



## BRIEF: Talking Points – Pausing the rollout of freshwater farm plans

To:	Hon Todd McClay, Minister of Agriculture		
From	Claire McClintock, Manager Water Policy and Adaptive Farming		
Date	18 September 2024	MPI Reference	MO24-0454
Priority	Medium	Security Level	In Confidence

### Purpose

- The Cabinet paper: *Pausing the rollout of freshwater farm plans* is being lodged before 10:00 am on Thursday 19 September 2024, for consideration at Cabinet Legislation Committee (LEG) on 26 September, and confirmation by Cabinet on 30 September.
- This note provides talking points you may wish to use at LEG Committee.

### Talking points

- The Associate Minister for the Environment, Hon Andrew Hoggard, and I see freshwater farm plans as a key tool in managing freshwater risks moving forward, and are currently exploring ways to improve the system to make it more practical and cost-effective.
- Freshwater farm plans are already being rolled out in some regions. Cabinet has agreed to pause this rollout while improvements are made to the system.
- Pausing the rollout is time-critical to avoid farmers in Southland and Waikato being required to submit a freshwater farm plan for certification before changes are made to the system. We do not want any farmers or growers to be disadvantaged by having to comply with a system that is being changed.
- Currently, the Resource Management Act 1991 (RMA) does not allow for the Order in Council (which begins the rollout) to be amended or removed once the rollout has already begun. This is why Cabinet agreed to make this change by introducing an Amendment Paper to the Resource Management (Freshwater and Other Matters) Amendment Bill at the Committee of Whole House stage, likely in late October.
- The Amendment Paper will amend Part 9A of the RMA and revoke the existing Order in Council. It will also enable Part 9A to be disapplied by Order in Council in the future.



**New Zealand Food Safety**

**Ministry for Primary Industries**

Manatū Ahu Matua

**To:** Hon Todd McClay, Minister of Agriculture

**From:** Jenny Bishop, Acting Deputy Director-General New Zealand Food Safety

## Dairy Quota Allocations for the 2025 quota year

<b>Date</b>	18 September 2024	<b>Reference</b>	B24-0446
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<b>Decision required</b>	<b>Date decision required by</b>
YES <input checked="" type="checkbox"/> / NO <input type="checkbox"/>	25 September 2024

### Purpose

- This briefing seeks your agreement to the allocations of export licences for designated dairy markets for the 2025 quota year.

### Background

- Country-specific tariff quotas for certain dairy products (dairy quota) are established as a result of World Trade Organization (WTO) agreements and Free Trade Agreements (FTA). Dairy quotas are managed by allocating a proportion of the total dairy quota, with the allocation referred to as an export licence.
- Under section 26(3) of the Dairy Industry Restructuring Act (DIRA) 2001, you are required to make allocations of export licences for designated markets for the upcoming quota year. The allocation rules are set out in Schedule 5B, specifically:
  - export licences are allocated to eligible participants based on the percentage of total milk solids collected from dairy farmers in New Zealand in the most recent season, or the average of the two or three most recent seasons, whichever results in the highest figure;
  - to be eligible to receive a share of export licences, participants must collect at least 0.1 percent of total milk solids collected from dairy farmers in New Zealand;
  - to apply for an allocation of quota, each participant must submit their milk solids collection data to the Ministry for Primary Industries' (MPI) Director-General by statutory declaration;
  - each eligible participant will only receive an export licence for a particular market if their share in that market equates to 20 tonnes or more of product. The share of licences that are less than 20 tonnes will be reallocated pro rata among the remaining eligible participants;
  - you must ensure all allocations of export licences are notified in the *New Zealand Gazette*; and
  - export licences are to be allocated for a period of one quota year. The period that a quota year covers varies from quota to quota.

3. Allocation of export licences happens routinely each year and is a non-contentious technical matter.
4. Eligible dairy companies were consulted on their intention to apply for export licences between 29 July and 12 August 2024 and asked to submit their milk solids collection data by statutory declaration.
5. As the European Union (EU) FTA was ratified on 1 May 2024, MPI has now incorporated the new tariff rate quotas, negotiated as part of the free trade agreement with the EU, into the current administration process.

