

A large brown stag with impressive antlers is shown in profile, bellowing with its mouth wide open. The stag is standing on a grassy area with a dense forest in the background. The scene is captured in a cinematic style with soft lighting and a slight rain or mist effect.

*Annual
Report*
2014/2015



NZDFA
NZ Deer Farmers Association

NOTICE OF MEETING

New Zealand Deer Farmers' Association: 40th Annual General Meeting

Notice is hereby given that the 40th Annual General Meeting of the New Zealand Deer Farmers' Association (Inc) will be held in the Napier War Memorial and Conference Centre, Marine Parade, Napier on Tuesday 26 May, commencing at 11.00am.

The Chairman and Executive Committee of the NZDFA invite all NZDFA members and industry interested parties to attend.

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AGENDA

40th NZDFA AGM, Tuesday, 26 May 2015, commencing 11.00am

1. Apologies
2. Appointment of scrutineers
3. Obituaries
4. Notification of further items of general business
5. Confirmation of agenda
6. Confirmation of the minutes of the 39th AGM of the NZDFA (Inc)
7. Matters arising from the minutes
8. Executive Committee Chairman's Report
9. Financial report
 - a. Approval of the 2014/15 financial statements
 - b. 2015/16 Budget (motion of approval sought)
 - c. Motion of confirmation for Executive Committee honoraria
 - d. Motion of appointment of financial accounts reviewer
10. Constitutional amendments (if any)
11. Executive Committee remits (if any)
12. NZDFA branch remits (if any)
13. DINZ Board producer appointment. Candidate addresses to the AGM
14. General business
 - a. Confirmation of NZDFA Executive Committee and SAP appointments
 - b. Any other business

MINUTES OF THE NEW ZEALAND DEER FARMERS' ASSOCIATION

39TH ANNUAL GENERAL MEETING, HELD AT THE METHVEN HERITAGE CENTRE, 160 MAIN STREET, METHVEN, CANTERBURY, TUESDAY, 20 MAY 2014, AT 11:00AM

The NZDFA Chairman Kris Orange called the 39th AGM to order at 11:00am, welcomed about 90 members and interested friends of the industry and called for apologies.

1. APOLOGIES

Branch Chairmen

Dean Orsler, Rex Cowley, Paul Mucalo, Ken Swainson, Steve Borland, Earle Wells.

Life members

John and Jan Burrowes, Don Gregson, Elsie Jermy, Mike Pattison.

Members

Malcolm Gilbert, Warwick Wright, Hamish Orbell, Bill Symonds, Murray Coutts, Keith Orange, Noel Beatson, Hayden Roberts, Richard Burdon, John Spiers.

Includes three members represented by proxies

Moved *"That the apologies as notified be accepted"*

Moved: Kris Orange, **Seconded:** Edmund Noonan **Carried**

2. SCRUTINEERS

Moved: *"That Phil Stewart and Pam MacLeman be appointed as scrutineers for the 39th AGM of the NZDFA, 20th May, 2014"*

Moved: Ian Bristow, **Seconded:** John Somerville **Carried**

3. OBITUARIES AND REMEMBRANCE

Obituaries were recognised for:

Rob Brookes, Bruce Charteris, Jean Gregson, Mike Smyth, Peter Smith.

The meeting recognised the passing of these NZDFA members with a minute of silence.

Condolences were also noted for the recent loss of the wife of Brian Newall (PGG Wrightson) and it was noted that many of the agents and South Canterbury deer farmers were absent attending that funeral.

4. CALL FOR FURTHER ITEMS OF GENERAL BUSINESS

Stu Hutchings, OSPRI NZ offered to provide an update on NAIT and TB Free New Zealand activities.

5. ACCEPTANCE OF MEETING AGENDA

No further items of general business were notified. It was moved that the agenda be accepted as presented:

Moved: Kris Orange, **Seconded:** Mike Henriksen **Carried**

6. CONFIRMATION OF MINUTES OF THE 38TH AGM

Confirmation of the minutes of the 38th Annual General meeting of the NZDFA, held at the Amora Hotel, Wakefield Street, Wellington on 25 May 2013 at 11.40am. Circulated in the Annual Report 2013/14 and posted in the DFA Annual report on the www.deernz.org website

Moved: *"That the 38th AGM minutes as circulated be taken as read"*

Moved: Kris Orange, **Seconded:** Richard Cook **Carried**

There was no discussion and no amendments to the minutes were notified by the meeting.

Moved: *"That the Minutes of the 38th Annual General meeting of the NZDFA, as circulated, be accepted as a true and accurate record."*

Moved: John Somerville, **Seconded:** Richard Currie **Carried**

7. MATTERS ARISING FROM MINUTES

There were no matters arising raised.

8. CHAIRMAN'S REPORT

Circulated in the 2013/14 annual report and posted in the DFA annual report on the www.deernz.org website.

Kris Orange addressed the AGM and read his annual report.

Moved: *"That the Chairman's report of 2014 be adopted"*

Moved: Kris Orange, **Seconded:** Clive Jermy **Carried**

In the traditional seconder's reply from the floor following Kris Orange's Chairman's Report, Clive Jermy congratulated the Chairman for his comprehensive overview of a productive year. He commented on the observation that water quality and environmental stewardship were rapidly becoming a critical part of deer and all livestock farm management and planning. Jermy commended the DFA and industry for engagement with Land Environment Planning work and, in combination with DINZ, the Good Management Practice Matrix.

He commended the Chairman for the sterling work with the Motivate group and the start of the Primary ITO-based training initiatives and also the DFA for its Next Generation programme which was clearly making a strong presence with this group. He noted that while AGMs are important, it was significant that a Next Generation workshop was being held as an introduction to conference for this group.

Jermy also commended the DFA for the research support with the Johne's disease susceptibility/resistance test programme, acknowledging also the confidence from the Deer industry research trust in its joint support.

