**Quarterly Report: July to September 2019** 



# The Deer Industry Profitability Programme



The South Canterbury Velvet Advance Party held a successful Regional Workshop in Albury, South Canterbury on 23 July 2019 which was attended by over 70 farmers keen to learn recent projects of the Advance Party.

# **Summary of progress during this quarter:**

# Marketing Premium Venison

- Promotions complete for the Cervena® summer sales trial in Canada. Consumer feedback was positive although sales less than hoped.
- A full oven trial of the venison bar was undertaken to test thermodynamic consistency with manufacturing. A further trial is to be conducted.
- 2019 Europe Cervena promotions now complete. Three companies supplied Cervena in the Benelux and one to Germany with 65 tonnes exported.
- China venison promotional material underway including production of a Chinese language video.
- More New Zealand companies are shipping larger volumes of venison to China to explore the opportunities in this market.
- Consultation with the NZ DFA, NZ Vet Association, customers and producers on the pros and cons of a Raised Without Antibiotics standard for Cervena venison.

### Market Led Production

- Two Deer Workshops for Rural Professionals held in the quarter. 35 Ag professionals attending.
- Deer Industry Environment Groups continue to progress well with 15 groups meeting regularly now.
- Four environment workshops which involved 59 farming properties were held in Southland in the past 3 months.
- 28 Advance Parties (AP) in operation currently with 38 meetings taking place over the quarter.
- One New AP formed in Southern Hawkes Bay
- A workshop with industry stakeholders to determine deer industry priorities for winter management was held at Lincoln.
- Four Regional Workshops for deer farmers were held during the quarter. Over 70 farmers attended the South Canterbury Velvet AP workshop in Albury in July.
- Innovation Workshop held in August facilitated by KPMG with 34 industry participants in attendance.
- Articles published in media on the genetics "DNA Trials" farmers capturing their experiences to date.
- Six podcasts on the importance of deer genetics to productivity and profitability has been released.

### Work with other PGPs and Government Agencies

- Discussions with RMPP practice change managers on alignment of practice change groups and capability in facilitation offering.
- Inviting Regional Councils to attend farmer engagement activities, workshops for rural professionals and the Advance Party National Workshop.
- Discussions with MPI management the progress of the National Extension Services and Primary Industry Advisory Services programmes

# Work with other sector groups

- B+LNZ, Dairy NZ and Agricom representatives attended the Innovation workshop in August.
- Including non-deer farmers in Deer Industry Environment Groups.
- Working with Environment Southland, MFE, B+LNZ with the Aparima Catchment group.

# Upcoming

- Assess impact of Canadian trial with decision on progress Cervena trial in Canada
- Finalise production of promotional material for China marketing work.
- Review impact of 2019 Cervena in Europe programme and confirm commitment to continue
- Review format and plan for additional workshops for rural professionals for year ahead.
- Hold the second Deer Industry Innovation Workshop in November
- Hold Parasite Management workshops in early 2020
- Videos to accompany the genetics podcasts to be released in November
- Increase numbers of farmers completing and using Farm Environment Plans
- Receive recommendation on alignment of health planning activities and additional extension services for deer farmers.

# Investment

Investment period	Industry contribution	MPI Contribution	Third Party	Total investment
During this Quarter	\$577,479	\$495,161		\$1,072,640
Programme To Date	\$4,826,027	\$4,313,936	\$96,880	\$9,236,843

**Overview Table September 2019 Quarter** 

_	Overview Table September 2019 Quarter							
Objective	Status			Comment				
	Timetable	Financials	Outcomes					
Project 1. Confirm Target Markets.				Companies to review market scope and path to commercialisation for venison bar. Summer trial of Cervena in Canada now complete.				
Project 2. Establish Commercial Distribution				European promotions complete with review to take place. China activities slow to implement.				
Project 3. Link Market to Producer				Increasing numbers of deer farms achieving QA compliance. Consultation with industry on the benefits of a 'Raised without antibiotics' standard for Cervena venison.				
Project 4 Overarching Production Initiatives				First Innovation workshop held for future leaders. Farmer user groups looking at winter management complete.				
Project 5 Engagement for Practice change				Advance Party National Workshop took place late July. 4 regional workshop held in quarter. Integration projects behind schedule. 29 Advance Parties operating				
Project 6 Technology Packaging				15 Deer Environment Groups meeting. Genetics communications underway. Commissioned review of health activities.				
Project Management				Annual Plan approved prior to end of FY. Total expenditure in line with budget. Personnel changes.				

