

DEERSelect invites breeders with an interest in velvet antler and in trophy antler genetics to add their records on velvet and antler growth to allow the same cross herd evaluations programme to be applied. Existing records, plus this new capacity to reference hard velvet beam measurements and calculations of an estimated velvet weight EBV are critical to increase the number of antler herds on the recording base.

DEERSelect: The industry's genetic evaluation programme

DEERSelect's vision is to provide genetic tools to assist deer breeders in the improvement of traits which are economically important to deer production.

Recent lowered returns have encouraged an increased focus on productivity and efficiency behind the farm gate with more thought into selecting animals for specific end uses (venison versus velvet versus trophy). Artificial insemination (AI) in breeding has been widely promoted and successfully used on-farm with conception rates commonly averaging 70-75%. DNA is being increasingly used to accurately identify parentage, along with with performance recording.

This creates the ideal environment for the further use of DEERSelect. The developing package of tools provided includes: Breeding Values (BVs); genetic trends analysis; economic indices; mating allocation tools ; tools to utilise information from DNA-based tests; and diagnostic tools which suggest opportunities to increase genetic gain.

While within-herd evaluation is available, DEERSelect strongly encourages evaluation on an across-herd national basis. Where technically feasible, all deer will be evaluated on a common base and so breeding values and economic indices will be directly comparable.

DEERSelect publishes summaries of information available on recently used sires, to assist top-tier breeders to identify new genetics for their breeding programme and to encourage commercial breeders

to identify which herds are using the sires most suited to their particular breeding goals. A new web-based development allows a basic sort of the leading sires analysed quarterly where animals can be sorted by trait preference, current location, birth-herd or ranking according to their broad strain type.

Approximately 20 active herds now use DEERSelect, principally for growth BVs. The December 2006 sortable ranking list is now available on the DEERResearch web page www.deerresearch.org.nz to support objective genetic measurements and use of EBV's as a critical part of the industry productivity strategy.

Next priorities include: extending the software system to Elk and Wapiti-type deer (DEERResearch funded); developing economic indices ranking animals for profitability under different circumstances where a different balance of traits is required; adding beam circumference to the prediction of velvet and using upper beam measurement in hard velvet to predict velvet weight; and further evaluation of antler traits with an emphasis on the trophy industry with modified SCI scores.

For more information visit www.DEERResearch.co.nz or call Tony Pearse on 021 719 038.



In-store tasting in a Benelux food-service outlet.

MARKET TALK: Luiten on Benelux

Dutch company Luiten Food markets New Zealand venison in Benelux, the region comprising the markets of Belgium, The Netherlands and Luxembourg.

Founded in 1938, the family business focuses on marketing specialty meats into Europe. Alongside New-Zealand venison, lamb and mutton products, Luiten Foods sells a wide range of products, from Argentinian hare meat to Bolivian crocodile and South African ostrich.

"The Benelux game market is still too much dependent on the European hunting season, which ranges from September to January," says director Jan Kunz. "Outside of this period, it remains difficult to persuade consumers to put game meats on the menu. New Zealand venison is a perfect product to sell all year round, so Luiten continuously co-operates with its customers to make this happen."

The advantage of New Zealand venison is that it is farmed instead of hunted, Kunz says. This ensures a stable supply to the market, which is needed to serve big retail groups and the foodservice industry. "If you cannot guarantee availability, these customers will not add your products to their range. Besides, issues like animal welfare and free-range make New Zealand venison a perfect product for the Benelux market.

Quality assurance is critical too. The European market has developed into a place where quality and food safety is a pre-condition to be present."

Benelux takes all venison cuts but, compared to the German market, there is more room for saddle products, Kunz says. There is also a relatively big demand for chilled venison, making the Benelux significant for the deer industry.

To increase consumption of venison, Luiten invests a lot of time and effort in promotions, especially in in-store tastings. "When people can see and taste the products, it increases awareness and popularity. In addition to tastings, Luiten also distributes brochures, articles in newspaper and websites.

