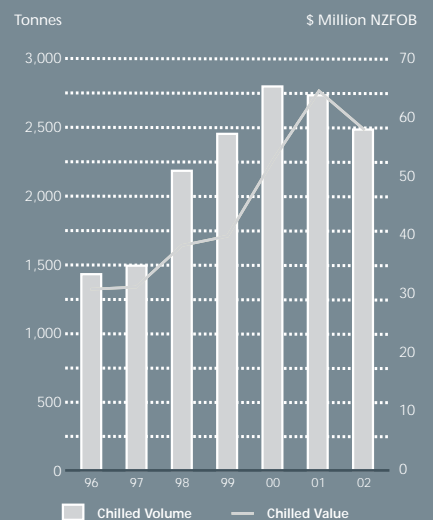
With a rich culinary culture, France remains an important market for New Zealand venison. However, New Zealand venison is currently only permitted to be sold to the French consumer during the French game season. Significant pressure has been placed on French authorities to review this law.

Venison Exports



Following 2001, a record year for exports of New Zealand venison, sales for the year ended September 2002 dropped 12.4% to 16,110 tonnes, earning \$202.4 million.

Exports of Chilled New Zealand Venison



Exports of chilled New Zealand venison were 9.3% down from 2001 with 2,485 tonnes shipped earning \$57.8 million.



Velvet

Velvet producers saw pool prices rise approximately 22% over the 2000/01 season to a weighted average of \$96 per frozen kg. A more robust Korean economy coupled with the ban on Canadian velvet to Korea were factors in the increased producer returns.

The **industry-agreed promotional strategy** of promoting velvet as an ingredient to health food manufacturers in western markets continued. The market showed particular interest in velvet extract products due to their high growth factor content.

In the USA, the focus was on emphasising the science behind velvet and included the following:

- PR activity through the GIB's agent which generated approximately \$50,000 worth of coverage (advertising equivalent value), circulated to 67,000 readers.
- Participation with New Zealand companies at trade shows creating a credible New Zealand velvet industry presence.
- Joint promotional activity at the consumer level including significant exposure in a US chain of healthfood stores.

In New Zealand, the GIB continued to support the efforts of further-processed product suppliers of New Zealand velvet in promotions at sporting events, joint advertising initiatives and placing editorial on the benefits of New Zealand velvet.

The Ministry of Health's Medsafe has proposed new, stricter regulations that would impact on New Zealand velvet by increasing regulatory compliance costs. The GIB came out strongly against the proposed charges.

New Zealand velvet has gone some way to breaking down barriers that slow the use of New Zealand velvet, however **strong science** remains the key to providing consumers with strong motivation to take New Zealand velvet. The four key areas of the industry's research programme of efficacy, safety, welfare and quality measures each took solid steps forward.

Of particular interest, athlete trials again produced positive results and wound healing applications for velvet are showing early promise.

GIB activities in traditional markets were stepped up during the period with the following activity:

- PR activities that generated approximately \$180,000 worth of coverage (advertising equivalent value) circulated to 3.48 million readers.
- The visit to New Zealand of two major television networks that resulted in advertising equivalent value of \$1.65 million.
- Joint participation with a Korean importer of New Zealand velvet at oriental medicine trade and consumer shows.
- A consumer event in conjunction with a leading hotel chain to promote New Zealand velvet.
- Contacts with an influential consumer protection group.

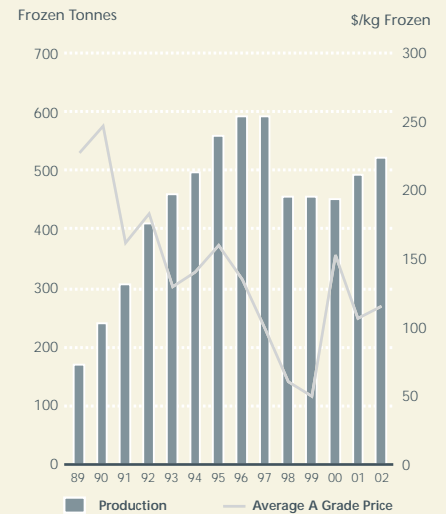
Better **access** for New Zealand velvet in traditional markets moved forward during the year with the following achievements:

- A decrease in the luxury tax on velvet in Korea from 10% – 7%.
- Access for a small quantity of frozen velvet to Taiwan.
- A shift in the Korean stance on sliced access from an outright “no” to a meaningful dialogue.
- Better inspection procedures in Korea.
- A simplification of testing procedures for heavy metals in Korea.

The GIB also began work to have velvet listed as a new substance with the **Australian Therapeutic Goods Administration**. This will allow New Zealand marketers the opportunity to sell their velvet products in Australia and is also a defensive move should stricter trans-Tasman legislation be enacted.