## Analysis

### Export Licences for 2025

6. WTO Export licences to be allocated for the 2025 quota year are outlined in this table below:

Designated Market	Product	Licence (kg)
EU	Cheese	6,031,000
	Butter 15% MFN <sup>1,2</sup>	21,000,000
	Butter 30% MFN	14,000,000
	Butter EUR 700/tonne	12,177,000
United Kingdom (UK)	Butter	27,516,000
	Cheese for processing	2,330,000
	Cheddar cheese	2,639,000
United States of America (US)	Low fat cheese	1,000,000
	Cheddar cheese	5,403,532
	Other American type cheese	238,001
	NSPF <sup>3</sup> cheese	6,506,528
Dominican Republic	Milk powder	4,800,000
Japan	Prepared edible fat	11,550,000

7. UK Transitional Tariff Rate Quotas (TTRQ) export licences to be allocated for the 2025 quota year are outlined in the table below:

Designated Market	Product	Licence (kg)
UK	Butter	11,000,000
	Cheese	36,000,000

<sup>1</sup> Under the New Zealand-European Union Free Trade Agreement, New Zealand's existing European Union WTO country-specific quotas for butter were split into three parts with different in-quota tariff rates. For the purpose of allocating export licences, these are treated as de facto separate quotas.

<sup>2</sup> Most favoured nation (MFN).

<sup>3</sup> Not specifically provided for (NSPF).

8. EU FTA Tariff Quotas (TQ) export licences to be allocated for the 2025 quota year are outlined in the table below:

Designated Market	Product	Licence (kg)
EU	Milk Powders	6,428,000
	Butter	6,428,000
	Cheese	10,714,000
	Dairy Processed Animal Proteins (PAPs) and High Protein Whey	1,556,000

9. Export licences for the EU, UK, US and Dominican Republic are valid from 1 January 2025 to 31 December 2025. Export licences for Japan are valid from 1 April 2025 to 31 March 2026.

### Applications

10. On 29 July, MPI contacted dairy companies to apply to participate in the 2025 allocation round of quota to designated markets. The companies contacted were those who collect over 0.1 percent of the national total of milk solids, and those who are near the 0.1 percent threshold. As part of their application, companies must submit their total collection of milk solids from dairy farmers by statutory declaration. Statutory declarations have been received from four dairy processors.
11. Fonterra Co-operative Group Limited, Open Country Dairy Limited, Synlait Milk Limited, and Tatua Co-operative Dairy Company Limited have applied for quota licences in all markets for all products.
12. s 9(2)(b)(ii) [REDACTED], as all companies collected over 0.1 percent of total milk solids from dairy farmers in New Zealand in the most recent dairy season. However, none of these companies chose to apply for the 2025 allocation round.
13. MPI has calculated the allocation of export licences, and the results are provided for your consideration at **Appendix One**. Please note, dairy companies are eligible to transfer any unused allocated quota to other licence holders throughout the quota year, as outlined in the Dairy Industry Restructuring (Transfer of Export Licences) Regulations 2009.
14. Exporters who want to use their allocated export licences are required to comply with the requirements of the Animal Products (Regulated Control Scheme - Dairy Export Quota Products) Regulations and Notice. Exporters are also required to meet all appropriate Animal Products Act (APA) 1999 requirements for production, processing and export.



### US quota programmes

15. Exporters who are allocated export licences for the US market are required to advise MPI of the details of the importer(s) they will use for the importation of product into the US. MPI is required to notify these details to the US authorities.
16. US authorities assign import licences for the appropriate amount to the designated importer for the upcoming quota year. These licences are known as designated importer licences. The communication between MPI and the US authorities, on behalf of each exporter, must be completed by 30 October 2024. If communication is not completed by that date, the quota allocated to that exporter becomes ineffective for the 2025 quota year.
17. US importers can request for unused designated quota to be offered to other countries (or 'globalised') for the remainder of the quota year. New Zealand licence holders are consulted on agreeing to these requests. This arrangement does not exist for other designated markets.

### General Export Licence for Dominican Republic and Japan

18. Section 26(5) of the DIRA also authorises you to issue a 'general export licence' for trade outside the terms of quota (so-called 'over-quota' trade at the normal tariff). This applies to:
  - a) milk powder to the Dominican Republic; and
  - b) prepared edible fat to Japan.
19. A general export licence should not be issued until all holders of export licences have used at least 95 percent of their designated export licences for 'in-quota' trade. s 9(2)  
 (b)(ii)  
 [Redacted text]
20. If in the event this occurs, MPI will work with you to issue general export licences by way of a notice in the *New Zealand Gazette*.

