

NAIT Submission Form
Biosecurity Discussion Paper No: 01/08
Prepared for public consultation



**DEER INDUSTRY
NEW ZEALAND**

Submission from:

Fields marked with a * are required

National Animal Identification and Tracing – Enhancing New Zealand’s animal identification and tracing systems

This form is included to assist you. Submissions in another format are welcome, as are any additional or general comments. You may also continue your response on a separate sheet where needed. So that you can be contacted for further information and clarification please provide the following details:

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Privacy Act

In preparing the summary of submissions, the National Animal Identification and Tracing Governance Group may want to attribute specific statements to an individual or organisation. If you do not want to be identified in the report please indicate by completing the following:

I do not wish to be individually identified

Yes

Please indicate your main areas of interest relevant to animal identification and traceability systems:

(tick one or more boxes as applicable)

- Cattle / Deer owner / Manager
- Animal products processing sector
- Stock and station agent
- Database service provider
- Other livestock sector (e.g. pigs, sheep, etc)
- Animal products exporting sector
- ID system service provider
- Industry association**

Other (please specify)

Please answer the following as clearly as possible:

Q1. Do you have any information or suggestions that you feel NAIT should take into consideration when setting up this system?

OVERVIEW:

1) Deer Industry New Zealand has been actively engaged with the NAIT development process since its inception, and is appreciative of the opportunity to have representation on both the Governance Group and the Technical Advisory Group. The Industry has invested time and a small amount of resource into NAIT's development, and has committed to an ongoing proportional contribution in this area.

2) In committing to that engagement, Deer Industry New Zealand and the deer industry have chosen to sit outside the schemes compulsion and mandatory requirements for the end of 2011, until the Industry has conviction that the technology and cost are acceptable in relation to benefit and need.

DINZ has also been encouraged through directives from NZDFA conferences to take that stance on behalf of deer farmers, and support this consultation not only on process but also on need for NAIT as part of the stance taken by deer farmers.

DINZ at Board and Executive level have some fundamental differences of view to the NZDFA, especially related to a biosecurity stance and potential market needs and advantages that full traceability may offer.

These differences are essentially related to timing rather than principle.

3) Deer Industry New Zealand recognises the need for traceability, and supports in principle, the lifetime Individual animal passport based on a unique animal id and a lifetime movement tracking system. DINZ agree with NAIT objectives that current and

emerging RFID technologies offer a modern, relatively error-free system capable of seamlessly linking with a dedicated electronic database that provides this rigour.

4) The existing systems already adopted by Australia and Canada (amongst other countries), State and Government agencies are a clear demonstration of the concept and potential for the critical dual roles of market demand (future competitive advantages and traceability and food safety assurance), and for the role in terms of NZ Inc's biosecurity national and international obligations.

5) However, Deer Industry New Zealand has concerns related to the potential cost of the scheme in terms of the structure and administration, and certainly to the current costs of the specified LF tags particularly when contrasted with their technical performance for deer. We believe this requires further development to be both practically effective and cost beneficial.

6) To that end, DINZ has sought extended views of other technology and unique Identifier systems (principally Ultra High Frequency technology for tags and scanners). DINZ has a strong view that the potential of a single global unique identifier system as the basis of the RFID tag and database providing commonality throughout the supply chain should be investigated for NAIT, either in the context of planned introduction or as the basis of UHF systems once proof of concept and a commercial product is available for the tag.

- Deer Industry New Zealand believes such development in time (4-7 years) will pre-empt the sheep industry to actively engage in NAIT, cost-effectively strengthening the biosecurity role for both NAIT and NZ Inc which the industry sees as a given in time.
- However, Deer Industry New Zealand has immediate concerns that prototype and concept development work as initiated by the Pathfinder group and advocates for UHF have recently been somewhat politicised in media reports, as this current submission process closes, and claims of cost-effective advantages and performance advantages across species areas are yet unproven at the commercial level.
- Nevertheless, Deer Industry New Zealand is committed on behalf of its levy payers to undertake further evaluations and comparative trials, and remains convinced that UHF and an associated unique global ID system as part of that are both sensible and inevitable and that NAIT need to accept that position.

Q2. What other data that is not discussed in this document do you feel should be collected?

Deer Industry New Zealand has no issues with the data set proposed by NAIT in terms of their being obvious exclusions. While we appreciate that within the build of NAIT the ability to record other data related to key health treatments and other individual animal data has been considered and can be catered for, it appears that initial farmer reaction is not convinced and commentary suggests that any NAIT database should only include information related to ID and stock movement linked through time, age and location, i.e. NAIT in its simplest form. Our farmers believe that additional complexity adds to the potential for error and inconsistency, compromising core NAIT needs.