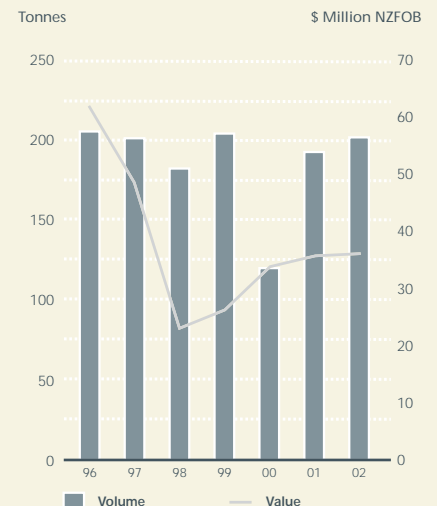
Nine velvet marketing companies took part in the **Velvet Industry Agreed Minimum Standards** programme with several others reorganising their systems so that they will be able to comply. Companies are using the quality mark in their promotional material. Participating companies are well supported by primary and secondary processors, a scientist, a farmer and an independent representative who are directors on associated companies and who add further rigour to the programme.

Velvet Production



Velvet production increased by 6% to 522 tonnes in a trend continued since the 1999/00 season. The quality of velvet through pools improved with a 3.5% increase in SA & A grades and a 21% decrease in the quantity of D & E grades.

Velvet Exports



There was a 10-fold increase in velvet exported to the People's Republic of China, moving from five to 51 tonnes mainly at the expense of Hong Kong.



(Left to right)
JEFFREY PEARSE
Chairman, Game Industry Research Trust

ANDREW THOMSON
Chairman, VARNZ Ltd – joint venture
between the deer industry and AgResearch
focussing on velvet antler.

COLLIER ISAACS
Chairman, DEEResearch Ltd – a joint
venture between the deer industry and
AgResearch for non-velvet research.

For the 2001/02 year, there was consolidated expenditure on research of \$733,059 broken down as follows: **Game Industry Research Trust** \$54,852; **VARNZ** \$531,485; **DEEResearch** \$146,722 (an equal amount was contributed by the DFA).

Research undertaken by VARNZ in 2001/02 included:

- Efficacy trials on velvet's effects on wound healing, athletic performance, osteoporosis and joint function in large breed dogs. Of particular note, the athletic performance trials achieved statistically significant results that build on previous trials and the wound healing trials are progressing well.

Research is a core industry-good activity undertaken by the Game Industry Board.

Game Industry Research Trust

Trustees: Jeffrey Pearse (Chairman), Michael Pattison, Michael Rice.

No new research was funded by the Trust this year as a research grant was not made to the Trust by the Game Industry Board pending the resolution of an issue with the IRD regarding the Trust's charitable status for tax purposes. During the year, the Trust concluded the research listed below:

- Packaging technology research to improve food safety and quality.
- Support for research with other Boards (Meat New Zealand, Dairy, Wool) into controlling Clover Root Weevil. This will now be funded by DEEResearch.

The Trust has funds set aside to support the Deer Farmers' Landcare Manual Project as previously agreed.

Velvet Antler Research Ltd (VARNZ)

Board: Andrew Thomson (Chairman), MJ Loza, Jimmy Suttie.

A major activity completed this year was an internal review and an independent external review of the VARNZ research programme. This comprehensive review supports the strategy and direction of the programme and the activities undertaken, with some suggested improvements. The internal review estimates the incremental benefit of the programme at \$2.12 for every \$1 of levy funds spent. A copy of the Review report and copies of previous years' annual reports are available from the Deer Industry New Zealand office.

- Safety trials to confirm that velvet does not encourage tumour growth.
- Development of an objective test to compare the activity of different velvet products.

AgResearch secured FRST funding for velvet research on wound healing of \$1.8 million per annum for four years. VARNZ owns the intellectual property generated from that research.

DEEResearch

Board: Collier Isaacs (Chairman), John Cusdin (DFA), Grant Guilford (Universities), Bridgit Hawkins (AgResearch), Graeme Keeley (Venison Processors/Exporters), MJ Loza (GIB), Warren Parker (AgResearch).

Research funded by DEEResearch in 2001/02 included:

- Reviews into deer health and welfare, the impact of deer on the environment, technology transfer, productivity targets and trace element issues.
- Vaccine and diagnostic test development for Johne's Disease and Tb.
- Vaccination and epidemiological work relating to leptospirosis.
- Participation in co-operative research programmes including those looking at clover root weevil, the clover genome and options for ruminant greenhouse-gas mitigation.