Trend Table showing last quarter performance and next quarter projection.

Objective	Status						
	Timetable		Finan	cials	Outcomes		
	Last Quarter	Next Quarter	Last Quarter	Next Quarter	Last Quarter	Next Quarter	
Project 1.							
Project 2.							
Project 3.							
Project 4							
Project 5							
Project 6							

Project on track (Financial variance <10%)
Slight Variation to Plan (To be completed within 3 months: Financial variance 10-25%)
Project variation to plan (More than 3 months to complete : Financial variance >25%)
Significant Variation (Change in programme required)

5. Financial Summary of P2P Expenditure to date.

							YTD	
P2P Implement	ation	S	ept Quart 201	9	Year	to Date	variance to	
to 30 Sept 2019	)	Actual	Budget	Variance	Actual	Budget	budget	End of Year Variance Notes
Project								
1 Confirm Mark	ket Requirements	\$ 153,579	\$ 61,542	\$ 92,037	\$ 344,346	\$ 246,217	\$ 98,130	Additional costs incurred for PKE feeding research, and increased costs incurred for
Cash		\$ 126,330	\$ 40,875	150%	\$ 259,881	\$ 181,550	40%	market development and chefs fees for Canadian project.
Est. in-kind		\$ 27,249	\$ 20,667		\$ 84,465	\$ 64,667		
2 Establish Cor	mmercial Distribution	\$ 337,022	\$ 85,717	\$ 251,305	\$ 664,892	\$ 699,867	-\$ 34,975	Costs for Benelux promotion slightly underbudget due to one company doing less following
Cash		\$ 303,031	\$ 45,300	293%	\$ 497,250	\$ 531,200	-5%	changes to import arrangements.
Est. in-kind		\$ 33,991	\$ 40,417		\$ 167,642	\$ 168,667		
3 Linking Mark	et to Producer	\$ 17,903	\$ 14,467	\$ 3,437	\$ 98,562	\$ 92,867	\$ 5,696	
Cash		\$ 12,851	\$ 10,300	24%	\$ 54,368	\$ 51,200	6%	
Est. in-kind		\$ 5,053	\$ 4,167		\$ 44,194	\$ 41,667		
4 Overarching	Production Initiatives	\$ 58,829	\$ 26,217	\$ 32,613	\$ 246,841	\$ 187,867	\$ 58,975	Additional costs incurred for review of practice change activities, higher costs for P2P-AG and
Cash		\$ 47,713	\$ 21,550	124%	\$ 188,798	\$ 153,200	31%	inclusion of Innovation Workshop to the programme.
Est. in-kind		\$ 11,116	\$ 4,667		\$ 58,043	\$ 34,667		
5 Practice Cha	nge	\$ 300,086	\$ 149,217	\$ 150,869	\$ 668,171	\$ 716,617	-\$ 48,446	Budget allocated away from project 5 to project 4.
Cash			\$ 113,050		\$ 542,044	\$ 552,450	-7%	
Est. in-kind		\$ 33,506	\$ 36,167		\$ 126,127	\$ 164,167		
6 Technology F	Packaging	\$ 205,220	\$ 164,116	\$ 41,105	\$ 547,875	\$ 607,363	-\$ 59.488	Project under budget with less expenditure on Animal Health and Feeding projects, although
Cash	5 5	\$ 175,917	\$ 134,425		\$ 427,774	\$ 484,200		Environmental Stewardship running over budget.
Est. in-kind		\$ 29,304	\$ 29,691		\$ 120,100	\$ 123,163		
Total		\$1,072,640	\$ 501,274	\$ 571,366	\$2,570,687	\$ 2,550,796	\$ 19,891	
Co Investors Co	ontributions: Cash	\$ 507.370	\$ 194,000		\$1,031,051	\$ 976,900		
	ontributions: In Kind	\$ 70,109	, ,,,,,		\$ 300,286	·		
	ontributions: Total		\$ 261,887		\$1,331,336	-		
Sought from PG			\$ 239,387			\$ 1,230,398		
Total		\$1,072,640			\$2,570,687	- , , ,		