Farmers have also expressed concern that once NAIT is in place based around individual animal ID and ownership and what is seen as under Government control, that the database will have the potential and temptation to be used for other purposes like

emissions' trading inventory, etc.

Deer Industry New Zealand believes that for NAIT to have acceptance and to build trust, very clear statements of intent, confidentiality and application will need to be at the forefront of NAIT.

Q3. What views do you have about the proposal to require the inclusion of deer on NAIT under regulations from 2011?

1) DINZ has a responsibility for its levy paying deer farmers to ensure that appropriate technology meeting NAIT specifications is available, while ensuring costs are at a minimum relative to the benefits involved.

2) As such, Deer Industry New Zealand does **not** support mandatory inclusion by 2011, if that assurance cannot be given to its stakeholders.

- We are committed to funding further trial and research work with new technology as part of a comparative evaluation between the Current NAIT specified RFID systems and UHF prototypes.
- The objectives of this work are to define whether there is truly a technology problem in meeting specifications for deer in current handling systems, or whether the usual handling systems and use of RFID can be modified to suit deer behaviour and meet the specifications. If not, we are committed to identifying new technology which offers a cost effective solution in a short – medium timeframe.

3) However, Deer Industry New Zealand does **not** share the NZDFA's view that there is no need or greater advantage to be had in the marketplace from moving from current herd based formal tagging and identification systems (under the current Biosecurity Act's NPMS for bovine tuberculosis administered through the AHB), to a NAIT programme.

4) DINZ has a pragmatic view that any enhancement in the market of NZ Inc's status and reputation related to country of origin and quality assurance guarantee is a competitive requirement and potential advantage. We believe that the emerging *buy local* emphasis for consumers in market will gain strength, where NZ's quality and reputation will need to be able to favorably compete. A NAIT scheme is integral to that. However, not to the extent that poor technology and an overly high cost system should be made mandatory as proposed.

5) DINZ is not convinced that the Governance structure and associated cost share model is the most appropriate or effective cost and function model for NAIT. Prior to any formal mandatory regulation being imposed, Deer Industry New Zealand would like to review the potential for adaptation of the current AHB systems and function (including any necessary regulatory powers that might be required), as an option to run and administer NAIT.

6) Deer Industry New Zealand's levy payer sentiment, as expressed via the NZDFA Conference remits directed at Deer Industry New Zealand policy as well, have clearly opposed this mandatory timeline.

- As a group, levy payers support involvement (and some expenditure) to be included in the development of NAIT, to ensure that the practical requirements for deer farmers are heard. That group equally believes that the deer industry

will join the scheme (in full) at a time when the majority of deer farmers are comfortable with technology, timeframe and cost benefit.

- Deer Industry New Zealand is actively seeking to increase understanding and support against this background, but cannot commit to 2011 as a blanket supported principle.

Q4. Have we achieved a pragmatic balance between the level of proposed compliance required to ensure NAIT meets biosecurity, market access and other regulated needs and NAIT being able to support other on-farm and off-farm information needs?

- Yes
No
X Not sure

Q5. We have identified ways in which we propose to ensure that animal identification and movement information is recorded, including who is responsible. Does this approach make sense and what will this mean for participants?

Deer Industry New Zealand has had reaction from the companies running Deer Slaughter Premises that a responsibility at that end to read animals arriving at lairage and pre slaughter and read again as slaughter to integrate with the current plants own skid tag and tracing system is a step too far, and that DSP's will only establish the scanning technology at the point of slaughter. I.e. a once only read. Equally DSP's have advised at the time when NAIT is mandatory they do not wish to run two systems so do not support the NZDFA's position that Direct to slaughter barcoded tags be allowed as a cost effective option for the high proportion of deer sent as a once only movement from property of birth. DINZ believes that the possibility of re-using RFID tags should be fully investigated to lower costs for direct-to-slaughter animals.

Deer Industry New Zealand believes that ultimately responsibility must rest with the owners of the animals, and it may be that 3rd party groups will develop systems attracting a service fee that will have some appeal to deer farmers.

Q6. What other rules and incentives can you suggest so we can ensure that the information on NAIT is kept accurate and up-to-date?

We have not developed a further view in this area until cost and technology issues are resolved.

Q7. What are your preferred methods for raising industry funds to support the establishment and ongoing costs of the NAIT system?

- Cattle levy
? Possibly Tag levy
Direct contributions
 Movements levy

The Deer industry has not yet established a preferred position on contributions.