In conclusion, Jermy commented on the concerns generated by questions around venison profitability. He suggested that the DFA's commitment and presence in the P2P strategy was critical for its success both on farm and in support of the joint Cervena repositioning programmes that were in development. In his view, DFA had to strongly represent deer farmers' experience of returns and current challenges and extend its relationship with DINZ in whole-of-industry

support. It would be a challenge to balance the inevitable costs associated with the investment and to realise these goals, but DFA support and advocacy for all deer farmers would be pivotal in encouraging progress and a much-needed profitability increase in this area.

The adoption of the Chairman's Report was **Carried** without further discussion.

9. FINANCIAL REPORT

Prepared Sandra Windley, Accountant, NZDFA Accounts Manager.

Presented by Producer Manager, Tony Pearse, Circulated in the 2013/14 annual report and posted on the DINZ website as a formal review (Deloitte) of the accounts and financial statements for the year ending 31 March 2014.

Statement of financial performance for the year ending 31 March 2014

Main Factors

Income

- Ongoing but slowing decrease in subscription levels of 3%
- Investment income on budget.

Expenses

- Contributions to research projects out of income not reserves: (Callaghan Innovation Johne's disease research project \$10,000)
- Savings in expenditure, particularly travel and accommodation (8% below budget)
- Spending on leadership development with two facilitated workshops was \$9,374 and covered from revenue rather than reserves of the research/leadership auction funds
- A taxation liability at ~30% of the earned interest on investments now exists because previous taxation credits have now been used.
- Totally equity was \$125,329 and current net assets \$111,527
- NZDFA will continue to be consulted by DEEResearch for its views on policy and direction and any other matters that DEEResearch considers of importance to producers in that sense or in a wider context.

Proposed Budget 2013/14

Recommended income and expenditure from Executive Committee

Income

Membership budget was reduced to 1,460 members, a small decrease over the 1,467 (2013 year) membership. This reflected confidence in the membership drive and continuing to add additional value to subscribers.

- Honoraria were recommended to remain at the same levels as previous years (\$9,000 for chairman, \$6,000 for members)
- Subscription level and capitation fee will remain unchanged.

These required motions from the floor following the discussion alongside the motion allowing the Executive Committee to appoint an accountant to conduct an accountancy review.

The budget for the year to March 2015 has been maintained at the same levels as for the year ending 31 March 2014 and

is set to break even. The Executive Committee honoraria are budgeted to remain at the current year's rates (subject to passage of the motion approving this) and general expenditure is budgeted at a similar level to the past two years across all line items.

Budget features

1. Subscriptions level at same level as 2013/14 year
2. Target 1,460 members
3. Proposed expenditure maintained at 2013/14 levels
4. Branch capitation fees remain at \$25.00 and subscriptions at \$97.67 nationally (GST inclusive)
5. Further communications to members and non-members in membership drive.
6. There had been no election costs this year, giving a saving of ~\$3,500 expected. Savings through the annual report being electronic were (not printed) were anticipated to be ~\$3,000.
7. Recommendations were that the Executive Committee honoraria remain at current levels (\$9,000 for chairman, and \$6,000 for EC members) subject to that motion being supported.

Motion 1: Accounts 2013/14

"That the Audited NZDFA financial statements and accounts for the year ending 31st March 2013 be received and approved."

Moved: Kris Orange, **Seconded:** Tim Aitken **Carried**

Motion 2: Honoraria

"That the Executive Committee honoraria for the 2013/14 financial year be set be fixed at \$9,000 for the elected Chairman and \$6,000 for each other Executive Committee member."

Moved: Edmund Noonan, **Seconded:** Andrew Peters **Carried**

In commentary, Edmund Noonan suggested that the subscriptions were inexpensive given the work done and the value of the DFA. He and several other delegates suggested that having held the subscriptions stable was commendable but not if it was risking the level of activity and function of the DFA. Clive Jermy suggested that with the level of service and communications from DINZ, many people who thought they were DFA members were not and there was an element of confusion. However he cautioned that a history of rising subscriptions was a self-defeating exercise in increasing membership. Mike Henriksen reported that the Canterbury AGM had raised the issue of whether there was some additional link that could be forged with Federated Farmers that might add membership value, citing some comments at the Branch AGM that suggested the Federation might be a logical home for the DFA in the future. Andy Jarden suggested that the subscriptions should be raised in the following year to allow more leeway in activity, but was also wary of the impact on numbers

Justin Stevens questioned whether it was time for larger farmers to be paying relatively more based on size and whether that might prove more effective, but little support was forthcoming for that option.

The motion was put and **carried**.

Motion 3: Appointment of Auditors

"That the NZDFA Executive Committee be authorised to appoint a chartered accountant to review the accounts of the NZDFA for the ensuing year (2014/15)."

Moved: Kris Orange, **Seconded:** Craig Hocken **Carried**

Motion 4: NZDFA budget

"That the NZDFA budget for the year ending 31 March 2015 be approved."

Moved: Clive Jermy, **Seconded:** Donald Whyte **Carried**

10. CONSTITUTIONAL MATTERS

National Constitution NZDFA Amendments 2014

None notified

11. NZDFA BRANCH REMITS 2014

1. Waipa Branch: Current slaughter policy and potential opportunities

"That the DFA, in conjunction with DINZ and the venison processors/exporters, investigates all aspects of the current slaughter policy and market opportunities and reports back with responses to the NZDFA within six months. This would include:

- optimum killing times
- weight ranges
- price differential between hinds and stags
- method of payment
- customer choice."

Moved: Leith Chick, **Seconded:** Jeffrey Pearse **Carried**

Leith Chick followed the points raised in the rationale suggesting that the current market and sales strategy was wasting the potential of growth and higher returns by premature slaughter behaviours. Other industries clearly had a payment policy that supported a weight pays basis, whereas currently large deer are penalised.

This remit prompted a lengthy discussion. Key points to emerge were:

- This may indicate the need for a single desk model such as that used by the kiwifruit industry.
- It seems wasteful to put a 10-month red x wapiti cross to slaughter with a 60kg carcass when it would yield 90kg 12 months later.
- The traditional meat industry model involves trying to kneecap the opposition. We need all marketers on the same page and working for the benefit of the producer.
- The contract is between the meat company and their supplier – DINZ cannot force the companies' hands, and likewise NZDFA cannot force DINZ's hand.