# Recommendation:

The Programme Manager is satisfied that the above is a true and accurate record of expenditure incurred in implementing the P2P Programme and that the estimated in-kind values are an appropriate reflection of industry contributions to this programme over the period and recommends that the PSG approve this report to be forwarded to MPI for approval of payment.

Innes Moffat, 04 November 2019

# Passion2Profit Programme: Project Status Update July - September 2019

On Track	Major variation
Minor variation	Project on hold
Complete	Not yet commenced

# **Marketing Premium Venison**

# 1.2 Niche Market Feasibility Studies

**Objective**: MWG members explore two niche market opportunities for collaborative development.

Status: MWG supporting two projects.

# Recent activity

Venison Protein Bar: A full oven trial was undertaken with Texas BBQ Foods in September to
ensure the thermodynamics are the same in manufacturing. The trial result showed need for further
refinement of the cooking method with a further trial to be conducted. The food technologist
contracted is also out of action until the new year with a shoulder injury.

The MWG have agreed for DINZ to begin putting together a full business case along with paper work to establish a joint venture to establish a company to take the protein bar to the market. DINZ has begun working with an external contractor on this.

Canadian Research Trial: Promotions in July and August focused on in-store tastings.
Consumer feedback showed respondents were familiar with venison and enjoyed the taste of
Cervena. However, sales during the period were limited with just over half a tonne sold. Alliance
have decided to discontinue further work in Canada, but will continue to support their partners in a
limited capacity.

# **Next Steps:**

1. The MWG has requested some additional information on the Australasian market potential for the product with further investigation into the category of meat that can be used for the bar to be undertaken with one of the processors.

### 1.6 Appellation Development

**Objective**: Unified approach to using the Cervena Appellation to optimise returns to New Zealand.

**Status**: Completion behind schedule.

# Recent activity

MWG meeting in September requested additional work done on the origin story for Cervena Venison for application in North America.

### **Next Steps:**

Completion of website working with website company to get new site live and develop material to support the Cervena origin story as a secondary message.

### 2.3 Non-Seasonal Promotion

**Objective**: 150 mt of chilled venison exported as Cervena<sup>™</sup> from Jan to August in the Benelux and Germany in 2019.

**Status**: Promotions underway with 3 companies across 3 markets. Volumes unlikely to reach target.

### Recent activity

Summer promotional activities now complete. 65 Tonnes exported for the 2019 summer season. Germany saw volumes increase while exports to Benelux reduced. Importers remain enthusiastic for the programme and have confirmed they are keen to support it for summer 2020.

# Next Steps:

Full review of 2019 programme with companies and importers as well as a review of the awareness among BeNeLux chefs.

# 2.3b New Markets - Marketing Pilot (China)

**Objective**: Marketing companies sell 500 mt of venison through collaborative ventures in new market segments by 2022.

**Status**: Only one company really active in China. Volumes unlikely to each target

### Recent activity

Two additional companies have begun working in China (Alliance and Silver Fern Farms).

Working with video production companies to produce video. DINZ Venison marketing manager visited China in September and had several positive meetings. This included with a chef who can assist in promotional activities, and with NZTE and their agency who works to promote NZ food in China.

# **Next Steps:**

Continuing work to produce a new Chinese language promotion video for use by all companies in promotions. Confirm the MWG commitment to continue to support activity for the 2019/20 year.

### 3.1 Industry Agreed Standards

**Objectives**: 50% of farmers are enrolled in on-farm QA programmes at the end of 30 September 2019.

Status: Target not met.