The Current AHB scheme with the embedded tag levy is part of the industry's AHB commitment and would have easier acceptance in our view. The industry has rejected a deer levy like the cattle levy in the AHB scheme and pays for its own individual testing costs without a compensation clause. We suspect that a movements levy will be opposed and attract additional critique on the administration costs inherent in the NAIT proposal.

Operational expenditure.

DINZ has a preference for making the government contribution to NAIT's operational expenditure a fixed contribution of \$2.59 million per annum (after year 3) rather than a one third share as is currently proposed.

That preference is expressed because:

1. NAIT's success will be in a large part dependent on partnership in good faith between the Crown and the individual industries involved. We do not believe it is fair that the Crown both places a cap on its exposure to any cost 'blowouts' and benefits from any savings. We believe it would be fair to either pay a proportion of costs, or pay a fair fixed amount; but not both.
2. The Government's investment in NAIT is expenditure on Public Good due to the societal benefits of better biosecurity (including biodiversity benefits) and better food safety systems. The value of that Public Good is a fixed one and has a fixed value. It is not a function of another party's contribution, and therefore should be fixed.
3. The tags themselves are an operational cost given that they are not reusable and will mostly be discarded after 18 months. On average, these will cost \$7.5 million per annum which already surpasses the Government's maximum one third caps of \$2.59 million per annum.
4. In terms of the overall cost of NAIT, the lion's share of the cost is in the purchase and maintenance of tags and readers. A reasonable whole industry estimate is that this will be a cost, on average, of \$20 million per annum. This cost will always dwarf total Opex (both Crown and Industry). We believe that making one, relatively small part of NAIT's cost; a proportion discounts the value and contribution of the cost which lies outside the proportion.
5. There was a point made that farmers and processors will own this equipment. But given that the purchase of the equipment is 'forced or compulsory', ownership will be a cold comfort to those farmers not in favour of NAIT. Selling the importance and benefit to agriculture of NAIT will not be helped by telling producers that they'll own the equipment. But moreover, selling NAIT will be easier by showing the Government is fully committed to NAIT by making a fixed contribution. This may assist the considerable challenge of getting the sheep industry on board in the future and as expressed elsewhere in this submission, reluctant deer farmers in the shorter term.

We would also note that any income from subscriptions or sales should be used to defray costs for all parties; and when other species enter NAIT, these

arrangements should continue.

Other (please describe)

Governance

Deer Industry New Zealand Executive has a strong preference for the AHB Incorporated Society model as a governance structure. This view and a summary of other concerns have been previously expressed to NAIT's Governance Group on the submission of the cabinet paper from NAIT (CEO, April 2008) That paper sought Cabinet approval for this current consultation. There has been no change in the Executive position since that time and the summary of these views are further referenced in this submission. The NZDFA also strongly supports these views.

1. **Accountability:** Deer Industry New Zealand is concerned that 'Crown ownership and control of the core database on behalf of New Zealand' will not necessarily provide fair accountability to farmers and processors who have been confirmed as funding a substantial proportion of the database and ancillary and operating costs.
 - We are not convinced that government ownership is required by trading partners' governments and that some sort of government audit or direct government participation would not meet their requirements.
2. **Governance:** We understand that the intention is that governors will be appointed by funders. DINZ is concerned that governors appointed directly by funding organisations will result in 'representational governance' with governors finding it difficult to act in the best interests of NAIT at the expense of the entities which appointed them. There is a risk that lack of a split between funders and provider will result in sub-optimal decision-making.
3. **Cost Minimisation:** DINZ contends that a Statutory Board with statutory obligations to meet, no competitors and an ability to cost recover from a large group of people will not result in a lean, low-as-possible cost operation (despite best intentions). Levy payers have strongly expressed their concerns that this NAIT structure will inevitably be an over-administered high cost investment with little incentive to drive costs down, simply pass these on.
 - We note that the NZDFA has passed a sentiment at their 2008 conference that NAIT should be directed towards considering the AHB model that has proven to be successful for deer farmers in the eradication of TB programme.
4. **Duplication:** There has already been significant investment by Crown and industry in the Animal Health Board. DINZ contends that the establishment of another entity will result in duplication in terms in governance, management, overhead costs and elements of operations.
5. **AHB Model:** DINZ believes the AHB model in particular, amongst others need to be further seriously considered. The fact that it is one of the few successful Crown – industry partnerships in the agricultural sector should not be overlooked.
 - Their success is not a result of having only a single focus.
 - Their role spans a wide range of stakeholders and requires a wide range of competencies and the challenge of bovine Tb is complex and broad.