2. NZDFA Branch Chairs: Venison profitability, immediate concerns and initiatives

"That the NZDFA request that DINZ, as a matter of urgency, work with the venison processing and marketing companies, in addition to the new P2P marketing development, and take active steps to quantify the progress made in addressing the current crisis of unsustainably low venison production returns and its impact on producer confidence. We ask that the progress be reported to the NZDFA on a formal three-monthly basis."

Moved: Richard Currie, Otago, **Seconded:** Mike Henriksen, Canterbury **Carried**

This motion encouraged discussion on the Passion 2 Profit programme and its development. Endorsed by the North Island and South Island Branch Chairmen's meetings on 8 and 9 May 2014, discussion on this remit was brief. The main concern from the floor was that the industry will have lost too many farmers by the time market conditions improve. The motion was put and **CARRIED**.

Late remits

3. Hawke's Bay: Investigation of an equitable Tb testing funding model

"That The New Zealand Deer Farmers' Association investigates the revoking of the user pays process for TB testing and be funded by levies similar to the cattle industry."

Moved: Richard Lawson, Hawke's Bay, **Seconded:** Grant Charteris **Carried**

There was not great support for this remit from the floor.

Stuart Hutchings, Group Manager, Programme Design and Farm Operations at OSPRI, said the Tb Free New Zealand policy was to align special testing areas with vector risk areas, in support of the Tb eradication strategy. "Special testing areas remain within vector risk areas, so there is still a risk associated with those. Once Tb has been eradicated in those areas they will then move to a biennial and eventually triennial testing programme." He said there was a risk of complacency within vector risk areas and that testing policies needed to stay as they are.

John Somerville (Executive Committee) said the industry had been dealing with Tb very efficiently and moving to a generalised levy could be expensive for deer farmers.

The motion was put and **LOST** on a show of hands.

4. Canterbury: Venison killing charges

"NZDFA seeks clarification from exporters of the meat inspection process charges, and endeavours to negotiate a meaningful reduction."

Moved: Clive Jermy, **Seconded:** Warwick Wright **Carried**

5. Canterbury: Cervena ownership and marketing

"That the NZDFA request that DINZ seek a review into the ownership structure of the Cervena appellation/brand. That as part of this review, DINZ engages with producers to seek their views as to the future ownership structure of Cervena and its place in the market."

Moved: Mike Henriksen, **Seconded:** Corey Busch **Carried**

It was noted by the DFA appointee on the Cervena Trust, Mark Hawkins, that changes around Cervena are being driven by licensees, rather than the trustees. The trust is owned 50:50 by venison producers and the licensees. The trust was established as a temporary measure to shepherd Cervena through to independent ownership, but still remains in place 15 years later. James Guild said the rights of licensees shouldn't be undermined, but it was time for farmers to take control of Cervena. Glenn Tyrrell, formerly of Silver Fern Farms, said the current joint initiative by five licensees to extend Cervena into Europe under a common brand could be derailed if the ownership of the appellation and licensee rights were under threat.

The motion was put and **CARRIED** on a show of hands.

12. GENERAL BUSINESS

(a) Introduction of DINZ Board candidates for selection by producers (NZDFA SAP)

Tim Aitken, Grant Cochrane and **Clive Jermy**, the three candidates for a single producer-nominated seat on the DINZ Board, gave short presentations to the meeting. They will meet with the Selection and Appointments Panel (SAP) on 18 June and a decision made then. The full SAP comprises the four-man Executive Committee of NZDFA plus elected members David Stevens (Chair), Donald Whyte, Paddy Boyd and Andy Jarden. David Stevens reminded members that they were entitled to lobby the SAP regarding the choice of candidate. He extended special thanks to Mark Hawkins, who had served on the SAP for about 10 years before stepping down this year.

(b) Notification of Executive Committee Selection and Appointment Panel Appointments

The Chairman advised that there had only been single nominations for all Executive Committee and SAP positions and that the candidates had all be appointed unopposed. He noted that there also had only been two nominations for the two DINZ board vacancies (that of the existing Board members Andy Macfarlane and Collier Isaacs.

The new member at large positions were now in place.

Confirmation of Officers of the Selection and Appointments Panel 2014/15

- David Stevens (Southland) At Large: Appointed unopposed (2013)
- Paddy Boyd (SCNO): South Island – appointed unopposed (2014)
- Donald Whyte, (SCNO): North Island – appointed unopposed (2013)
- Andy Jarden (Central Regions) At Large: Appointed unopposed (2014)

Confirmation of Officers of the NZDFA Executive Committee 2014/15

- NI Executive Committee: Grant Charteris (Hawke’s Bay), appointed unopposed 2014
- At Large: David Morgan (SCNO), appointed unopposed 2014
- SI Executive Committee: Kris Orange (SCNO), appointed unopposed 2013
- At Large: John Somerville, (Southland), appointed unopposed 2014

(c) Chairman 2014/15 SAP

David Stevens advised the meeting that the Selection process will be held on 12 June 2014.

Further general business

(d) OSPRI

William McCook, OSPRI Chief Executive, said the merger of NAIT and the Animal Health Board in July 2013 had not affected funding. There had been no rationalisation of frontline staff, although some people had been moved to

co-locate. Nationwide there were now only 72 infected herds (including just three deer herds, all in the South Island) and the deployment of resources was changing to match the distribution of disease. He reminded farmers that NAIT tags need to be not only purchased and used but also registered. “We’re seeing a lot of tags coming into the system that haven’t been registered.” Stuart Hutchings said that as of this month about 800,000 of the 2.5 million hectares targeted for Tb eradication over 10 years will already have been cleared of the disease. “That’s positive for New Zealand and positive for farmers.” He said NAIT compliance was good for stock being sent to slaughter or saleyards, but there was plenty of room for improvement in recording farm-to-farm movements.

(e) Meat industry reform

Jeffery Pearse aired concerns about the structure of the meat industry, which was showing no sign of changing. He said the deer industry needed a more formal relationship with the Meat Industry Excellence (MIE) Group, which is the main driver of reform.