DEEResearch has published an Annual Report in the December 2002 issue of Deer Industry News. Copies are available from the Deer Industry New Zealand office or online at www.DEEResearch.org.nz



DEER INDUSTRY NEW ZEALAND

From 1 October 2002, the Game Industry Board will operate under the name Deer Industry New Zealand with full implementation of the reforms and a single levy and single industry representative structure in place.

This move follows comprehensive industry consultation undertaken in 2002. This commenced with a draft proposal developed for consultation by an independently chaired Reform Review Committee, representing all sectors.

All known deer farmers and companies were sent a Discussion Document followed by a series of shed meetings and further consultation which shaped the draft proposal. The proposal was supported overwhelmingly in a subsequent poll and ratified at the DFA AGM in May 2002. The Deer Industry Association (DIA) and Velvet Processors Association (VPA) also adopted changes to their election processes to become fully representative.

From 1 October 2002, the DFA, DIA and VPA will continue to represent the independent interests of their sectors with Deer Industry New Zealand providing the secretariat for these organisations and a single industry voice.

This change of name reflects the deer industry restructuring completed in the 2001/02 year. The major elements of this restructuring are set out below:

- The reduction of the DFA's Commodity Levy for venison and velvet to nil as of 1 October 2002.
- The restructuring of the DFA:
 - From a seven person Council supported by one full-time and one part time administrative staff members in Wellington;

- To a four-person Executive Committee supported by a full-time Producer Executive (Tony Pearse) dedicated to producer issues employed by Deer Industry New Zealand with the added support of all of Deer Industry New Zealand staff.
- The appointment of two additional Board Members (Stewart Barnett and John Scurr) as a transitional measure.
- Deer Industry New Zealand's commitment to undertake production research previously funded by the DFA through the Commodity Levy, increasing in line with production.

Further changes planned to finalise the restructuring include:

- Revisions to the GIB Regulations are being sought to implement the 50:50 Board and levy agreed by the industry in 1999/00.
- When revised Regulations are in place, the Board will move from its current composition (five DFA appointees, four DIA appointees, one Independent) to 5:5:0 with elections managed by or on behalf of Deer Industry New Zealand in place of Ministerial appointments.
- In 2004, the two additional Board seats filled for the purposes of the transition will be vacated and the Board will move to a Board of four farmer and four company (three venison, one velvet) representatives.

The Deer Industry New Zealand logo and visual identity were designed by Ocean Design Ltd, Wellington replacing the Game Industry Board logo, which Ocean also designed. The logo represents the three tines of one side of antlers and the *3 Partners: 1 Vision* strategy embraced by latitude lines indicating Deer Industry New Zealand's global focus.

Deer Industry New Zealand has adopted the black and white colours of other famous New Zealand teams.



To The Readers Of The Financial Statements Of The New Zealand Game Industry Board And Group For The Year Ended 30 September 2002

We have audited the financial statements on pages 15 to 23. The financial statements provide information about the past financial performance of the New Zealand Game Industry Board and Group and their financial position as at 30 September 2002. This information is stated in accordance with the accounting policies set out on pages 18 and 19.

Responsibilities of the Board of Directors

The Primary Products Marketing Act 1953 requires the Board of Directors to prepare financial statements that show the financial position of the New Zealand Game Industry Board and Group as at 30 September 2002 and the results of their operations and cash flows for the year ended on that date.

Auditors' Responsibilities

Section 15 of the Public Audit Act 2001 and Section 12 of the Primary Products Marketing Act 1953 require the Auditor-General to audit the financial statements presented by the Board. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you. The Auditor-General has appointed Michael Wilkes, of Deloitte Touche Tohmatsu, to undertake the audit.

Basis of Opinion

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

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the New Zealand Game Industry Board and Group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Deloitte Touche Tohmatsu has provided tax support services to the New Zealand Game Industry Board during the financial year and acted as returning officers. Apart from this, and other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in the New Zealand Game Industry Board or any of its subsidiaries.

Unqualified Opinion

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

In our opinion the financial statements of the New Zealand Game Industry Board and Group on pages 15 to 23:

- comply with generally accepted accounting practice; and
- fairly reflect:
 - the New Zealand Game Industry Board and Group's financial position as at 30 September 2002; and
 - the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 28 November 2002 and our unqualified opinion is expressed as at that date.