### Next Steps

21. The following are attached for your consideration and action:
  - a) **Appendix One:** the proposed allocation of export licences for the 2025 quota year, calculated in accordance with Schedule 5B of the DIRA;
  - b) **Appendix Two:** letters to participating dairy exporters advising them of their allocations of export licences for the 2025 quota year (for your signature); and
  - c) **Appendix Three:** a *New Zealand Gazette* notice for the allocations of WTO and TTRQ export licences for the 2024 quota year (for your signature). Once signed, this will be published in the *New Zealand Gazette*.
22. MPI seeks your agreement on these allocations by 20 September 2024, to meet the deadlines of notifying designated markets of the allocation of export licences for the upcoming quota year.

## Recommendations

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23. It is recommended that you:

- a) **Note** the Dairy Industry Restructuring Act 2001 requires you to allocate export licenses for dairy products to designated markets;

NOTED

- b) **Agree** to the allocation of export licenses for designated export markets as specified at **Appendix One**;

YES / NO

- c) **Agree** to sign the letters to participating dairy exporters advising them of their export license allocations for the 2024 quota year, attached at **Appendix Two**;

YES / NO

- d) **Agree** to sign the notice of these allocations which will be published in the *New Zealand Gazette* at the earliest opportunity, attached at **Appendix Three**.

YES / NO

*J. Bishop*

Jenny Bishop  
Acting Deputy Director-General  
New Zealand Food Safety

Hon Todd McClay  
Minister of Agriculture

18 / 9 / 2024

/ / 2024

**Appendix One: Allocation Tables of Export Licences**

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**Export Licences for designated markets under the Dairy Industry Restructuring Act 2001.**

**Allocations (in kilograms) for the 2025 quota year**

<b>Cheese to the European Union under WTO</b>	
Fonterra Co-operative Group Limited	5,084,552
The Tatua Co-operative Dairy Company Limited	52,437
Open Country Dairy Limited	603,018
Synlait Milk Limited	290,993
<b>Total Allocated</b>	<b>6,031,000</b>

<b>Butter to the European Union under WTO at 15% MFN</b>	
Fonterra Co-operative Group Limited	17,704,461
The Tatua Co-operative Dairy Company Limited	182,586
Open Country Dairy Limited	2,099,713
Synlait Milk Limited	1,013,240
<b>Total Allocated</b>	<b>21,000,000</b>

<b>Butter to the European Union under WTO at 30% MFN</b>	
Fonterra Co-operative Group Limited	11,802,973
The Tatua Co-operative Dairy Company Limited	121,724
Open Country Dairy Limited	1,399,809
Synlait Milk Limited	675,494
<b>Total Allocated</b>	<b>14,000,000</b>

<b>Butter to the European Union under WTO at EUR 700 per tonne</b>	
Fonterra Co-operative Group Limited	10,266,057
The Tatua Co-operative Dairy Company Limited	105,874
Open Country Dairy Limited	1,217,534
Synlait Milk Limited	587,535
<b>Total Allocated</b>	<b>12,177,000</b>

<b>Milk Powders to the European Union under FTA Tariff Quotas</b>	
Fonterra Co-operative Group Limited	5,419,251
The Tatua Co-operative Dairy Company Limited	55,889
Open Country Dairy Limited	642,712
Synlait Milk Limited	310,148
<b>Total Allocated</b>	<b>6,428,000</b>



**Appendix One: Allocation Tables of Export Licences**

<b>Butter to the European Union under FTA Tariff Quotas</b>	
Fonterra Co-operative Group Limited	5,419,251
The Tatua Co-operative Dairy Company Limited	55,889
Open Country Dairy Limited	642,712
Synlait Milk Limited	310,148
<b>Total Allocated</b>	<b>6,428,000</b>

<b>Cheese to the European Union under FTA Tariff Quotas</b>	
Fonterra Co-operative Group Limited	9,032,646
The Tatua Co-operative Dairy Company Limited	93,154
Open Country Dairy Limited	1,071,254
Synlait Milk Limited	516,946
<b>Total Allocated</b>	<b>10,714,000</b>

<b>Dairy PAP's and High Protein Whey to the European Union under FTA Tariff Quotas</b>	
Fonterra Co-operative Group Limited	1,323,322
The Tatua Co-operative Dairy Company Limited	<i>nil</i>
Open Country Dairy Limited	156,943
Synlait Milk Limited	75,735
<b>Total Allocated</b>	<b>1,556,000</b>