# Recent activity

- NZ Farm Assurance Programme (NZ FAP): Adoption of on-farm QA running behind expectations.
  Ongoing discussions with individual venison processors on the progress toward achieving supplier
  registration with the NZ FAP and equivalent QA programme. Work has commenced with
  AsureQuality on a DINZ portal with deer farming QA metrics for observation.
- 2. **Potential 'Raised Without Antibiotics' standard for Cervena venison**: Consultation with the NZ DFA, NZ Vet Association, customers and producers on the pros and cons of a raised without antibiotics standard for Cervena venison.

### **Next Steps:**

- 1. Continue to encourage implementation of On-Farm QA and finalization of deer assurance stats.
- 2. Formulate the introduction of the raising without claim standard for Cervena Venison for companies to agree.

### **Market Led Production**

# **4.1 MLP Project Governance**

**Objective**: That the P2P programme funders feel the programme is well managed and successfully implementing actions in order to achieve the programme goals.

Status: On Track

### Recent activity

P2P Annual Plans for the 2019-20 year now approved heading into the second half of the programme.

# **Next Steps**

Implementation of annual plans.

### 4.2.1 Workshops For Rural Professionals

**Objective**: To hold at least three workshops for up to sixty rural professionals in total before 30 September 2019.

Status: Complete

# Recent activity

Held a workshop for Massey University vet students on 17 August 2019 in the Manawatu as well as the 7th and 8th workshops at the end of September in Geraldine. Engaged Jansen Travis. South Island farm consultant to co-facilitate workshops as needed. RMPP contacted to look to build capability in facilitation services.

### **Next Steps:**

Review format and assess the demand for additional workshops before the end of the year. Seek additional facilitators for the workshops.

### **4.2 Influential Advisors**

Objective: 10 Influential individuals provided material to encourage appropriate advice among organizational advisors

Status: Complete

### **Activity in Quarter:**

Presented at and attended the NZIPIM conference, attended by 220 rural advisors.

### **Next Steps:**

Create target list for 2019/20 year.

### 4.3 Big Deer Tour

**Objective**: 8 Farm management students enjoy an

introduction to the deer industry.

Status: Complete

### Recent activity

2019 Big Deer Tour held in Mid-April with 8 students from both Massey and Lincoln universities. Four of the students also attended the Deer Industry Conference. Of note, 2017 Big Deer Tour participant James Robertson won the NZ Young Farmer of the year 2019 contest.

### **Next Steps:**

Confirm a means of ensuring the participants in Big Deer Tours remain linked to the deer industry.

### 4.4.1 Integration-Communications

**Objective**: Presenting information to farmers that will encourage practice change.

Status: Complete

### Communications:

The 2018/19 communications focus will be on;

- 1. Increasing awareness of DINZ Tools through advertising and direct mail
- 2. Putting recommended actions in the context of specific farms through case study approach.

# **Activity in Quarter:**

Six farm profiles complete, material now collected from the last two farms which will be collated into case studies for Genetics, Feeding, Environmental Management and Health material.

# **Next Steps:**

Collection of interview material from 4 further farms. Integration of farm cases into media outputs.

# **4.4.2 Farmers User Groups**

**Objective:** Two workshops per annum to improve utility of P2P outputs

Status: Complete

### **Activity in Quarter:**

A workshop on winter management was held at Lincoln on 05 September 2019 in Christchurch, this was attended by industry stakeholders including project managers and members of the feeding, health and environment theme groups.

Created a plan for a 'Stress-Free Winter Grazing' farm workshop to be run with assistance from Southland DFA. Format developed to lead farmers to arrive at need for change in management, not just offer mitigations to normal practice.

# **Next Steps:**

Follow up with winter management plan.

### 4.4.3 Integration Projects

**Objective**: P2P Project Managers working on projects that cross the theme groups.

Status: Delayed

### **Activity in Quarter:**

Further development of the Winter Feeding and Parasite Management projects;

- **1. Winter Feeding:** Detailed description for winter grazing workshop agreed. The approach includes:
  - **1.1** A workshop for industry stakeholders to agree on a deer industry approach to the topic of winter feeding was held on 05 September in Christchurch.
  - **1.2** Convening a farmers group with outside influencers to consider the application of current practice. Intention is to create an appetite for change, not to produce more material.
- **2. Parasite management**: Parasite management proposal in development.