M R Wilkes
Deloitte Touche Tohmatsu
Chartered Accountants
On behalf of the Auditor-General
Wellington, New Zealand

THE NEW ZEALAND GAME INDUSTRY BOARD

Statement of Financial Performance for the year ended 30 September 2002

	Consolidated	Consolidated	Parent	Parent
	2002	2001	2002	2001
<i>Notes</i>	\$	\$	\$	\$
INCOME				
Levy Income Venison	2,484,225	2,759,195	2,484,225	2,759,195
Levy Income Velvet	1,546,035	1,233,100	1,546,035	1,233,100
Interest Received	132,440	102,572	106,647	60,531
Other Income	65,546	113,694	61,154	211,611
Net Animal Health Board Levy Received	2 40,832	6,742	40,832	6,742
Foreign Currency Gain	9,708	2,895	9,771	2,895
TOTAL INCOME	4,278,786	4,218,198	4,248,664	4,274,074
EXPENDITURE				
Operating Expenditure				
Audit Fees	3 20,000	17,483	20,000	14,483
Depreciation	63,531	89,084	60,955	86,526
Board and Directors' Fees and Expenses	10 241,255	235,147	226,855	207,390
Insurance	185,983	193,959	185,983	193,959
Other Fees Paid to Auditors	22,996	17,914	22,996	15,914
Other Operating Expenses	316,366	356,907	277,343	295,297
Premises Rental and Costs	37,574	37,375	37,574	37,375
Total Operating Expenditure	887,705	947,869	831,706	850,944
Communications	345,380	340,853	345,380	336,653
Quality Assurance	169,647	191,952	169,647	191,952
Producer Management	25,491	0	25,491	0
Venison Promotion				
Generic Promotion	765,576	856,814	757,693	617,296
Joint Promotion	645,593	587,138	645,593	346,443
Total Venison Promotion	1,411,169	1,443,952	1,403,286	963,739
Velvet Promotion				
Korea	102,580	116,623	102,580	116,623
USA	151,947	197,643	151,947	197,643
New Zealand	28,909	47,660	28,909	47,660
NVSB	172,076	133,109	172,076	133,109
Other Promotion Expenditure	186,757	253,187	186,757	253,187
Total Velvet Promotion	642,269	748,222	642,269	748,222
Other				
Grant To Cervena Trust Limited	0	0	50,490	690,738
Provision for Amount Receivable from Cervena Trust Ltd	0	0	27,946	0
Provision for Writedown of Investment in VARNZ Limited	59,695	0	0	0
Research	733,059	411,463	678,207	342,147
Total Other Expenditure	792,754	411,463	756,643	1,032,885
Total Expenditure	4,274,415	4,084,311	4,174,422	4,124,395
Net Surplus Before Dividend	4,371	133,887	74,242	149,679
Dividend Receivable From				
Subsidiary Company	4 0	0	0	741,490
Net Surplus Before Tax	4,371	133,887	74,242	891,169
Taxation	5 (4,244)	9,251	0	0
Net Surplus After Tax	8,615	124,636	74,242	891,169

The accompanying notes on pages 18 to 23 form part of these financial statements.

THE NEW ZEALAND GAME INDUSTRY BOARD

Statement of Movements in Accumulated Funds for the year ended 30 September 2002

	Consolidated	Consolidated	Parent	Parent
	2002	2001	2002	2001
<i>Notes</i>	\$	\$	\$	\$
Opening Accumulated Funds	1,055,580	930,944	555,970	(335,199)
Net Group Surplus	8,615	124,636	74,242	891,169
Total Recognised Gains and Losses	8,615	124,636	74,242	891,169
Closing Accumulated Funds	1,064,195	1,055,580	630,212	555,970

Closing Accumulated Funds relate to:

New Zealand Game Industry Board	973,423
Cervena Council Limited 1	25,965
Game Industry Research Trust 11	64,807
	1,064,195

Statement of Financial Position as at 30 September 2002

	Consolidated	Consolidated	Parent	Parent
	2002	2001	2002	2001
<i>Notes</i>	\$	\$	\$	\$
Accumulated Funds 11	1,064,195	1,055,580	630,212	555,970

Represented By:

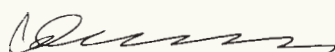
Current Assets				
Short Term Bank Deposits	2,340,652	2,016,815	1,924,252	1,301,056
Accounts Receivable	764,932	400,890	762,843	386,129
Prepayments	38,288	186,768	38,288	186,768
Intercompany Account Cervena Council Limited	0	0	0	37,076
Intercompany Account Cervena Trust	8,889	8,889	0	0
Tax Refund Due	4,105	3,116	0	0
Total Current Assets	3,156,866	2,616,478	2,725,383	1,911,029

Less Current Liabilities				
Accounts Payable	605,805	1,103,735	496,030	842,717
Accruals	898,432	357,193	898,432	344,063
Employee Entitlements 12	67,972	56,463	67,972	50,189
Income Tax Payable	0	6,631	0	43
Intercompany Account Cervena Trust Limited	0	0	0	17,801
Intercompany Account Group Research Holdings Ltd	0	0	731,484	202,402
Intercompany Account Zeal Quality Assurance Ltd	0	0	1,000	1,000
Intercompany Account Cervena Company Ltd	0	0	100	(1,000)
Intercompany Account VARNZ Ltd	621,408	202,402	0	0
Total Current Liabilities	2,193,617	1,726,424	2,195,018	1,457,215