<b>Butter to the United Kingdom under WTO</b>	
Fonterra Co-operative Group Limited	23,197,902
The Tatua Co-operative Dairy Company Limited	239,240
Open Country Dairy Limited	2,751,224
Synlait Milk Limited	1,327,634
<b>Total Allocated</b>	<b>27,516,000</b>

<b>Cheese for Processing to the United Kingdom under WTO</b>	
Fonterra Co-operative Group Limited	1,964,353
The Tatua Co-operative Dairy Company Limited	20,258
Open Country Dairy Limited	232,968
Synlait Milk Limited	112,421
<b>Total Allocated</b>	<b>2,330,000</b>

**Appendix One: Allocation Tables of Export Licences**

<b>Cheddar Cheese to the United Kingdom under WTO</b>	
Fonterra Co-operative Group Limited	2,224,860
The Tatua Co-operative Dairy Company Limited	22,945
Open Country Dairy Limited	263,864
Synlait Milk Limited	127,331
<b>Total Allocated</b>	<b>2,639,000</b>

<b>Cheese to the United Kingdom under Transitional Tariff Rate Quotas</b>	
Fonterra Co-operative Group Limited	30,350,503
The Tatua Co-operative Dairy Company Limited	313,005
Open Country Dairy Limited	3,599,508
Synlait Milk Limited	1,736,984
<b>Total Allocated</b>	<b>36,000,000</b>

<b>Butter to the United Kingdom under Transitional Tariff Rate Quotas</b>	
Fonterra Co-operative Group Limited	9,273,765
The Tatua Co-operative Dairy Company Limited	95,640
Open Country Dairy Limited	1,099,850
Synlait Milk Limited	530,745
<b>Total Allocated</b>	<b>11,000,000</b>

<b>Low Fat Cheese to the United States</b>	
Fonterra Co-operative Group Limited	850,464
The Tatua Co-operative Dairy Company Limited	<i>nil</i>
Open Country Dairy Limited	100,863
Synlait Milk Limited	48,673
<b>Total Allocated</b>	<b>1,000,000</b>

<b>Cheddar Cheese to the United States</b>	
Fonterra Co-operative Group Limited	4,555,554
The Tatua Co-operative Dairy Company Limited	46,981
Open Country Dairy Limited	540,279
Synlait Milk Limited	260,718
<b>Total Allocated</b>	<b>5,403,532</b>

## Appendix One: Allocation Tables of Export Licences

<b>American Type Cheese to the United States</b>	
Fonterra Co-operative Group Limited	212,767
The Tatua Co-operative Dairy Company Limited	<i>nil</i>
Open Country Dairy Limited	25,234
Synlait Milk Limited	<i>nil</i>
<b>Total Allocated</b>	<b>238,001</b>

<b>NSPF Cheese to the United States</b>	
Fonterra Co-operative Group Limited	5,485,455
The Tatua Co-operative Dairy Company Limited	56,572
Open Country Dairy Limited	650,564
Synlait Milk Limited	313,937
<b>Total Allocated</b>	<b>6,506,528</b>

<b>Milk Powder to the Dominican Republic</b>	
Fonterra Co-operative Group Limited	4,046,734
The Tatua Co-operative Dairy Company Limited	41,734
Open Country Dairy Limited	479,934
Synlait Milk Limited	231,598
<b>Total Allocated</b>	<b>4,800,000</b>

<b>Prepared Edible Fat to Japan</b>	
Fonterra Co-operative Group Limited	9,737,453
The Tatua Co-operative Dairy Company Limited	100,423
Open Country Dairy Limited	1,154,842
Synlait Milk Limited	557,282
<b>Total Allocated</b>	<b>11,550,000</b>

### Notes relating to the allocation tables

1. Some quantities listed have been rounded up or down to the nearest kilogram.
2. Companies listed with 'nil' have applied for export quota in that specific market but do not qualify as their share in that market is less than 20 tonnes of product.

**Appendix Two: Letters to Dairy Exporters**

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# Hon Todd McClay

Minister of Agriculture  
Minister of Forestry  
Minister for Hunting and Fishing  
Minister for Trade  
Associate Minister of Foreign Affairs



B24-0446

Mark de Latour  
Chief Executive Officer  
Open Country Dairy Limited  
PO Box 11 159  
**AUCKLAND 1542**

Dear Mark,

## Allocation of quota export licences for 2025

I am pleased to advise you that the allocation round for export licences for the 2025 quota year has been completed, and that Open Country Dairy Limited has been allocated a share of export licences. The volume of export licences allocated to each participant is set out in the attached table.

