

Hello John

Thank you for the attached letter, outlining the DFA's views, and the opportunity to respond.

As a specialist venison processor/marketer I can assure you "Duncan" share the DFA's concerns regarding the current low farm gate returns to deer farming.

If deer numbers drop, venison processing and marketing is threatened.

So we are very aware that venison schedules over time need to be significantly better than lamb or beef schedules for deer to justify their place on farm.

I'd be surprised if the companies that are in sheep and beef are not also concerned about venison.

Following are some specific comments I'd offer which I hope are helpful.

- You've acknowledged the role the companies played in continuing to process stock 12 months ago despite Covid shutting down the world's restaurants and therefore global venison markets.

A big factor enabling companies to continue processing was the government's designation of meat processing and marketing as an "essential service", as well as the offer of financial assistance programs.

What's important to understand is that a huge percentage of the 2020 venison kill, that was enabled by these measures, effectively went straight into cold storage.

Moving that 2020 product through to consumption, in addition to the current years 2021 production, is not an over-night job.

- The multispecies companies are more qualified to comment, but my understanding is that as significant volumes of sheep meat and beef are sold at retail, those retail items benefitted from the Covid induced surge in retail spending, so it's hardly surprising that market demand for lamb and beef is much greater than venison demand at present.
- I'd caution against drawing conclusions about the current farm gate prices, or in market prices for venison, by just examining export tonnages, as there are many other drivers of the current market prices.
- I would agree entirely that another large hind kill, such as we saw in the early 2000's, would be hugely concerning for the entire deer sector, especially the processing and marketing companies.
- Your letter suggests that there needs to be a "re-think" and "reappraisal" of the various venison markets. I think that point would benefit from some discussion, to gain an understanding of the various venison markets.
- On the point of farmer sentiment, we'd agree absolutely that there is a very high level of concern around the current venison returns. What we also see, is a very wide range of attitudes to these low prices. Whilst some are seriously contemplating exiting the industry, there are others who see the current low prices as an

excellent opportunity to expand, based on their faith in the longer term venison outlook.

- Your plea for better co-operation is another subject that would benefit from further dialogue, so that a clear understanding can be gained of both the benefits and the limitations of the red meat industry's multi- company structure.
- Not referenced in your letter, but one of the single biggest factors weighing on farm gate returns currently is the global shipping disruption.

In summary, Duncan's view is that the current season's venison price of around \$5.50 through the off season, to the over \$7.00 level of the recently released base price contracts fully prices venison on today's market levels.

However, we totally agree that these "tramlines" are not sustainable going forward beyond 2021, and in fact represent an industry that is only part way through the recovery process.

In market inventory from 2020, global shipping disruption, and a still pressured hospitality sector, are all reasons venison is not yet back to financially sustainable levels.

Our view is that venison markets could ultimately end up stronger than they were pre-covid, as the market diversification that Covid has forced on the industry will mean venison markets will be broader based than they were previously.

In closing, we'd be happy to join our fellow venison processor/ exporters in discussing the points you've raised in more detail for the benefit of all concerned.

Best Regards

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