Non Current Assets				
Fixed Assets 6	100,946	105,831	98,547	100,856
Investment in Subsidiaries	0	0	1,300	1,300
Investment in VARNZ Limited	0	59,695	0	0
Total Non Current Assets	100,946	165,526	99,847	102,156
Net Assets	1,064,195	1,055,580	630,212	555,970



Chairman
28 November 2002



Director
28 November 2002

THE NEW ZEALAND GAME INDUSTRY BOARD

Statement of Cashflows for the year ended 30 September 2002

<i>Notes</i>	Consolidated 2002	Consolidated 2001	Parent 2002	Parent 2001
	\$	\$	\$	\$
Cashflows from Operating Activities				
<i>Cash was provided from:</i>				
Venison and Velvet Levies	3,705,399	4,015,384	3,757,402	4,015,384
Interest Received	134,092	98,661	104,778	60,379
Other Operating Income	65,546	107,761	0	214,116
	3,905,037	4,221,806	3,862,180	4,289,879
<i>Cash was applied to:</i>				
Payments to Suppliers & Employees	3,528,886	3,511,493	3,190,109	3,654,853
Resident Withholding Tax deducted on interest received	3,376	4,118	0	0
	3,532,262	3,515,611	3,190,109	3,654,853
Net Cashflows from Operating Activities	372,775	706,195	672,071	635,026
Cashflows from Investing Activities				
<i>Cash was applied to:</i>				
Purchase of Fixed Assets	58,646	46,520	58,646	45,869
Net Cashflows from Investing Activities	(58,646)	(46,520)	(58,646)	(45,869)
Net Increase in Cash Held	314,129	659,675	613,425	589,157
Opening Cash Balance	2,016,815	1,354,245	1,301,056	709,004
Effect of exchange rate change on foreign currency balances	9,708	2,895	9,771	2,895
Closing Cash Balance	2,340,652	2,016,815	1,924,252	1,301,056
Reconciliation of Net Surplus After Tax With Operating Activities				
Reported Surplus	8,615	124,636	74,242	891,169
<i>Add:</i>				
Non Cash Items	113,517	86,189	51,182	83,631
Movement in working capital	250,643	495,370	546,647	(339,774)
Net Cashflows from Operating Activities	372,775	706,195	672,071	635,026

The accompanying notes on pages 18 to 23 form part of these financial statements.

THE NEW ZEALAND GAME INDUSTRY BOARD

Notes to and forming part of the Financial Statements for the year ended 30 September 2002

The New Zealand Game Industry Board is a marketing authority established under the Primary Products Marketing Act 1953 and the Game Industry Board Regulations 1985.

The New Zealand Game Industry Board is charged with promoting and assisting in the orderly development of the deer industry and products derived from deer.

1. Statement of Accounting Policies

(a) General Accounting Policies

The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by the New Zealand Game Industry Board. Reliance is placed on the fact that the New Zealand Game Industry Board is a going concern.

(b) Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of profit and the financial position have been applied:

Basis of Consolidation

The consolidated financial statements include the New Zealand Game Industry Board and its subsidiaries, using the purchase method. All significant inter-company transactions are eliminated on consolidation. Investments in subsidiaries made by the parent are stated in its financial statements at cost.

The following entities have been consolidated for the period ended 30 September 2002.

- **Game Industry Research Trust**

This is a trust established to provide research funding for selected industry good projects aimed at benefiting the New Zealand deer industry.

- **The Cervena Company Limited**

A wholly owned subsidiary which has not operated for the year ended 30 September 2002.

- **Zeal Quality Assurance of New Zealand Limited**

A wholly owned subsidiary which is responsible for the Zeal quality standards. This company has not operated for the year ended 30 September 2002.

- **Group Research Holdings Limited**

A wholly owned subsidiary which is responsible for research activities of the New Zealand Game Industry Board.

- **Cervena Trust Limited**

Cervena Trust Limited is the corporate trustee of the Cervena Trust. The New Zealand Game Industry Board 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 the New Zealand Game Industry Board. In these circumstances, while not operationally part of the New Zealand Game Industry Board Group, under section eight of the Companies Act 1993, the financial statements of the Cervena Trust Limited are required to be consolidated with those of the New Zealand Game Industry Board.

- **Cervena Council Limited**

Cervena Council Limited is a wholly owned subsidiary of Cervena Trust Limited. Cervena Council Limited is responsible for the development and implementation of the Cervena marketing strategy. The company co-ordinates the promotion of New Zealand farmed venison, through the Cervena appellation, by way of sub-license contracts with participating processors and exporters.