These allocations have been made under section 26(3) of the Dairy Industry Restructuring Act 2001. This letter is formal notification of these allocations.

Before using these export licences, you should be familiar with any relevant documentation required by the importing country authorities or New Zealand authorities. This may include:

- Quota Compliance Programme;
- Health/sanitary certificate;
- Country of origin certificate;
- Dairy quota export authorisation; or
- IMA (Inward Monitoring Arrangement) certificate and/or a valid import licence.

This list is not exhaustive. For more information regarding the requirements stated above, you can contact the Ministry for Primary Industries (MPI) Auckland Certification Team at [QMSCertificationand.ExportApproval@mpi.govt.nz](mailto:QMSCertificationand.ExportApproval@mpi.govt.nz). The New Zealand Customs Service can be contacted for customs-related advice.

Transferring export licences

You may wish to transfer part or all of your export licences to another company. This may only be done in accordance with the Dairy Industry Restructuring (Transfer of Export Licences) Regulations 2007. The transferor and the transferee, of all or part of an export licence, must jointly apply to the Director-General MPI in writing for registration of the transfer. For more information on transfers, please contact MPI at the above email address.

Warm regards

Hon Todd McClay  
**Minister of Agriculture**  
Enc.

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# Hon Todd McClay

Minister of Agriculture  
Minister of Forestry  
Minister for Hunting and Fishing  
Minister for Trade  
Associate Minister of Foreign Affairs



B24-0446

Melanie Chong  
New Zealand Regulatory Manager  
Fonterra Co-operative Group Limited  
Fonterra London Street Office  
PO Box 459  
**Hamilton 3210**

Dear Melanie,

## **Allocation of quota export licences for 2025**

I am pleased to advise you that the allocation round for export licences for the 2025 quota year has been completed, and that Fonterra Co-operative Group Limited has been allocated a share of export licences. The volume of export licences allocated to each participant is set out in the attached table.

These allocations have been made under section 26(3) of the Dairy Industry Restructuring Act 2001. This letter is formal notification of these allocations.

Before using these export licences, you should be familiar with any relevant documentation required by the importing country authorities or New Zealand authorities. This may include:

- Quota Compliance Programme;
- Health/sanitary certificate;
- Country of origin certificate;
- Dairy quota export authorisation; or
- IMA (Inward Monitoring Arrangement) certificate and/or a valid import licence.

This list is not exhaustive. For more information regarding the requirements stated above, you can contact the Ministry for Primary Industries (MPI) Auckland Certification Team at [QMSCertificationand.ExportApproval@mpi.govt.nz](mailto:QMSCertificationand.ExportApproval@mpi.govt.nz). The New Zealand Customs Service can be contacted for customs-related advice.

Transferring export licences

You may wish to transfer part or all of your export licences to another company. This may only be done in accordance with the Dairy Industry Restructuring (Transfer of Export Licences) Regulations 2007. The transferor and the transferee, of all or part of an export licence, must jointly apply to the Director-General MPI in writing for registration of the transfer. For more information on transfers, please contact MPI at the above email address.

Warm regards

Hon Todd McClay  
**Minister of Agriculture**  
**Enc.**

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# Hon Todd McClay

Minister of Agriculture  
Minister of Forestry  
Minister for Hunting and Fishing  
Minister for Trade  
Associate Minister of Foreign Affairs



B24-0446

Grant Watson  
Chief Executive Officer  
Synlait Milk Limited  
1028 Heslerton Rd  
RD 13  
**RAKAIA 7783**

Dear Grant,

## Allocation of quota export licences for 2025

I am pleased to advise you that the allocation round for export licences for the 2025 quota year has been completed, and that Synlait Milk Limited has been allocated a share of export licences. The volume of export licences allocated to each participant is set out in the attached table.

These allocations have been made under section 26(3) of the Dairy Industry Restructuring Act 2001. This letter is formal notification of these allocations.

Before using these export licences, you should be familiar with any relevant documentation required by the importing country authorities or New Zealand authorities. This may include:

- Quota Compliance Programme;
- Health/sanitary certificate;
- Country of origin certificate;
- Dairy quota export authorisation; or
- IMA (Inward Monitoring Arrangement) certificate and/or a valid import licence.