David Morgan (Executive Committee) said the sheep industry had been shrinking by 23,000 head a day, while the deer industry was down 38 percent from its peak and beef was down 20 percent. John Somerville said representatives of the MIE Group had been invited to meet with the NZDFA Executive Committee and, while they were enthusiastic, it was of concern that they knew very little about the venison industry. Their main focus was an amalgamation between Alliance Group and Silver Fern Farms.

13. CONCLUSION

There being no further items of general business, the meeting was closed at 1.55pm.

To be signed as a true and accurate record



Kris Orange, Chairman

MOTIONS AND REMITS

NZDFA FORMAL FINANCIAL MOTIONS: 40TH AGM 26 MAY 2015

MOTION 1: Financial accounts and statements for the year ending 31 March 2015

"That the NZDFA financial statements and NZDFA Financial Report for the year ending 31 March 2015 be received and approved."

Moved: Kris Orange, **Seconded:**

MOTION 2: Honoraria

"That the Executive Committee honoraria for the 2015/16 financial year be fixed at \$9,000 for the elected Chairman and \$6,000 for each other Executive Committee member."

Moved: **Seconded:**

MOTION 3: Review of accounts

"That the NZDFA Executive Committee be authorised to appoint a Chartered Accountant to review the accounts of the NZDFA for the ensuing year (2015/16)."

Moved: **Seconded:**

MOTION 4: Budget to year ending 31 March 2016

"That the NZDFA budget of expenditure for the year ending 31 March 2016 be approved."

Moved: Kris Orange, **Seconded:**

BRANCH REMITS 2015

1. South Canterbury/North Otago

Rising Stars Competition

"That the NZDFA take formal responsibility for the annual preparation, hosting and reporting of the National Rising Stars Hard Antler and Velvet Antler Competition, hosted through its NZDFA Branch structure."

Moved: Kelly Bennett, **Seconded:** Donald Whyte

On application to a Rising Stars Steering Committee of relevant expertise and experience established by the DFA, where aims, expectations, functions and a level of hosting this important event, are met by a formal prescribed minimum set of standards, across all competition areas that have been established in recent years.

Such standards must cover:

- current and future sponsorship commitments and relationships
- the Rising Stars competition heritage, aims and objectives (including application of any profits and commitment to the improvement and training of antler judging)
- prescribed minimum standards of class entry description and antler quality
- formal judging process and rules
- competition display and hosting an appropriate social occasion for acknowledgements and prize giving
- timely reporting to industry
- an annual event review and recommendation to the next competition committee and host branch
- formal position description and financial reporting the responsibility of a contracted administrator
- the continuance of the competition maintaining standards of judging, display and reporting.

Background

The competition acknowledges the past contributions of Joe Crowley, Sharon Love, Vanessa Crowley, Graham and Shelly Lawson, Hub Hall, Bill Robinson and the team of dedicated volunteers who have given their time freely to ensure Rising Stars has reached and maintained the highest standards, and established this event as the highlight in the New Zealand deer industry's annual events calendar for showcasing trophy antler and velvet from young sires.

The competition owes its professional and industry success to the commitment of key sponsors led by Xcell Breeding Services and all other long-term and continuing sponsors.

2. Otago

Venison value chain

"That the DFA formally request DINZ to commission an independent report on the current venison value chain, identifying areas of leakage, such as procurement, overcapacity and marketing.

"To also investigate the potential advantages to be gained through collaborative processing and marketing of the majority of New Zealand venison."

Moved: Richard Currie (Otago), **Seconded:** Richard Burdon (Otago)

Rationale

Current venison returns to producers are unsustainably low; for the industry to survive, prices must return to profitable levels to arrest the decline in hind numbers. Through the P2P programme, opportunities to increase profitability have been identified and gains will be made behind the farm gate and through the three market initiatives. We need every dollar to be at maximum effective spend. All opportunities to increase prices have to be investigated and a whole value chain assessment needs to be part of this.

The 2011 Meat Industry Association Red Meat Sector Report and the 2015 Meat Industry Excellence report movement and detail strategy and facts that support scale and collaboration across processors in the red meat sector to deliver gains for sheep and beef producers. The gains for venison producers also should be accessed under these scenarios to enable producers and supplier shareholders to make informed decisions to deliver the profitability required.

EXECUTIVE COMMITTEE CHAIRMAN'S REPORT

Welcome ladies and gentlemen to this, a milestone for the New Zealand Deer Farmers' Association, our 40th AGM and year of operation. What a debt we owe to all those who have worked in the DFA locally and nationally to create this legacy for deer farmers and the wider industry.

It has been a busy year for us, particularly with such a widespread drought to contend with in many parts of the country. It is of great concern that we continue to see less than satisfactory venison prices and the culling of capital hind breeding stock in some areas. This reduction also puts added pressure on our finances as an association due to a decline in membership.

On a more positive note, velvet returns are steady, with farmers having their sixth straight year of profitable returns. It appears those focusing on the velvet game are maintaining stag numbers, but increasing output per stag.

Within the DFA we have had clear encouragement to continue building and cementing relationships within the branch structure and positive growth in the social and industry networks generated by the Next Generation programmes.

In 2012 the DFA developed its modern vision, "Your Voice Our Future" and mission statement, "A strong visionary association that inspires profitable growth for a sustainable future for all deer farmers, through effective leadership, representation and communication".

We remain focused on the mission, we strongly support the spirit and intent of the "Passion to Profit" (P2P) industry initiative and are committed signatories to the Primary Growth Partnership and its new marketing prospects and productivity growth. The PGP programme was confirmed in January and is being contracted at present. In this area and at the national level of the NZDFA, I am very proud to have John Somerville, Grant Charteris and David Morgan alongside me to make up the Executive Committee. Communication between us is at least weekly, but generally daily, with many a late night phone call to discuss the issues.

Each member has portfolio responsibilities in areas outlined later in this report and I appreciate the additional hours of work freely given by them and indeed, when push comes to shove, by the Branch Chairs.