- Our view is that their board is unfettered with agendas and it has generally effective management who it directs well.
- As a model it is well understood and generally well accepted by farmers although there is no doubt that at times AHB's decisions annoy both industry and government, and that all funders wish they had more direct control. Deer Industry New Zealand believes that is a reasonable price to pay for success.

Funder members still have ultimate control of AHB through their ability to dismiss any of the directors and to change the AHB's constitution (accountability) should the need arise.

6. **Sacrifice of effective structure to secure funding:** We have been concerned that there may be an element of not wanting to 'rock the boat' in case this results in the government deciding not to contribute. The most effective, and fairest, governance model will help all parties and contribute to NAIT's success over the longer term.

Q8. What may need further work to ensure a smooth transition between current systems and the new NAIT system?

We believe it important to assure farmers that the NAIT system is operating at it's most simplest and cost effective means and that the data is safe and confidential for these purposes outlined by NAIT only.

Transition from current systems where the use of official tags prior to movement is informal at best now will be a difficult transition given the intent that NAIT requires all animals to be tagged as soon as possible after birth. We will need to work constructively as an industry body to assist this.

Q9. The proposed transition to NAIT is by way of an initial non-mandatory sign-up phase, before the NAIT requirements are regulated by 2011. What is the likely interest in starting to register animals, record movements and other information before it becomes compulsory?

- Yes, I plan to register animals as soon as NAIT is available on-line
- Yes, I plan to register animals and record movements using NAIT when available
- Yes, I am interested in using full NAIT functionality, when available
- No, I will wait until it becomes regulated and compulsory
- Not applicable to me (I do not own or keep cattle or deer)

Given the current reaction of Deer farmers as expressed to the NZDFA at conference, Deer Industry New Zealand believes there will be no interest in engagement prior to any compulsory introduction and also believes that should introduction for deer be automatically be combined with cattle on the simplistic basis that regulation is easier to incorporate both species on the basis of current biosecurity regulatory association, deer farmers will refuse to comply and actively oppose the successful implementation of NAIT.

Deer Industry New Zealand as an industry good body is committed to achieving the best outcome for its levy paying stakeholders and will continue to actively encourage acceptance and commitment as previously outlined.

Q10. In your opinion, is there anything else in the concept design that we may have overlooked and needs further consideration before we proceed with building NAIT?

1) Unique Animal Identifier.

Deer Industry New Zealand believes that NAIT should also consider the potential use of the standard international unique numbering system used worldwide by processors, exporters, retailers, etc., as administered by GS-1. While the media has had recent commentary that talks of linking the proposed NAIT unique RFID tag to the processors skid tag and processing ID inventory is straight forward and a possible option, it seems to us that a clear, single, unique number that offers total electronic traceability on an individual animal basis from farm of origin, incorporating lifetime movement and then via processor to market and retail, is eminently sensible.

For NAIT to incorporate the current system derived as much from the tag supply under the NPMS biosecurity needs for the AHB Tb scheme (which incorporates a tag manufacturer code, etc.), and then require processor systems to further create an ID link seems archaic, given that there are current modern and internationally recognised and supported unique ID systems available.

2) Evaluation of new RFID Technology

Deer Industry New Zealand is also committed of the evaluation of new RFID technology, following a pilot evaluation of UHF technology in deer.

The management of deer on-farm using low frequency RFID to meet the necessarily exacting specifications of performance for NAIT is well understood, and farmers report some considerable difficulty in the consistency of use and reading of the current low frequency technology in deer. The Industry is committed to ongoing practical evaluation of RFID and its success rates, also identifying any deer movement or behavioural problems that challenge the technology. Equally, the Industry is attempting to be proactive in looking for other solutions to some real difficulties already identified and have been proactive in some early test work with Ultra High Frequency RFID technology. The industry has committed to some formal further evaluation of both technologies in the immediate future and recognises the recent involvement of NAIT in looking at the potential of UHF in this early phase.

Deer Industry New Zealand supports the view that there may be substantial cost savings in incorporating UHF in tags and in scanning equipment, to the point where the inevitability of using UHF in the sheep industry where scanning of multiple animals at speed and in a mob situation may add to the compelling need for this species to be included.

Deer Industry New Zealand agrees with its farmers broad view that mandatory inclusion of deer should not proceed until the value and commercial development of UHF is completed (if this adds a quantum performance criterion). There may be a considerable cost benefit for deer and other farmers (especially sheep), and in the supply chain in general.

Q11. If you are a farmer, are you likely to purchase RFID readers?