This list is not exhaustive. For more information regarding the requirements stated above, you can contact the Ministry for Primary Industries (MPI) Auckland Certification Team at [QMSCertificationand.ExportApproval@mpi.govt.nz](mailto:QMSCertificationand.ExportApproval@mpi.govt.nz). The New Zealand Customs Service can be contacted for customs-related advice.

Transferring export licences

You may wish to transfer part or all of your export licences to another company. This may only be done in accordance with the Dairy Industry Restructuring (Transfer of Export Licences) Regulations 2007. The transferor and the transferee, of all or part of an export licence, must jointly apply to the Director-General MPI in writing for registration of the transfer. For more information on transfers, please contact MPI at the above email address.

Warm regards

Hon Todd McClay  
**Minister of Agriculture**  
**Enc.**

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# Hon Todd McClay

Minister of Agriculture  
Minister of Forestry  
Minister for Hunting and Fishing  
Minister for Trade  
Associate Minister of Foreign Affairs



B24-0446

Brendhan Greaney  
Chief Executive Officer  
The Tatua Co-operative Dairy Company Limited  
Private Bag 800  
**MORRINSVILLE 3340**

Dear Brendhan,

## Allocation of quota export licences for 2025

I am pleased to advise you that the allocation round for export licences for the 2025 quota year has been completed, and that The Tatua Co-operative Dairy Company Limited has been allocated a share of export licences. The volume of export licences allocated to each participant is set out in the attached table.

These allocations have been made under section 26(3) of the Dairy Industry Restructuring Act 2001. This letter is formal notification of these allocations.

Before using these export licences, you should be familiar with any relevant documentation required by the importing country authorities or New Zealand authorities. This may include:

- Quota Compliance Programme;
- Health/sanitary certificate;
- Country of origin certificate;
- Dairy quota export authorisation; or
- IMA (Inward Monitoring Arrangement) certificate and/or a valid import licence.

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## Transferring export licences

You may wish to transfer part or all of your export licences to another company. This may only be done in accordance with the Dairy Industry Restructuring (Transfer of Export Licences) Regulations 2007. The transferor and the transferee, of all or part of an export licence, must jointly apply to the Director-General MPI in writing for registration of the transfer. For more information on transfers, please contact MPI at the above email address.

Warm regards

Hon Todd McClay  
**Minister of Agriculture**  
**Enc.**

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**Appendix Three: *New Zealand Gazette* Notice**

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With reference to 18(d), this document is publicly available here:  
<https://gazette.govt.nz/notice/id/2024-go4857>

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**To:** Hon Todd McClay, Minister of Agriculture  
**From:** Ed Tregidga, Manager Animal Sector Policy

## Meeting with Deer Industry New Zealand

<b>Date</b>	20 September 2024	<b>Reference</b>	AM24-0750
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### Purpose

- This aide-memoire provides background information ahead of your meeting with Deer Industry New Zealand (DINZ).

### Context and Background

- You are meeting with Rhys Griffiths, Chief Executive Officer of DINZ, and Paddy Boyd, Board Chair, in your office between 1:00 pm to 1:30 pm, on Monday 23 September 2024. DINZ have provided the following suggested agenda:
  - introductions;
  - update on the deer industry:
    - recent changes in DINZ management and governance; and
    - the situation and outlook for the industry:
      - a number of farmed deer/trends;
      - market update; and
      - other important matters of note;
  - DINZ interaction with the Ministry for Primary Industries (MPI) on:
    - China velvet market access;
    - the approval of the Sustainable Food and Fibre Futures (SFF Futures): North American Retail Accelerator; and
    - wider engagement across DINZ
- The full meeting agenda is attached as **Appendix One**.

## Agenda Item One: Introductions

3. Rhys Griffiths and Paddy Boyd were appointed to their roles in July 2024. This meeting offers an opportunity for formal introductions between yourself and the attendees. Biographies of Mr Griffiths and Mr Boyd are attached as **Appendix Two**.

## Agenda Item Two: Update on the Deer Industry

### *Recent changes in DINZ management and governance*

#### Chief Executive appointment

4. Rhys Griffiths was appointed as the DINZ Chief Executive Officer in July. He has worked for DINZ for over 16 years. This includes positions in velvet marketing and managing the Asian market.