In October we hosted the Annual Branch Chairmen's Conference in Wellington, along with further attendees in the New Faces programme. An additional initiative this year was to invite participation from key deer stock agents, who are an important and much-needed part of our supply chain. They were able to engage, see what current branch structure and issues are, and get an update on DINZ and DFA activities. Just as importantly, they shared their views on industry challenges and trends. Their inclusion was certainly seen as positive by both parties and we are enjoying stronger communication and feedback from the coal face as deer farmers have had to cope with drought and also make decisions about the size and directions of their businesses.

At the Branch Chairmen's meeting we also had six or seven New Faces attend, all of whom had plenty to contribute. This leadership development is a DINZ initiative and I feel branches need to take advantage of the opportunity again this year. Now we are seeing that branches have either chairs or new committee members who have been through the programme and I get the sense that for most areas, the succession within the DFA is also advancing. It is great to see so many of them registered for conference in Napier.

The Branch Chairmen's meeting is also an open invitation to all the DINZ Board and Executive and we were strongly

supported in this area by the board. The meeting also included additional representation and marketing presentations from Silver Fern Farms, Duncan New Zealand with valuable input from Alliance Group, Mountain River and Firstlight Foods.

I believe that amongst the livestock industries this level of contact and communication and the ability to ask questions is extraordinarily valuable. I'd like to thank the branches that circulated the meeting notes to their members and *Deer Industry News* for the full reporting of this event. But I am concerned that like a number of industry activities, communication beyond those that attend the event is still often a weak link at branch level. Responsibility for that communication lies with both us and the branches.

In that area I must commend Amy Wills as Producer Coordinator for the excellent job she makes in refining and presenting *Stagline Online*, the professional electronic monthly newsletter for DFA members. This is six years on from the first efforts to provide an information service for branches and individuals, and now articles, advice and reference to the Deer Information Hub accompanies DFA national activity reporting, monthly updates from venison and velvet antler markets and other relevant news.

There are wider opportunities in this area for tailor-made branch communications. This may be especially relevant in the environment space as regional councils go about the business of implementing the government drive for responsible environmental care and the National Fresh Water Policy.

ENVIRONMENTAL ISSUES

Environmental sustainability has become an expectation from our overseas customers, but equally from the rest of New Zealand. The deer industry remains under scrutiny from the public and needs to continue playing its part in demonstrating industry best practice that gives positive environmental outcomes. This includes working with regional and district councils to help set guidelines that will show little or no environmental impact from deer farming. We do have excellent examples of strong leadership and some great examples have been shown in this year's environmental awards. I would like to thank all those who entered and also the judges for their input and commitment to the issues.

The NZDFA will be helping farmers with environmental plans and templates, and ensuring that regulatory requirements can be incorporated into industry best practice, practically and at least cost, helping balance community needs with profitable and responsible farming. I also acknowledge the support and contribution from Beef + Lamb New Zealand, who have offered their risk-based environmental template, the Land and Environment Planning (LEP) toolkit to the deer industry. I also would like to thank John Somerville for sitting on the Water Quality Committee made from the DINZ Executive, DINZ Board and DFA and for his work with the Environment Southland economic impact project. Edmund Noonan too continues to lead deer industry involvement with ECan.

Calls at our Branch Chairmen's conference for more resource from DINZ to support deer farmers in understanding their specific environmental requirements was sought and fulfilled



with the retention of the skills of Dr Lindsay Fung who has recently completed and circulated to branches a full stock take of the status of all regional council resource and consent planning throughout New Zealand. It identifies the timing of consultation requirements and status of proposed or agreed rules. DINZ will, on a case by case basis, consider supporting DFA branches on a 50:50 cost share basis where it may make a key industry difference, although the time and resources here are concentrated at a national level.

PRIMARY GROWTH PARTNERSHIP (PGP)

During this year DINZ and the five main venison processors were successful in creating a Primary Growth Partnership with the Crown. The NZDFA is strongly supportive and is a co-signatory to the partnership. This programme will run over seven years and is entirely centred on maximising productivity on farm and joint marketing in our major existing and up-and-coming markets, with new marketing initiatives underway. There has been a lot of hard work put into this PGP bid, and the type of collaboration from processor/marketers is exciting. This will almost definitely serve as a catalyst for the whole red meat sector.

As one of the initiatives aimed at improving profitability and productivity, nine Advance Parties are now up and running. While still a new concept, they are working very well to date and require a firm commitment by those involved to really get the most out of them. These Advance Parties have had other positive spin offs, particularly with support networks, communication and decision making in this year's drought.

This is an opportunity for active branches to take a lead role with additional Advance Parties planned as part of the programme and is well suited to small committed branches who wish to improve. These groups will potentially lead to more Advance Parties forming with knowledge passed on and shared, adding to deer farmers' profits. It is critically important for the future of the deer industry that farmers apply some thinking to this area; it is the key sector that determines your income and therefore profitability. We do acknowledge the important role that MPI's Sustainable Farming Fund plays in supporting and co-funding the initial Advance Party programme.

Also in this area, the NZDFA has been actively involved with creating industry-agreed standards pulling most quality assurance standards together. This will avoid duplication, but at the same time strengthen our commitment to quality assurance on farm.

NEXT GENERATION

This has proved popular for younger deer farmers, with another conference being held in Queenstown this year just gone and also workshops held at the last deer industry conference. Understanding the big wide world of farming deer and the many issues on farm as well as off, with staff, succession and the processing and marketing of venison and velvet, saw those who attended engage with others of similar backgrounds. Testament to the programme has been a good number of attendees furthering themselves in other areas, such as chairing Advance Parties or branch committees, or going on further to other leadership roles such as the Kellogg Rural Leadership network.

A big thanks to Amy Wills for her input and perseverance to keep up the momentum with this. Later this year we will hold another Next Generation conference with a velvet focus here in Hawke's Bay.

It is great to see so many farm workers and farmers' sons or daughters keen on getting more out of deer farming and willing to make the step up.