"Luiten Food expects New Zealand venison to grow in the future. The market demands natural products and meat from free-range farmed animals. However, producers and importers need to continue to co-operate to develop products that suit the market, especially increasingly important retail packaging and ready-to-use cuts.

For more information see www.luitenfood.com.



FROM THE CHAIRMAN:

It is great to begin the New Year in the unusual situation where most parts of the country have good levels of quality feed, and venison and velvet prices which are beginning to show some more robust signs of life. It is also good to hear reports of a more positive tone resonating from industry participants about their industry and its prospects. I take these as clear steps towards the sustainable, positive future of this industry that so many have worked so hard for.

It is very important at this stage to gain some positive momentum at the grass roots level. It is understandable that many deer farmers' enthusiasm waned. But as an industry, at a branch level and in local communities, it is time to get active with some passion and purpose. The branch structure of the New Zealand Deer Farmers' Association (NZDFA) is the backbone of the industry, but the industry's life blood is people, or more importantly, groups of people who are learning and growing together. In a nutshell, the Focus Farm concept captures the strength of those communities and we see this as a key development over the next three to four years.

It is also apt that the Waikato NZDFA branch has proposed a broad theme of "Innovation" for the Deer Industry Conference in Hamilton in May 2007. Our early industry pioneers, **did** something **differently** which created **value**. They recognised "Opportunity" and, as Edward de Bono, the master of innovation said, "An opportunity is as real an ingredient in business as raw material, labour or finance – but it only exists when you see it".

Opportunity abounds in the deer industry in so many ways and the deer industry has its own unique values, products and animals capable of incredible performance potential. As individuals, we will see opportunity differently and those divergent views are also the spark of debate. They lead to different ways of doing things and the emergence of new groups within the industry, yet are essentially still focused on achieving a sustainable, enjoyable and rewarding investment. These groups share common goals but often from quite a different perspective.

For example at present, we see these debates between promoters of Veleco and Velconz, Deer Improvement Ltd and the stud breeders, venison processor/marketers and passionate farmers, Deer Industry News and The Deer Farmer. But, I have yet to meet anyone in the deer industry who does not want a strong, stable, profitable and sustainable deer industry for themselves and future generations. I believe these debates are a reflection of a passionate industry and we should encourage these healthy debates. Above all, the industry has two fantastic mainstream products in venison and velvet – there are few who argue with that.

The industry is entering a new era off the end of the high production phase which the industry strategically managed its way through, keeping key markets intact. Farming patterns and geographical locations will have a different shape with the lowering stock numbers. The opportunities that are before us must be nurtured and implemented through this industry working together with a common purpose. That is indeed what we have been doing but we must not allow the change in fortunes cloud the real issues we are currently addressing, and that is a sustainable long term business.

Venison schedules have held at higher levels for longer periods this season and velvet prices have settled at a fairer value - a welcomed recovery with still a way to go.

I look forward to a robust and positive 2007.