#### DINZ Board appointments

5. Dr Mandy Bell was a director on the DINZ Board from early July 2021, and was appointed as DINZ Chair in July 2022. Following a recent appointments process conducted by the New Zealand Deer Farmers Association (NZDFA), Dr Bell was unsuccessful in her bid for reappointment as a DINZ director. Her term subsequently ended on 30 June 2024.
6. Paddy Boyd was appointed to replace Dr Bell in the DINZ Chair role in July 2024. He has been a director on the DINZ Board since 2023.

s 9(2)(g)(i), s 9(2)(g)(ii)

### *Situation and outlook for the industry*

#### Deer industry

9. The deer industry is a small but maturing export-focused industry which produces two main products – venison and velvet. Venison accounts for around 60 per cent of the value of exports, with velvet making up the remaining 40 per cent.

#### Venison Exports

10. In 2022/23, venison exports generated approximately \$197 million in revenue. In the year to 30 June 2024, venison export revenue decreased by one per cent to \$195 million. Venison export prices also rose by eight per cent to \$15.40 per kilogram, while export volumes dropped by eight per cent. In the 2024/25 period, venison export revenue is forecast to increase by nine per cent, with demand potentially exceeding supply.

11. The United States of America (US) is New Zealand's largest export market, accounting for 31 per cent of venison export revenue in the year to 30 June 2024. The US is followed by China which accounts for 21 per cent of venison export revenue.
12. The European Union (EU) has traditionally been an important market for New Zealand venison. However, demand from the EU has decreased, with venison export volumes down 26 per cent in the year to 30 June 2024 compared with the 2022/23 period.
13. The venison industry has also shifted its commercial strategies towards the US and emerging markets. In the year to 30 June 2024, export revenue to the US increased by 19 per cent from the previous year.
14. There has been steady overseas demand for venison due to the industry pursuing new market strategies, new products, and capitalising on premium products, such as high value cuts.

#### Velvet exports

15. Velvet is exported both as a wholesale product and as a value-added ingredient for health food products.
16. In the year to 30 June 2024, velvet export revenue increased by eight per cent, with a 17 per cent lift in export volume from the same period in 2023. This increase was due to exports to China increasing by 30 per cent in 2023/24 as a result of the change in importation rules for frozen deer velvet. In addition, demand for velvet in Korea remains steady, due to a strong consumer preference for high-quality New Zealand velvet.
17. In 2024/25, sustained demand is forecast to lift both velvet export prices and export volumes by nine per cent.
18. The industry has been working to develop new markets for New Zealand velvet. The industry is focusing on three key areas to increase farmgate returns and export revenue: health food supplements, healthy foods, and traditional medicine. The Korean health and supplement market in particular offers opportunities for New Zealand velvet exporters.

#### *Market Update*

#### Deer velvet market access to Taiwan

19. DINZ has identified one of their priorities as improved market access for deer velvet exports to Taiwan. A particular focus for DINZ is the uncertainty regarding the future regulation of health food products containing deer velvet. Deer velvet is also considered to be a Traditional Chinese Medicine (TCM) in Taiwan.

20. s 6(a)



## Venison meat, deer velvet, and deer co-products access into Vietnam

21. s 6(a) [REDACTED] In March 2024, MPI signed a joint work programme with Vietnam's Department of Animal Health.
22. This programme includes an in-country systems audit of venison facilities, s 6(a) [REDACTED]. This is the last step required by Vietnam for the reinstatement of New Zealand's market access for venison.
23. s 6(a) [REDACTED]

## Deer milk exports to Singapore

24. Industry stakeholders have indicated a strong interest in exporting deer milk to Singapore. s 9(2)(b)(ii) [REDACTED]
25. Deer milk is not approved for import and sale under Singapore's Sale of Food Act 1973. The SFA has subsequently requested assistance from New Zealand to support a risk assessment for deer milk.
26. The SFA is particularly interested in animal health diseases in deer herds and measures that can be taken to manage diseases. SFA are happy to receive any science and data, including published veterinary papers from New Zealand to help inform their risk assessment of deer milk. New Zealand will also provide information on transmission of disease via milk and how this is managed.
27. s 9(2)(b)(ii) [REDACTED]

## **Agenda Item Three: DINZ interaction with MPI**

28. DINZ wish to convey their appreciation for MPI's work with deer velvet export access into China, and the funding approval for the North American (Venison) Retail Accelerator project. They also wish to provide an update on wider engagement across the broad functions of DINZ. Further information is provided below.