VENISON PROCESSOR MEETINGS

The Executive Committee has undertaken to get out and meet with the chief executives and marketing managers of the venison processing companies to put across a deer farmers' point of view, to air points raised in recent remits and, most critically also for us, to try and work together to further develop ways in which we can all be more profitable.

The Executive Committee will look to do this on an annual basis, as the move was seen as a positive step for all. Representing deer farmers, we are drilling down on some of the more important issues that affect us all.

What was very positive is the development of new markets outside our existing chilled market in September and October. While only trials at present, this shows the perseverance and critical thinking to change our reliance on our dominant venison market.

ANTLER ACTIVITIES

This past season has definitely been great for velvet, both in pricing and weights yielded. This is now our sixth year of consistent pricing and, even more so, a consistent rising plane of returns! We are in a great position moving forward, with New Zealand velvet now recognised as the leading product amongst our rivals. This, along with disciplined selling through our main supply chains and the continued positioning of velvet products into the healthy functional foods sector, puts us in a strong position.

We have had a great year with all of our local velvet competitions being well supported. This has contributed to many great heads going on to the North Island and national velvet competitions. Yet again we have seen some staggering weights for age come through, but more importantly there definitely seems to be a swing towards tidy, well-presented velvet. This is what the market wants and it's great to see our judges reward style and quality, not big and ugly.

Once again the Xcell Rising Stars competition was a huge success, with record entries and mind-blowing size of the heads on display.

Thanks to all of the volunteers who make these events happen as they are one of the key events that keep our branch structure active.

TRAINING INITIATIVES: "MOTIVATE" GROUP

It's pleasing to be able to report that after a gap of some years, efforts via DINZ and DFA have seen 29 Level 3 learners enrol with the Primary ITO over the past 12 months to work through the only formal ITO qualification currently offered, in deer management and genetics. Of these, 21 were enrolled in the two courses that DFA/DINZ developed with Agribusiness Training Ltd along with DINZ support as an introductory and concluding block course offered on leading properties in Southland and South Canterbury. This included farm visits, vet engagement and networking with DFA and industry. While these are proving popular, there are difficulties with completion rates and it's clear from Primary ITO's perspective that course material needs review and updating. I'd like to acknowledge the tremendous support promised by processing companies and other leading businesses who have committed to supporting the students for this course with a 60 percent subsidy of course fees on completion. There is ongoing demand but muted completion rates at present but we need to tidy up relationships and resources to allow a wider qualification choice, and to work more effectively with the requirements of the Primary ITO system.

CALLAGHAN INNOVATION, GRIFFIN PROJECT:

Resilience and susceptibility to Johne's disease in deer

The definition and test development for deer resistant or susceptible to Johne's disease, funded through the DINZ and New Zealand Deer Industry Research Trust, the DFA and the Callaghan Innovation Fund, continues to evolve on track, with the 5th and 6th milestones now completed. The work at Otago University with the Invermay-based resource has proven that the elegant, but somewhat risky science associated with this at the outset is sound and effective. To identify the biomarkers associated with the polarised R or S status, the project takes a "cell systems" approach that allows measurement of the expression of a small number of key genes that represent various pathways essential for competent immune function. We have a valid and functioning test with 16 key gene markers identified. Next steps are to evaluate its predictive value for Johne's disease. The DFA would like to thank all those who supported this work and particularly acknowledges the commitment from key DFA branches who have agreed to contribute to the final stages of this work

ACKNOWLEDGEMENTS

It's a pleasurable duty to conclude this report with thanks to the many people who have assisted the Executive Committee and the NZDFA branches to remain focused and effective this year.

My thanks to Tony Pearse and Amy Wills with whom we share so much day-to-day contact and I also acknowledge DINZ Executives and Board members and financial support to the NZDFA. At most meetings of the Executive Committee we have the opportunity to hear directly from the DINZ Executive members on their roles in marketing, quality assurance,

science and policy. Where issues and tensions are developing, that contact allows NZDFA to also directly express its views and concerns to the Board.

The contact is a strong part of a wider NZDFA perspective and appreciated. With the DINZ Board having a formal calendar date for meetings, the Executive Committee have been invited to attend some of these meetings, along with good dialogue at the Branch Chairmen's meeting in October which they attend, not as a panel session of the past, but as a key part of the communication with the branches and Executive Committee. That's a unique opportunity within the farming sector and it is highly valued.

Also of great value is the interaction from Branch Chairmen, who will often speak with the Executive Committee directly, on the topic of the day. Passionate people like you are the backbone of deer farming; keep it up.

Thanks must also go to the breed societies and to individuals involved with Cervena Trust, National Velvet Standards Body, Johne's Management Limited and Focus Farm farmers, committees and facilitators.

I move the adoption of this report for the 2014/15 year and invite a seconder.



Kris Orange

29 April 2015

NZDFA FINANCIAL REPORT

REVIEW OF ACCOUNTS FOR THE YEAR TO 31 MARCH 2015

This financial year resulted in a surplus of income over expenditure of \$4,907, against a budget deficit of \$8,400. This result is largely due to savings in expenditure across a number of areas, particularly election costs and travel. NZDFA had also committed to a further contribution of \$3,000 to the *After the Field Day* Focus Farms Project, but this contribution was provided by Deer Industry New Zealand in February.

Subscription income generated was \$83,000, based on 1,340 voluntary membership payments received against a budget of 1,460. There was no increase from the 2013/14 subscription level of \$61.67 (exclusive of the Branch capitation fee of \$25 per member). The further decline in membership from 1,409 members in 2013/14 resulted in subscriptions being 5% lower than in the previous year and 8% lower than the budget. This decline was still less than the overall deer farmer annual attrition rate.

DINZ's industry good funding for producer support for specific activities (through the Producer Manager budget) was applied supporting activity including *Stagline Online* DFA communications, the annual Wellington-based October Branch Chairmen's meeting and Executive Committee meetings during the period. These activities are included in the role that the Producer Coordinator (Amy Wills) portfolio plays. These producer-directed services remain a vital part of the NZDFA, extending into the regions to support NZDFA national and branch-assisted funding of the Focus Farms *Making the DIFFerence* project funded by DINZ as part of the productivity strategy activities.