While also operationally not part of the New Zealand Game Industry Board Group, as Cervena Council Limited is 100 percent owned by Cervena Trust Limited it meets the definition of a subsidiary under the Companies Act 1993. Therefore, its financial statements are required to be consolidated in those of the New Zealand Game Industry Board.

Cervena Council Limited's equity has been disclosed as a separate component of Group equity in recognition of the fact that the beneficiaries of Cervena Council Limited are a distinct part of the industry and not the same as other Group company beneficiaries.

Cervena Council Limited was in a two year transitional phase until 30 September 2001, at which time automatic levy funding from the New Zealand Game Industry Board ceased. Cervena Trust Limited, Cervena Council Limited, and participating companies renewed their licensing arrangements for a further 12 month term until 30 September 2002.

As at 30 September 2002, proposals have been agreed for direct licensing of the sub-licensees from Cervena Trust Limited. This will result in Cervena Council Limited being wound up subsequent to 30 September 2002.

THE NEW ZEALAND GAME INDUSTRY BOARD

Notes to and forming part of the Financial Statements for the year ended 30 September 2002

The following entities have not been consolidated for the period ended 30 September 2002

- **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 Cervena Council Limited. The Trust has not been consolidated as the New Zealand Game Industry Board 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 the New Zealand Game Industry Board, but are a subset of that group.

- **Velvet Antler Research New Zealand Limited (VARNZ)**

VARNZ is a joint venture company between the New Zealand deer industry (through Group Research Holdings Limited) and AgResearch Limited, which undertakes research into velvet antler. Payments by the Group to VARNZ are accounted for as research expenditure. An Annual Report for VARNZ is available on request from the New Zealand Game Industry Board.

- **DEEResearch Limited**

DEEResearch Limited was incorporated on 20 August 2001. The shareholders of this organisation are AgResearch Limited (50%), Group Research Holdings Limited (25%) and the New Zealand Deer Farmers' Association (25%). The objectives of the company are to research non-velvet related deer products. Payments by the Group to DEEResearch Limited are accounted for as research expenditure. An Annual Report for DEEResearch Limited is available on request from the New Zealand Game Industry Board.

Fixed Assets

The New Zealand Game Industry Board has four classes of fixed assets: Furniture & Fittings, Computer Equipment, Office Equipment and Research Equipment. Fixed assets are stated at cost less accumulated depreciation.

Depreciation

Depreciation is provided on a straight line basis, at rates calculated to allocate the assets' cost over their estimated useful lives. Major depreciation periods are: Furniture & Fittings – 10 Years; Office Equipment – 5 Years; Research Equipment – 3 Years; Computer Equipment – 3 Years.

GST

These financial statements are prepared on a GST exclusive basis. GST payable at year end is included in Accounts Payable.

Income Tax

The income tax expense charged against the surplus for the year is the estimated liability in respect of that surplus and is calculated after an allowance for permanent differences. The liability method of accounting for deferred taxation is applied on a comprehensive basis.

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

Foreign Currencies

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. Foreign exchange gains or losses have been accounted for in the statement of financial performance. At balance date, bank accounts holding foreign currency are converted to New Zealand dollars using the closing rate.

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.

2. Animal Health Board Levy

The New Zealand Game Industry Board collects the Animal Health Board ('AHB') levy at a rate set annually from 1 October, and makes monthly payments based on the annual contribution agreed with the AHB. At the end of the financial year, there is a difference between amounts collected and amounts paid due to the variation between actual and forecast production, on which levy is collected. This difference is adjusted when the levy rate for the next financial year is calculated. The net balance received/paid for the financial year is disclosed within Income in the Statement of Financial Performance.

THE NEW ZEALAND GAME INDUSTRY BOARD

Notes to and forming part of the Financial Statements for the year ended 30 September 2002

	Parent & Consolidated 2002 \$	Parent & Consolidated 2001 \$
AHB levies collected	2,093,705	1,220,190
AHB levies paid	(2,052,873)	(1,213,448)
Net AHB Levy Received	40,832	6,742

3. Audit fees

Audit fees paid by the New Zealand Game Industry Board include the cost of the audit of other Group entities:

Audit of New Zealand Game Industry Board:	\$16,000
Audit of other Group entities:	\$4,000

4. Dividend

The dividend receivable in the accounts of the New Zealand Game Industry Board in 2001 relates to a dividend declared from Cervena Company Limited. This has taken place to eliminate the intercompany balance which arose in the previous financial year as a result of the New Zealand Game Industry Board's contribution to fund the settlement relating to US litigation.