### *Clarification of Velvet access into China*

29. Historically, New Zealand deer velvet exports to China were subject to TCM requirements with the majority exported as frozen deer velvet. In October 2023, General Administration of Customs of the People's Republic of China (GACC) advised that in future, only dried deer velvet could be exported to China as a TCM. MPI successfully negotiated with GACC to allow frozen deer velvet exports to continue for the 2023/24 season, until 30 April 2024.

30. Since then, MPI has prioritised working with GACC and other Chinese agencies to agree conditions for continued trade of frozen deer velvet exports to China. This has included visits to China for technical discussions, and ongoing constructive negotiations with GACC.
31. Talks have progressed well, and the parties have reached agreement on the text of a deer velvet arrangement. This will reinstate an export pathway for frozen deer velvet exports, which will be categorised as a product for further processing.
32. MPI is working with GACC on the final steps for trade to commence including implementation of export certification and the publication of lists of registered New Zealand processors. MPI remains on track to have market access reinstated prior to the next velvet export season in November 2024. MPI consulted with DINZ on the content of the deer velvet arrangement and has provided regular updates to DINZ throughout this process.
33. s 6(a)

#### *Approval of North American (Venison) Retail Accelerator Project*

34. On 26 June 2024, in partnership with MPI's SFF Futures fund, DINZ launched its North American (Venison) Retail Accelerator Project (the Project).
35. The Project is a three-year collaboration with five venison processing companies: Alliance Group, Silver Fern Farms, First Light Foods, Duncan NZ Venison, and Mountain River Venison.
36. SFF Futures has committed \$1.414 million funding to the Project, with industry contributing \$3.535 million. The Project is forecasted to deliver an initial \$20 million in revenue for the New Zealand venison industry.
37. The Project aims to:
  - a) accelerate the development of the North American retail and direct consumer markets for New Zealand venison; and
  - b) enable New Zealand producers to connect more closely with US venison consumers, using retail chains to diversify away from an historic reliance on the food service sector.
38. A Project Steering Group (PSG) has been established to oversee the Project. The PSG members include:
  - a) Scott Champion, Independent Chair;
  - b) Mark O'Connor, representative for venison exporter companies;
  - c) Paddy Boyd, DINZ Farmers representative; and
  - d) Andrew Clark, MPI Investment Manager.

**Minister / Minister's Office**

Seen / Referred

/ / 2024



Official Information Act 1982



Meeting with Minister Todd McClay

Parliament Buildings, Wellington

23<sup>rd</sup> September 2024, 1.00pm – 1.30pm

**Present:** Hon. Todd McClay  
Mr Paddy Boyd – Chair Deer Industry New Zealand  
Mr Rhys Griffiths – CEO Deer Industry New Zealand

#### **AGENDA**

1. Introductions
  - a. Brief background on Paddy
  
2. Update on the deer industry
  - a. Recent changes at governance and management level of DINZ
  - b. Current situation of the industry
    - i. Number of farmed deer/trends
    - ii. Market update
    - iii. Other important matters of note
  
3. DINZ interaction with MPI
  - a. Acknowledgement and appreciation of two recent significant matters
    - i. China velvet access clarified
    - ii. Approval of SFFF North American (venison) Retail Accelerator
  - b. Wider engagement across the broad functions of DINZ

## Appendix Two: Biographies of Attendees



**Rhys Griffiths**  
**Chief Executive, Deer Industry New Zealand (DINZ)**

Rhys Griffiths was appointed as the Chief Executive of DINZ in July 2024. Rhys has been involved with DINZ for the last 17 years: holding roles such as Velvet Marketing Services Manager, then becoming the Asia Markets Manager in 2015.

He has solid relationships with key customers and a working understanding of venison and velvet markets.

Previously, Rhys worked in market development sourcing products for the New Zealand agricultural sector from Asia. He also worked as a Marketing Manager for a prominent American pharmaceutical company.



**Paddy Boyd**  
**Chair, DINZ**

Paddy Boyd was appointed DINZ Chair in July 2024. Paddy has over four decades of experience in the deer industry, having owned his own deer farm since 1997. He has also managed the Haldon Station in South Canterbury for the past 42 years.

Paddy has been a DINZ Board member since 2023 and currently sits on the National Velvetting Standards Body. He also serves on the project steering group for the North American (venison) Retail Accelerator Programme.

In 2022, Paddy Boyd was awarded the New Zealand Deer Federation Life Membership in recognition of his industry knowledge and contribution.