Expenses were kept to a minimum of necessity and in most cases were below budget, with many general office expenses being covered by DINZ through the contract for administrative services and only specific items of expense being charged to the NZDFA. This included the printing and postage of subscriptions as a major line item.

Legal and professional fees were lower than the 2014 year and were in relation to tax advice.

Audit fees this year are based on a review of the accounts rather than an audit. This is lower than previous years where we had extra fees associated with the need to audit the equity accounted results of the NZDFA share in DEEResearch.

Travel and accommodation costs for the Executive Committee were again reduced and in the current year were 14% lower than budget. This was partly due to the holding of Executive Committee meetings in association with the P2P meetings. Also teleconferencing continues to play a greater role in governance.

The 2014 Conference came to Methven, Canterbury, and was extended in scope with a new-look event – the NZDFA AGM and DINZ FGM and two evenings, venison showcasing and an awards dinner. Opportunity was taken to bring in a further series of outstanding speakers and, as a first for the conference and indeed the entire livestock sector, proceedings were streamed live via an arrangement with Rural TV. This attracted about 100 hits over the duration and now provides a permanent record hosted via the DINZ website.

Sponsorship for the event was again the strongest seen, ensuring that the fixed costs of the AGM and DFA's share of conference costs were kept to a minimum, and registration fees maintained at previous levels. DFA's costs of \$1,0330 were made up of registration and accommodation for NZDFA executive, SAP and life members and guests.

Honoraria of the Executive Committee remained at the previous level for the past six years, with \$9,000 being paid annually to the Chairman and \$6,000 each for the other three committee members. The DEEResearch director's fees remain at \$4,000. This is recommended to stay at these levels for the ensuing year.

The \$3,000 contribution budgeted to support the SFF *After the Field Day* programme, was not required in the current year. This had been approved by the Executive Committee at the June 2011 meeting, along with a commitment to make the same contribution for three years. This is part of the user contributions to this project that leverages \$90,000 from the Sustainable Farming Fund over three years, aimed to improve the form and quality of information developed at the Focus Farms.

NZDFA contributed \$6,080 towards the University of Otago Johne's disease project.

With the cessation of available tax losses to be carried forward for tax purposes, NZDFA is now in a tax paying position. Taxation is based solely on the interest income received with an exemption of \$1,000.

Closing reserves to be carried forward to the 2015 financial year are \$120,000, meeting the informal directive from NZDFA Branch Chairs to maintain reserves where possible at \$100,000.

The Executive Committee took some heart from a solid financial report accepting that there was spending constraint without affecting services.

The erosion of subscription income continues and at its April budget meeting the Executive Committee agreed that an increase in subscription levels was necessary. It also agreed to increase the budget across some expenditure areas for the 2015/16 year.

BUDGET FOR THE YEAR TO 31 MARCH 2016

The budget for the year to 31 March 2016 has resulted in a surplus with the subscription increase applied. It is intended that subscriptions remain at this level for some time. A larger increase was made to avoid incremental increases in following years. It has been recognised that with the commitment to the Frank Griffin project being larger than expected, any surplus will be applied in this area.

The budget for subscriptions has been reduced to 1,300 paid memberships with the subscription level increased to \$90 (exclusive of the Branch capitation fee of \$25 per member). The membership rates will be monitored monthly and discretionary expenditure adjusted as required.

Further DFA membership-only deals such as the Leader NAIT tag and equipment discount of about 10 percent will be extended into other areas this year and should also attract new members. The aim is to return any discounts negotiated to DFA members (and attract subscriptions in this manner). Farm fuel, stud stock deer and deer farm insurance have been targeted and negotiations begun.

The Executive Committee honoraria are budgeted to remain at the current year's rates and general expenditure is budgeted to increase slightly from the 2014/15 year across some line items, in particular election costs and travel and accommodation costs. In the 2015/16 year there is a budget of \$8,000 for leadership development as well as a \$10,000 contribution to the Disease Research Laboratory Johne's disease project (which is expected to come mostly via the branches).

This overall budget will enable reserves in excess of \$100,000 to be maintained.

INCOME AND EXPENDITURE

	Year to March 2015 ACTUAL \$	Year to March 2015 BUDGET \$	Year to March 2016 BUDGET \$
Income			
Subscriptions	82,619	90,000	117,000
Interest Income	6,021	6,000	6,000
	<u>88,640</u>	<u>96,000</u>	<u>123,000</u>
Expenditure			
Review Fees	3,025	3,000	3,000
Conference	1,033	3,000	3,500
DEEResearch Directors' Fees	4,000	4,000	4,000
Election Costs	0	4,000	5,000
General Office	489	300	500
Honoraria	27,000	27,000	27,000
Insurance	1,842	2,000	2,000
Leadership Development	3,140	3,000	8,000
Legal and Professional Fees	600	1,000	1,000
Nationally Funded Projects	6,080	13,000	10,000
Postage	1,831	2,500	3,500
PR Support	1,549	2,000	2,000
Printing & Stationery	2,363	2,500	4,000
Promotions/Awards	560	1,000	2,500
Publications	3,110	4,000	4,000
Returning Officer Fees (SAP Process)	200	100	250
Telecommunications	1,104	2,000	3,500
Travel and Accommodation	24,453	28,500	33,000
	<u>82,379</u>	<u>102,900</u>	<u>116,750</u>
Surplus Before Tax	6,261	(6,900)	6,250
Taxation	1,354	1,500	1,500
Surplus After Tax	<u>4,907</u>	<u>(8,400)</u>	<u>4,750</u>

Independent assurance practitioner's review report

To New Zealand Deer Farmers Association Incorporated

We have reviewed the accompanying financial statements of New Zealand Deer Farmers Association Incorporated, which comprise the statement of financial position as at 31 March 2015 and the statement of financial performance, statement of movements in equity and a summary of significant accounting policies and other explanatory information.