5. Taxation

	Consolidated 2002 \$	Consolidated 2001 \$	Parent 2002 \$	Parent 2001 \$
Net Surplus Before Tax	4,371	133,887	74,242	149,679
Plus Permanent Differences	119,241	117,768	31,600	43,336
	123,612	251,655	105,842	193,015
Tax @ 33%	40,792	83,046	34,928	63,695
Reversal of Deferred Tax Previously Provided	(2,597)	0	0	0
Deferred Tax Asset not Previously Recognised	(42,439)	(73,795)	(34,928)	(63,695)
Income Tax Charge as per Statement of Financial Performance	(4,244)	9,251	0	0
<i>Made up as follow:</i>				
Prior Period Adjustments	(1,647)	0	0	0
Current Tax	0	6,654	0	0
Reversal of Deferred Tax	(2,597)	2,597	0	0
	(4,244)	9,251	0	0

Future Tax Benefit/(Liability)

	Consolidated 2002 \$	Consolidated 2001 \$	Parent 2002 \$	Parent 2001 \$
Opening Balance	(2,597)	0	0	0
Movement	2,597	(2,597)	0	0
Closing Balance	0	(2,597)	0	0

Imputation Credits

	Consolidated 2002 \$	Consolidated 2001 \$	Parent 2002 \$	Parent 2001 \$
Opening Balance	1,146,089	1,141,970	500,749	135,538
Resident Withholding Tax Refunded	(1,291)	0	0	0
Resident Withholding Tax Paid	2,237	4,119	0	0
Attached to Intercompany Dividend	0	0	0	365,211
Closing Balance	1,147,035	1,146,089	500,749	500,749

THE NEW ZEALAND GAME INDUSTRY BOARD

Notes to and forming part of the Financial Statements for the year ended 30 September 2002

The New Zealand Game Industry Board, Cervena Company Limited, Zeal Quality Assurance of New Zealand Limited, Cervena Council Limited, Cervena Trust Limited and Group Research Holdings Limited are all taxable entities. The Game Industry Research Trust is tax exempt.

The Group has income tax losses of \$1,491,504 (2001: \$1,709,489) available to be carried forward to be offset against taxable income in future periods. The availability of these losses is subject to the requirements of income tax legislation being met.

The deferred tax benefit in respect of the losses has not been recognised.

There is no tax payable to the Inland Revenue Department by the New Zealand Game Industry Board in respect of the current financial year.

6. Fixed Assets

	Cost	Accumulated Depreciation	Depreciation 2002	Depreciation 2001	NBV 2002	NBV 2001
	\$	\$	\$	\$	\$	\$
New Zealand Game Industry Board						
Furniture & Fittings	162,958	135,774	17,498	17,095	27,184	41,790
Computer Equipment	269,425	202,483	41,988	67,457	66,942	54,592
Office Equipment	35,535	31,114	1,469	1,974	4,421	4,474
Research Equipment	63,557	63,557	0	0	0	0
	531,475	432,928	60,955	86,526	98,547	100,856
Cervena Council Limited						
Computer Equipment – Website Costs	7,730	5,331	2,576	2,558	2,399	4,975
Total	539,205	438,259	63,531	89,084	100,946	105,831

7. Segmental Reporting

The New Zealand Game Industry Board and its controlled entities operate solely in one industry segment, being the deer industry. The Group entities conduct work in New Zealand and a number of overseas countries in the fulfilment of their purpose – assisting the orderly development of the deer industry and promoting products derived from deer.

8. Contingencies

The Group has no contingent assets or liabilities as at 30 September 2002.

9. Financial Instruments

Nature and Extent

The Group enters into forward exchange agreements from time to time to hedge against currency movements.

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 primarily of short term bank deposits and accounts receivable.

The Group deposits its cash with trading banks. 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 expenditures incurred by the Group approximately 17% were denominated in foreign currency. During the current financial year the New Zealand Game Industry Board determined to retain the majority of funds in New Zealand dollars, as the USD and Euro exchange rate were both showing a rising trend against the New Zealand dollar.

THE NEW ZEALAND GAME INDUSTRY BOARD

Notes to and forming part of the Financial Statements for the year ended 30 September 2002

On average for the year, the New Zealand dollar was 11% and 3% stronger than budgeted at the start of the financial year against the USD and the Euro respectively, which resulted in savings against the original budget which are not separately identified in the attached financial statements.

At balance date, foreign currency deposits totalled \$21,566. There were no foreign currency contracts open at balance date. 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.

There were no changes made to fees and honoraria for New Zealand Game Industry Board Members this year. The Chairman receives \$35,000, the Deputy Chairman receives \$22,500 and Board Members \$17,500.

