

A new era for the New Zealand deer industry

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New Zealand's deer farming journey has been one of pioneering spirit and a hunger for opportunities in the face of challenges to become the largest deer farming country in the world. Our success has come from the hard work our forebears put forth when operating as One Industry, where different groups within the sector came together to ensure each delivered value.

Driven by passionate farmers in the live capture days, who then worked with veterinarians, processors, exporters, regulators and customers to ensure the industry had the ability to grow healthy deer and supply compliant products into the market. The pioneering veterinarians within this group played arguably one of the biggest roles.

On 28 April 1993, the National Velvetting Standards Body was established, composed of two New Zealand Deer Farmers' Association (NZDFA) representatives (Angus Makin and Chris Hughes) and two New Zealand Veterinary Association representatives (Adrian Campbell and Dave Lawrence).

In 1985, the Game Industry Board (GIB) was formed, followed by its evolution in 2004 into Deer Industry New Zealand (DINZ). Yet it's not been all plain sailing. Soon after the Game Industry Board was established in the mid-1980s, Rogernomics removed the tax incentives that had facilitated significant investment into the industry. It was time for the deer industry to fly on its own.

There were some ups and downs as the industry settled and started to grow. Ultimately, its unique products and passionate farmers helped to get us through to where we are today.

For venison, we have worked toward what we refer to as our "three-legged stool" for markets, made up of Europe, North America and Asia. We are now in a position of being not overly reliant on the European game trade, which was traded as an undifferentiated commodity (so, where a consumer in Germany probably thought they were consuming hunted game from just down the road). China is fast gaining prominence as a consumer, despite being not overly familiar with venison as a meat, which means education plays a critical role. Our fastest growing market, however, is the US, although this will now be impacted somewhat by the new tariff regime. To what degree remains to be seen.

Velvet was always more problematic, being sold into an opaque market as an undifferentiated commodity through grey traditional medicine channels. DINZ was successful at moving some of this market to a more valued and respected health food ingredient, marketed by large South Korean companies. This resulted in relatively rapid growth, from around \$30m (total farmgate value) in 2010 to \$100m in 2021, with production going from 450 to 1000 tonnes. Since then, however, the Korean healthy food market became saturated, meaning demand, and thus growth, began to slow, and prices to farmers started to ease. There were also problematic market access issues to contend with during this time.

Predicting that the Korean healthy foods market was fast becoming saturated, DINZ started work in 2019 on another channel segment to drive consumption growth: Health Functional Foods (HFFs). Health Functional Foods (HFFs) belong to a specific regulatory classification in many countries, which in Korea requires human clinical studies. These studies take time and significant investment.

DINZ has been working with Korea's largest pharmaceutical companies as they have worked through the process of formulating and registering an extract as a Health Functional Food. In 2023, Kwangdong Pharmaceutical was the first company to get approval from South Korea's Ministry of Food and Drug Safety (MFDS) following its clinical studies, with two claims approved – one for promoting prostate health and one for

combating fatigue. Its extract is based on a complex mix of ingredients (as is common for traditional medicine-based products). In 2023, Yuhan (South Korea's largest pharmaceutical company) had a claim approved in its extract for improved immune function. This was a 100% New Zealand velvet extract. Other high-end nutraceutical companies are following suit.

On 1 July 2024, DINZ and the five venison exporters launched the North American Retail Accelerator (NARA) programme, with just under 30 percent funded through MPI's Sustainable Food and Fibre Futures (SFF Futures) fund. The establishment of this programme came on the back of Covid-19 devastating the venison industry – then overly reliant on the food service sector – overnight. While the US had overtaken Germany as our number one market in 2019 just prior to Covid, no one could have predicted that restaurants around the globe would shut in a black swan (unforeseen, hugely impactful) event.

And yet, from adversity comes opportunity, and together with the companies, we tried to pivot into areas other than food service, including retail and home delivery meal kits. The pilot project into retail looked promising, and the NARA programme was born.

In its first nine months, the NARA programme has exceeded our goals, with companies reporting promising results.

These recently implemented programmes will help drive global demand for venison and velvet, and DINZ will continue maximising our industry's respective value chains to deliver better profitability for all industry stakeholders.

Conclusion

The key focus today is to ensure that the industry is a vibrant and recognised option within the New Zealand pastoral sector for the next 50+ years.

For a small industry, we punch well above our weight, and the recent work with MPI to ensure market access into China for frozen velvet is a testament to our relevance among the competing priorities facing our regulators.

Ultimately, we believe we can play an important role in the Government's objective to double the value of exports by 2035. (Coincidentally, our DINZ strategy for the next decade is called Thrive 2035). A third of our increased export receipts (>\$100m) will come from further improvements in market access, so we are thankful to see more resourcing going into that area. The other two thirds will come from innovative approaches to capture greater value for our unique products. Health Functional Foods on a global stage for velvet, the next NARA plan for venison (perhaps India?), and delivering more value from the fifth quarter, which is likely to be a science-based approach.

The New Zealand deer farming industry has come a long way in its 55 years of existence. It has seen huge highs and some rough lows, like other agricultural sectors, but the work our predecessors have done, along with work that DINZ and others have done in recent years, stands us in good stead for a new era for New Zealand's deer industry.

And yet challenges remain for the deer industry, and indeed the wider agriculture sector. The cost of farm inputs and regulatory compliance are making it tougher than ever to stay in, or even enter, deer farming. Which is why those partnerships we have fostered over the years, and the ability to work as One Industry, will be hugely important in the years to come.

The New Zealand Veterinary Association and its members have played a critical role in the growth of the deer industry, and as we seek to create greater value across the industry, veterinarians will continue to play a crucial role in quality assurance and ensuring we maintain our high standards of production.

DINZ looks forward to working alongside the NZVA in any way we can to foster the next generation of veterinarians and encourage deer farming as an exciting branch of veterinary science.