# **Next steps:**

Host a winter feeding theme group meeting.

Develop parasite management material and deliver the pilot workshop.

# **5.1 Advance Parties**

**Objective**: To have 30 Advance Parties (AP) formed by end of September 2019 and meeting regularly. APs will

**Status**: Minor variation – 28 APs currently operating.

demonstrate gains to their wider community which encourages wider adoption.

# **Activity in Quarter:**

A new Southern Hawkes Bay AP has been set up. New Facilitator found for Southland group. Currently working with several groups to ensure facilitator service meets their expectations.

To assist in managing the project for the year ahead, AP admin have recently introduced areas of refinement for individual APs, the main change being that each AP must submit an Annual Plan before DINZ funding will be approved.

# **Next Steps:**

Continue to work with APs that are looking to transition to a different format; identify and assist APs as well as support new APs. Document a guide for AP evolution. 2 Facilitator training sessions set down for early December 2019.

# 5.1 Advance Party National Workshop

**Objective**: Advance Party members gain value from attendance, stakeholders benefit from listening to AP members farming issues.

Status: Complete

# **Activity in Quarter:**

After a review of the cost/benefit of the AP National Workshop format, recommendations for a revised format in 2020 to be open to more deer farmers has been approved. This new format could be in conjunction with other industry events.

# **Next Steps:**

Planning and consultation to commence with the applicable parties.

### 5.2 Deer Farming Regional Workshops

**Objective**: To encourage Advance Parties to motivate a wider farmer and rural professional audience to make positive changes. Run 15 Regional Workshops between 1 October 2018 and 30 September 2019.

**Status**: Complete. 12 RWs held during the year.

# **Activity in Quarter:**

Regional Workshops were held in Albury by the South Canterbury Velvet group who hosted over 70 farmers; the Hawkes Bay Originals and the Progressives held a combined workshop on 24 July in Ongaonga; the Central Regions AP held a workshop on 'Carbon and trees' on the 04 September and the Mackenzie group held a genetics focused day at Foveran attended by industry experts and 34 farmers.

### **Next steps:**

Increased communication with AP admin and facilitators to promote workshops as well as discussions with NZ DFA on better utilisation of DFA branch networks to encourage farmer participation.

### **5.3.3 Decision support**

**Objectives**: All farmers to be aware that good management relies on appropriate information. To have access to helpful guides to decision support tools. Industry accepted performance indicators for productivity and profit established.

**Status**: Revised project scope.

# **Activity in Quarter:**

Production of a Velvet Profitability report for use at public events further to recent analysis of

returns from deer farming. Definition of deer farmers' business planning needs and a role for DINZ following conversations with stakeholders. Discussions with consultant on developing a programme of work.

# **Next Steps:**

Confirm a role for DINZ in the definition of deer farming business planning and assign the project.

### 5.4 Deer Facts

**Objective**: To distribute 6 Deer Facts per annum.

**Status**: On track 4 completed YTD. 3 in preparation.

### **Activity in Quarter:**

Commissioned three Deer Facts on Biodiversity: Trees, wetlands and fauna. Reprint of Deer Facts folders completed in August.

# **Next Steps:**

Complete the biodiversity set and consider the finishing systems descriptions set.

### **5.5 Practice Change Activities**

**Objectives**: Engagement opportunities between farmers and advisors that encourage change.

Status: On track

# **Activity in Quarter:**

- Deer Tech Expo: A successful Deer Tech Expo was held on 28 June 2019 in Feilding in partnership with the Central Regions DFA. Over 80 farmer attendees and 25 companies/advisors participated.
- The Gisborne Advance Party Tour of the Waipa AP and farms in the Waikato and Bay of Plenty took place in October. The Hawkes Bay Originals are planning a visit to the Mackenzie country in November.
- A **Deer Industry Innovation Workshop** was held on 28/29 August facilitated by KPMG with 34 industry attendees.

### **Next Steps:**

- Work with DFA branches to implement further farmer-led Deer Tech Expos and activities.
- Encourage more AP exchanges.
- Hold a follow up innovation workshop and agree follow-up plans as well as put action plans in place and review.