The 2002 year total for the NZGIB is \$226,855 (2001: \$207,390). This comprises \$171,250 in Board fees (2001: \$158,125), \$6,375 in domestic and overseas representation fees for Mr Clive Jermy (2001: \$7,475); \$800 in domestic representation fees for Mr Michael Rice (2001: nil) and \$48,430 in travel and accommodation expenses (2001: \$41,790). Mr Robert Bennett retired effective 31 December 2001, and Mr John MacDonald was appointed as at that date. As a result of the review of deer industry structures agreed and implemented in October 2002, two transitional Board Members, Mr Stewart Barnett and Mr John Scurr, were appointed as at 1 July 2002, and therefore received one quarter of the annual fee payable.

Cervena Company Limited

Mr Michael Rice received fees of \$2,000 in his capacity as Chairman. (2001: \$2,000). There were no travel expenses.

Cervena Council Limited

Mr John Isles received no fees in his capacity of Chairman. (2001: \$12,000). There were no travel expenses.

Cervena Trust Limited

Directors' fees totalled \$12,000 for the 2002 year. Trustees Mr John Parker and Mr James Guild received fees of \$4,000 each; Mr David Wright received fees of \$2,000 for the six month period until his resignation on 1 April 2002. Mr John Upton was appointed on 1 April 2002, and received fees of \$2,000 for the period until 30 September 2002. Travel and accommodation expenses were \$400. (2001: fees of \$12,000 and travel and accommodation expenses of \$1,757).

11. Accumulated Funds

The accumulated funds of the Group are \$1,064,195 (2001: \$1,055,580), of which \$64,807 (2001: \$118,008) is held by the Game Industry Research Trust. The funds held by the Trust are dedicated for the undertaking of industry good research, the benefits of which will accrue to the deer industry.

12. Employee Remuneration and Entitlements

Remuneration ranges for employees of the New Zealand Game Industry Board and its controlled entities are:

Remuneration Range	Number of employees	
	For the year ended	As at
	30 September 2002	1 October 2001
Less than 100,000	8	7
100,000 – 119,999	0	1
160,000 – 169,999	1	0

A list of staff employed as at 30 September 2002 is detailed within the annual report.

Employee entitlements within the Statement of Financial Position represent amounts due to employees in respect of accrued wages and days accrued as annual leave as at the balance date.

THE NEW ZEALAND GAME INDUSTRY BOARD

Notes to and forming part of the Financial Statements for the year ended 30 September 2002

13. Related Parties

All transactions between entities within the Group were conducted on an arm's length basis.

During the year the Game Industry Board provided research grants to associated entities: Velvet Antler Research New Zealand Limited (2002: \$531,485; 2001: \$327,514) and DEEResearch Limited (2002: \$146,722; 2001: \$14,633). This funding is provided via Group Research Holdings Limited.

An operational grant of \$50,490 was provided from the Game Industry Board to Cervena Trust Limited. The remainder of the balance due from Cervena Trust Limited (\$27,946) has been provided for as Cervena Trust Limited has insufficient funds to repay the debt.

14. Operating Lease Commitments

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

	Parent & Consolidated 2002 \$	Parent & Consolidated 2001 \$
Not later than 1 year	16,354	32,708
Later than 1 year and not later than 2 years	nil	16,354
Later than 2 years	nil	nil

THE NEW ZEALAND GAME INDUSTRY BOARD

as at 30 September 2002

Graham Brown
Executive Chef
(03) 312 8559
(021) 242 2871
graham.brown@deernz.org

Mark O'Connor
Velvet Manager
(04) 381 6013
(027) 474 3624
mark.oconnor@deernz.org

Megan Burrell
Receptionist
(04) 381 6010
megan.burrell@deernz.org

Tony Pearse
Producer Executive
(03) 489 9221
(021) 719 038
tony.pearse@deernz.org

Sue Lindsay
Quality Systems Executive
QA, NVSB
(04) 381 6014
sue.lindsay@deernz.org

John Tacon
Quality Manager
QA, NVSB
(027) 242 2873
john.tacon@deernz.org

Michael-John (MJ) Loza
Chief Executive Officer
(04) 381 6012
(021) 993 389
mj.loza@deernz.org

Susan Watson
Finance Manager
(04) 381 6015
susan.watson@deernz.org

Mat Moyes
Venison Marketing Services Manager
(04) 381 6011
(027) 444 6512
mat.moyes@deernz.org

New Zealand Game Industry Board
Level 6, BNZ Trust House
50 Manners St
PO Box 10702
Wellington
New Zealand
Telephone: +64 4 382 8626
Fax: +64 4 382 9143
Email: info@deernz.org

From 1 October 2002, the Game Industry Board will operate under the name Deer Industry New Zealand.

Information about the New Zealand deer industry, previously contained in the Game Industry Board's and Deer Farmers' Association web-sites, can now be found at Deer Industry New Zealand's new web-site www.deernz.org.

www.deernz.org
www.nzvenison.com
www.velvet.org.nz