- Yes, for my own properties
- Yes, if I can come to a sharing arrangement with other parties, e.g. other farmers
- No, I will prefer to engage a service provider, e.g. stock agent or trucking company who can read my animals' RFID

DINZ believes based on farmer feed back that the majority of deer farmers will not embrace RFID technology in tags, nor will they invest in readers in the interim. In inquiry through specialist deer transporters, an early indication that a chargeable service would be considered by these transport specialists on cost benefit and demand basis. Deer Industry New Zealand does not believe that the way stock agents or company drafting agents currently work with deer farmers will be appropriate for this group to offers a service that meets time and practical requirements.

The situation is likely to evolve relatively quickly once appropriate technology and cost benefits align to on farm systems as many farmers are also cattle farmers or substantial stand alone deer units with 1000 or more animals.

Q12. If you are a farmer, would you consider using RFID for other on-farm activities?

- Yes, I plan to invest in on-farm use of RFID systems in the next five years
- No, I have no plans to use RFID for on-farm management in the next five years
- Not sure, I will see how others use RFID before I make any decision

Deer Industry New Zealand believes that there will be limited uptake of RFID technology as management tool over the next 5 years as knee jerk reaction to perceived costs and reliability exist. Advocates that now use RFID however are enthusiastic.

Deer Industry New Zealand intends to promote and support evaluation of RFID through “Electronics in agriculture” field days on the industry’s Focus Farms (this concept has support from tag manufacturers and electronics companies) and is also committed to support the concept development and potential role of UHF technology for the future, as a sensible progression, and also as an option should LF RFID genuinely not meet current NAIT specifications for operations on deer farms or in deer slaughter premises.

Q13. Do you wish to receive an electronic copy of the NAIT newsletter to keep up with the NAIT project and system development?

Yes / No

We are already included on the database.

Other Comments:

1) Tag Issues and Suggested Solutions

Deer Industry New Zealand has concerns related to practice and believes its farmers will continue be reticent to tag capital stock (which can have a productive lifetime of 6-10 years, and in some hinds at 15 years old re not uncommon) as is common practice now.

- Many farmers will be slow, at least initially, to adopt RFID management options as many have very simple management ID systems now in spite of being required to tag with an AHB management tag under the NPMS now. Farmers simply don’t do that unless they are in the habit of selling capital or between farm trading stock, partly based on cost and partly because of indifferent retention rate.
- We estimate that most deer (70%) take only one trip from farm of origin as a direct to slaughter process and will tag at the point of transport.
- Farmer opposition to the perceived high price of suggested RFID tags (\$2.95-\$4.20) compared with the current direct to slaughter AHB tags at \$0.85 is considerable.

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- As a practical sensible suggestion we suggest that NAIT investigates the feasibility of a recycled RFID tag system at greatly reduced cost for example recycled from the NLS system, until such time that new technology might allow a cost effective option. We believe this may be more feasible than continuing with DTS tags as it is clear there are significant reading and possibly retention issues with current DTS barcoded tags.

2) Fallow Deer

While Deer Industry New Zealand acknowledges that while the fallow species is a small <1% of the industry there is a major practical issue with any plasticized tags as fallow have an insatiable appetite for plastic and AHB have made a dispensation for tag requirements for fallow to avoid this loss and damage. Most Fallow deer farmer do not tag animals on farm and certainly won't change that behaviour with the advent of NAIT requirements.

3) Game Estates

Deer Industry New Zealand does not specifically have a levy payer link to game estates as such, but a number of farmers have a significant commitment to supplying stock for these managed game operations where the wearing of a tag is an anathema. DINZ would argue that under NAIT supply of deer to a game estate would be an equivalent fate to slaughter at the point of transfer and the tag removed. If game estates subsequently harvest shot deer and submit for game meat as shot venison (as is proposed under current NZFSA legislation), then identification under shot game regulations should apply and not be of concern to NAIT.

For Deer Industry New Zealand

- 1.) Deer Industry New Zealand was established by the Deer Industry New Zealand Regulations of October 2004, under Section 3 of the Primary Products Marketing Act, 1953.
- 2.) Deer Industry New Zealand's functions as set out in the Regulations are to promote and assist in the development of the New Zealand Deer industry.
- 3.) Deer Industry New Zealand works in the interests of all sectors of the farmed deer industry including ~4000 recorded known levy paying farmers, as well as the venison and velvet antler processing and export sectors.
- 4.) Deer Industry New Zealand is represented on NAIT through the Deer Industry New Zealand Board CEO Mark O'Connor (Governance group), and on behalf of producers and the NZDFA, on the NAIT Technical advisory Group by Producer Manager Tony Pearse.

Mark O'Connor - CEO, Tony Pearse - Producer Manager.