### **6.1 Market Led Genetics**

**Objectives**: Increase the rate of genetic gain in the deer industry to improve profitability and to pick up research outputs and package them up in ways which make it easy for producers to put them into practice.

**Status**: September stag average Carcass weight = 59kgs.

### **Activity in Quarter:**

- Attendance at AP National Workshop in Te Awamutu in July to talk about breeding genetics objectives just under 40 farmers at event.
- Attendance also at Next Gen conference in August, presentation on setting and achieving breeding objectives and role of Breeding values in sire stag selection.
- Presentation at Mackenzie AP genetics regional workshop 27 September, 34 farmers in attendance.
- A Genetics article published in Deer Industry News Magazine in the quarter with the last two of three stories on the "DNA Proofs" farmers capturing their experiences.
- Work on a 6 episode series of Podcasts detailing the story of deer genetics and the

importance of deer genetics to productivity and profitability.

# **Next Steps:**

- Feature the DNA trials in communications with farmers. On-going communications with the farmers involved.
- Release of the Podcasts and promotion via print, social media and other online material. Videos to accompany the podcasts also to be released.

# 6.2 Strategic Feeding

**Objective**: To create measurable change in farmers' awareness and application of proactive feed management in order to provide optimal feeding for deer production.

Status: Underway

# Recent activity

Integrated workshop on Winter Nutrition held 05 September, with a detailed description now agreed where a group of farmers will come together with outside influencers to consider the application of current practice, date to be confirmed.

### **Next Steps:**

- Attendance and participation in the winter feeding theme workshop with review to take place.
- Produce and distribute a 'Guide to Seasonal Hind Body Condition' tool for farmers to use.

# 6.3 Improve Deer Health

**Objective**: 10% of deer farmers after 3 years have an appropriate, individually tailored, annually reviewed, formally constructed animal health plan based on a risk assessment process including surveillance; rising to 50% of deer farmers after 5 years.

Status: Under Review

### Recent activity

- A reminder was also given to AP Chairs and facilitators that health planning is a useful evolution for APs.
- DINZ commissioned a review of deer health activity. After a false start a reviewer was appointed and report to be made available in October.

### **Next steps:**

- Include Health Planning as a topic in guide for AP evolution.
- Confirm plan and format for parasite management workshops.
- Consider activities and resources following outcome of the DINZ Health Strategy Review.

# 6.4 Environmental Stewardship

**Objective**: To find and encourage adoption of solutions to the environmental constraints on deer farming. 100% of deer farmers have an FEP by the end of 2020. Status: Underway

### **Activity in Quarter:**

- 15 Deer Industry Environment Groups have now been formed with facilitators in place.
   These groups encompass 98 farms throughout the country. 5 of these groups were formed in the past 3 months.
- 4 Southland environment workshops (59 farmers involved) with a focus on deer have been held. Following up with these farmers to form them into environment groups.
- 2 Advance Parties are now focusing on completing Farm Environment Plans these being the Waipa and Gisborne APs. The local Deer Farmer Association (DFA) branches have

- been essential components in the engagement and formation of these groups who will now meet regularly.
- Planning is underway to prototype a Deer Industry Environment Group online for those who are remote from other deer farms, or otherwise are not available to meet on farms

# **Next Steps:**

- Form more Deer Industry Environment Groups and support planning workshops with deer farmers and other agencies. Finalise the formation of a group in Central Otago.
- Developing the on-line Environment Planning resource to assist remote farmers unable or unwilling to join Environment Groups.
- Consider additional resources to encourage and assist good planning among deer farmers. Potentially on a regional basis.

# 7. Programme Management

### **Activity in Quarter:**

Genetics Comms Group met 5 August. Health Strategy Review Workshop 22 August MWG met 04 September Winter Nutrition Group met on 05 September P2P Project Managers met 07 October P2P Health Advisory Group met 15 October

# **Upcoming:**

Innovation Workshop 14 November MWG to meet 28 November P2P-AG to meet 03 December Feed group to meet 05 December.

R Aloe 30/10/2019