Executives Committees' responsibility for the financial statements

The executive committee is responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Financial Reporting Standards, and for such internal control as the executive committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Assurance Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (New Zealand) (ISRE (NZ)) 2400, "Review of Historical Financial Statements Performed by an Assurance Practitioner who is not the Auditor of the Entity". ISRE (NZ) 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE (NZ) 2400 is a limited assurance engagement. The assurance practitioner performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on these financial statements.

Other than in our capacity as assurance practitioner we have no relationship with, or interests in, New Zealand Deer Farmers Association Incorporated

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of New Zealand Deer Farmers Association Incorporated as at 31 March 2015, and its financial performance for the year then ended, in accordance with New Zealand Financial Reporting Standards.

Moore Stephens Wellington Audit

Moore Stephens Wellington Audit | Chartered Accountants, Wellington, New Zealand
17 April 2015

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2015

	Note	2015 \$	2014 \$
Income			
Subscriptions		82,619	86,892
Interest		6,021	6,052
		<u>88,640</u>	<u>92,944</u>
Expenditure			
Review Fees		3,025	3,690
Conference	10	1,033	3,520
General Office		489	585
Honoraria	4	31,000	29,500
Insurance		1,842	1,680
Leadership Development		3,140	788
Legal/Professional Fees		600	1,530
Nationally Funded Projects		6,080	10,450
Postage		1,831	1,664
PR Support		1,549	2,106
Printing & Stationery		2,363	1,894
Promotions & Awards		560	967
Publications		3,110	2,400
Returning Officer Fees		200	0
Telecommunications		1,104	1,052
Travel and Accommodation		24,453	25,616
		<u>82,379</u>	<u>87,442</u>
Operating Surplus/(Deficit) Before Tax		6,261	5,502
Taxation	5	1,354	1,438
Net Surplus/(Deficit) After Tax		<u>4,907</u>	<u>4,064</u>

The accompanying notes form part of these financial statements. These financial statements have not been audited but have been subject to an independent accountant's review engagement.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	2015 \$	2014 \$
Current Assets			
Cash at Bank		20,094	13,671
Short Term Bank Deposits		104,627	103,211
Accounts Receivable		3,777	6,365
Resident Withholding Tax		793	898
		129,291	124,145
Current Liabilities			
Accounts Payable		8,793	8,554
		120,498	115,591
Net Current Assets representing Net Equity			
Equity comprises:			
General Funds	7	120,498	115,591

These financial statements were approved for issue by:



Kris Orange, Chairman of Executive Committee, 17 April 2015

The accompanying notes form part of these financial statements. These financial statements have not been audited but have been subject to an independent accountant's review engagement.

STATEMENT OF MOVEMENTS IN EQUITY

For the year ended 31 March 2015

	Note	2015 \$	2014 \$
Opening Balance		115,591	111,527
Net Surplus/(Deficit) for the Year	7	4,907	4,064
Closing Balance		120,498	115,591

The accompanying notes form part of these financial statements. These financial statements have not been audited but have been subject to an independent accountant's review engagement.

NEW ZEALAND DEER FARMERS' ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. REPORTING ENTITY

The New Zealand Deer Farmers' Association Inc ("NZDFA") is an Incorporated Society established to encourage, promote and advance New Zealand's deer farming industry. NZDFA is a 100% shareholder in two non-trading subsidiaries, NZDFA Holdings Ltd and Deer International Ltd.

2. BASIS FOR PREPARATION

NZDFA is an incorporated society under the Incorporated Societies Act 1908. NZDFA qualifies for differential reporting exemptions as it is not publicly accountable based on the size criteria. All available exemptions that apply to NZDFA have been taken advantage of.

3. STATEMENT OF ACCOUNTING POLICIES

GENERAL ACCOUNTING POLICIES

a. Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position are on a historical cost and going concern basis.

SPECIFIC ACCOUNTING POLICIES

a. Changes in Accounting Policies

There have been no changes in accounting policies during the year. All policies have been applied in a manner consistent with prior periods.

b. Subscription Income

Subscriptions are measured at the fair value of the consideration received or receivable from the NZDFA's members through membership fees. This is set at \$86.67 (excluding GST) per full membership per annum (includes the \$25 per member capitation fee collected on behalf of the NZDFA Branches and remitted directly to them in December of each financial year).

c. Goods and Services Tax (GST)

These financial statements are prepared exclusive of GST except for accounts receivable and payable.

4. HONORARIA

The following fees were paid by the NZDFA to Executive Committee members:

	2015	2014
Honoraria	\$	\$
Chairman	9,000	9,000
Executive Committee	18,000	16,500
DEEResearch Directors' fees	4,000	4,000
	<u>31,000</u>	<u>29,500</u>

There were no changes to the Executive Committee members during the year ending 31 March 2015.

Dr Noel Beatson received \$4,000 in his capacity as director of DEEResearch Limited for the period April 2014 to March 2015.

5. TAXATION

	2015	2014
	\$	\$
Taxable Income	5,529	5,813
Less IRD Allowance	<u>(1,000)</u>	<u>(1,000)</u>
	4,529	4,813
Tax Expense 2015	1,268	1,348
Prior Year Adjustment	86	91
Total Tax Expense	<u>1,354</u>	<u>1,439</u>

6. RELATED PARTIES

All transactions with related parties were conducted at arm's length. During the year \$4,000 was paid to the director of DEEResearch Limited mentioned in Note 4.

There were no other transactions with related parties.

7. TOTAL EQUITY

Total equity is held in general funds as follows:

	2015	2014
	\$	\$
General Funds		
Opening balance	115,591	111,527
Net Surplus/(Deficit) for the Year	<u>4,907</u>	<u>4,064</u>
Closing General Funds	<u>120,498</u>	<u>115,591</u>

8. COMMITMENTS

NZDFA has committed to a further net contribution of \$10,000 towards the University of Otago John's Disease Project during the financial year ending 31 March 2015 (2014: \$6,000).

9. CONTINGENCIES

As at the 31 March 2015 there are no contingencies (2014: Nil)

10. CONFERENCE COST

The cost to NZDFA of the 2014 conference was \$1,033 (2013: \$3,520)

11. SUBSEQUENT EVENTS

There are no subsequent events noted.