John Scurr, Chairman

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DEERSelect Update

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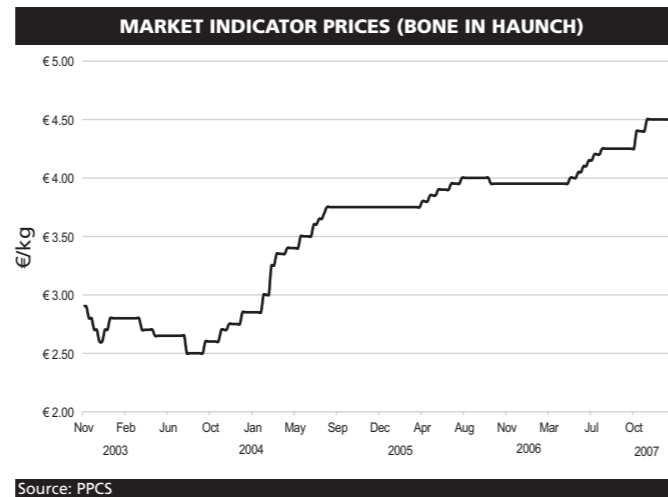
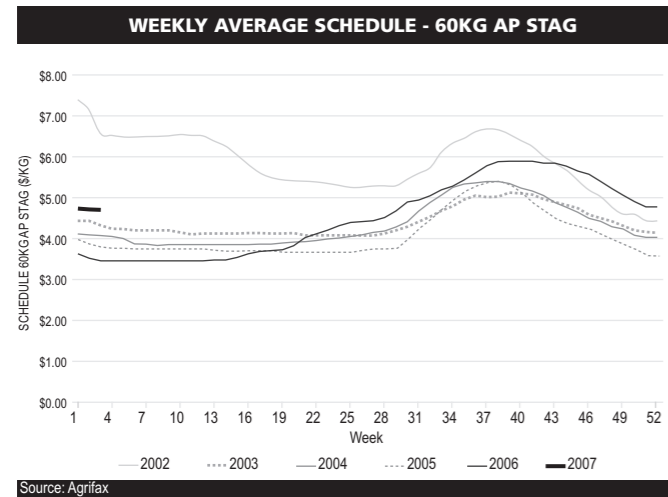
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>>> VENISON

The Week 3 schedule price stands at the highest for five years at this time of year and production is down by 3.5%. Rising export values reflect an increase in confidence among European buyers. In addition, strong demand for New Zealand venison, despite the milder European winter leaves stocks at low levels. Results from the Impress Your Guests campaign are being assessed, while Southern consumers are enjoying chef presentations of venison.



Schedule

- Week 3 of 2007 sees the 60kg AP stag national average published venison schedule at \$4.70, the highest for five years at this time of year.
- The seasonal decline as chilled venison sales come to an end has been less severe than in recent years. At this time in 2006, for example, the schedule had already dipped to \$3.45.

Production

- The number of deer processed in the 12 months ending 31 October was approximately 736,000 animals, down 3.5% on the 12 months ending 31 October 2005.
- The total volume of venison processed was around 40,000 tonnes (carcass weight), down 4.5% on 2004/5.

European Market Conditions

The milder winter in Northern Europe has provided an unexpected silver lining for the New Zealand venison industry. Reportedly, wild game has been able to remain deep in forests and high up mountains, making hunting more difficult. DINZ has been told this is a reason for a shortage of feral game products on the European market and the further boost in demand for New Zealand venison.

- Middle cuts – especially the frozen striploin – have moved from a situation of over-supply and discount pricing to undersupply over the period of this game season. Strong promotions of frozen striploins through the cash and carry sector have allowed the market to clear.
- Leg prices have moved up accordingly as end-users look to substitute leg steaks for the more expensive loin items.

Impress Your Guests Review

- Deer Industry New Zealand is now assessing the impact of the first series of 'Impress Your Guests' promotions undertaken in Germany in conjunction with European distributors. DINZ will determine the aspects of the programme that have been best at improving demand for New Zealand venison and encouraging the incorporation of the new Impress Your Guests material into individual importers' own promotions.

Southern Events

- Venison demonstrations at the Winton A&P show on Saturday, 20 January and at the Meridian Energy Wind Farm on Sunday, 4 February have been arranged by DINZ. Local chefs, Joanna Lowery from Garvin at Millers Flat and the irrepressible Graham Hawkes from Invercargill, will provide venison cooking demonstrations to the assembled masses at these two events.
- Both chefs will prepare easy-to-cook dishes, using medallions and stir-fry items readily available in most New Zealand supermarkets.

Exports

- Exports to Germany in the 12 months to the end of October totalled \$105 million, up \$20 million on the same period a year earlier. Total exports were worth \$248 million to the New Zealand economy, up by 16%, as the improving market prices and a generally declining currency helped to improve returns to New Zealand.
- The total volume of venison exported declined by nearly 4% on the 12 months earlier to a little over 26,000 tonnes product weight.

Cont'd...

>>> VELVET

For the 12 months ending November 2006 velvet export volumes decreased by 5% in comparison to the previous year, but with top grade (SA, A & B) values up above 80% compared to the weighted average for last year. Prospects for the velvet industry are looking positive. New markets and joint promotion activities in Israel, America and China are progressing well, indicating the start of new diversity needed by the industry.

Pools

- To date this season, pools have received good support from both farmers and buyers, and prices for farmers have been strong with prices nearly doubling for some grades compared to last year.
- Despite a recent cost increase to Korean importers, a high dollar and reasonable quantities going through pools, prices are holding well and are expected to remain strong for the remainder of the season.

Promotion

- An exciting joint promotion with a marketing and distribution company in China has seen the involvement of three New Zealand processors successfully exporting New Zealand Deer velvet products. The Chinese company is working full-time on marketing campaigns: packaging, display material and promotions for the products which they believe have "huge potential" in the Chinese market.
- In conjunction with the five-star Seoul Millennium Hilton Hotel, DINZ recently concluded a nine day promotion where New Zealand velvet featured as a 'healthy ingredient' in high-end Korean cuisine. The promotion included special velvet dishes in the hotel's restaurants, press conferences, a gala dinner for food and beverage directors from the top Seoul hotels and inclusion of two velvet dishes in the famous Gourmet Circle cuisine experiences (\$250 per person). This has resulted in the hotel's decision to keep several of the most popular velvet dishes on the menu. Together with other hotels, it has requested a repeat of the promotion later in the year.

- Velvet for use in the pet market has recently gained some significant traction. In addition to the recent success of the product in Israel, a joint promotion with DINZ saw one New Zealand company successfully registering the product in England, Germany and South Africa after making contacts at the Prague Small Animal Veterinary conference. The next big market to be exposed to the pet product will be the United States when the company together with DINZ will exhibit at the North American Veterinary Conference.
- In a renewed joint promotion, the New Zealand company that recently managed to break into the multi-million dollar GNC health supplement retail chain, will this year be attending two of the US trade shows where the velvet product will feature alongside other natural product leaders.

Regulations

- The Korean Customs Service (KCS) has enforced a regulation whereby all countries including New Zealand are required to label their products (including industrial) with the country of origin. Through extensive negotiations between DINZ, the New Zealand Embassy in Seoul and KCS an extension to the implementation date (initially 1 January 2007) until 1 March 2007 has been achieved. This allows New Zealand processors sufficient time to develop appropriate labelling (tags or stickers) and to change their processes.
- As part of this issue, and others affecting the integrity and country of origin status of New Zealand velvet overseas, DINZ will also investigate the feasibility of branding (physically) New Zealand velvet prior to export.

... Venison Cont'd

- Interesting point to note is the substantial decrease in shipments to 'Others'. In 2005, over 5,000 tonnes was shipped to other countries as exporters diversified markets in order to reduce the oversupply in Europe. In the last twelve months, exports to Europe have increased – at the same time as prices have increased – indicating a successful mix of demand creation, stock reduction and improving confidence among the European importing trade. 'Other' markets, which had been used to soak up excess production of manufacturing items, have fallen off as prices have improved.

	Top 10 Markets by Value					
	Volume (Tonnes)			Value NZ\$ (millions)		
	2004	2005	2006	2004	2005	2006
Germany	9,857	10,351	11,929	72.6	80.3	104.8
Belgium	2,260	2,309	3,615	25.5	26.7	44.5
USA	1,307	1,294	1,194	16.5	14.5	16.7
France	1,641	2,337	1,451	11.9	18.7	14.8
Switzerland	979	921	954	11.6	10.3	13.1
Netherlands	433	907	602	6.8	12.2	9.5
Sweden	1,386	1,749	1,512	7.1	10.3	8.9
Austria	1,103	1,270	661	6.5	8.7	5.9
Italy	954	674	933	5.2	4.4	5.3
UK	481	492	559	4.0	3.1	5.0
Others	2,581	5,090	2,933	14.7	24.4	19.4
TOTAL	22,981	27,393	26,344	\$182.3	\$213.5	\$247.9