

TomatoesNZ Inc. Strategy for the Fresh Tomato Industry 2014 – 2020

[updated October 2016]



Contents Table

Section	Title	Page
	<i>Forward from TomatoesNZ Chair</i>	3
1.	<i>Executive Summary</i>	4
2.	<i>Purpose</i>	5
3.	<i>Introduction</i>	5
4.	<i>The Process for Prioritising Initiatives</i>	5 - 6
5.	<i>Project Management Methodology</i>	6
6.	<i>Vision and Goals</i> <i>a. Industry Visions</i> <i>b. Goal</i> <i>c. Core Values</i> <i>d. Tomatoes NZ Incorporated Objective</i>	7
7.	<i>Planks and Foundations for Fresh Tomato Industry Growth</i>	7
8.	<i>Planks – Objective and Rationale</i>	8 - 10
9.	<i>Foundations – Objective and Rationale</i>	11 - 12
10.	<i>Links with the Horticulture New Zealand Strategy</i>	13 - 14

Foreword from TomatoesNZ Inc. Chair

This strategy is designed to be a template to assist the New Zealand commercial Fresh Tomato Sector to double in value to \$200 million by 2020, while at the same time helping to identify the areas where TomatoesNZ Inc. can act as a facilitator, an aggregator or a prompt, in addition to the more normal functions of an industry body – representing the interests of the majority of growers in areas where there is a benefit for a national voice to be heard, and managing research and development on behalf of all growers.

The sector will only grow to \$200 million by 2020 if there is a significant increase in the value and the volume of tomatoes exported from New Zealand. This export focus is quite rightly a commercial decision for individual companies to make – the strategy can only suggest topics such as focus on premium products targeting premium markets. The role of TomatoesNZ Inc. is to provide facilitation or to challenge as appropriate and as requested by individual companies.

This acceptance of the importance of export-led growth does not imply that we as a sector have a diminished interest in the domestic market. Far from it. We know that a great deal of value is either created or destroyed through behaviour in the domestic market – and for the majority of our growers, the domestic market is the only market that they are exposed to.

We are also mindful of the need to collectively lift our game through better integration with science, through a focus on continuously improving the sustainability of our businesses, and through effective sharing of best practice.

We have a great product, with proven health benefits, and enthusiastic and capable growers who make a significant impact on their local economies. But we can do better! We **MUST** do better if we are to continue to attract investment and to grow the returns to our growers.

Alasdair MacLeod
Independent Chair
TomatoesNZ Incorporated

1. Executive Summary

In 2015/16 the Fresh Tomato Industry in New Zealand consisted of 140 growers producing approximately 42,400 tonne of fresh tomatoes in 120 hectares of greenhouses, producing a farm gate value of \$118.3 million. Of the total value \$108.1m was achieved via domestic sales with \$10.2m being export sales. This industry value is the highest ever on record, and up nearly \$18m on the average value for the prior three years.

The goal of the Fresh Tomato Industry is to double its 2014 value to \$200 million by October 2020.

The aim is to achieve this by executing approved initiatives that are relevant to each strategic plank:

1. Market led export
2. Sharing best practise and information transfer
3. Enhancing sustainability
4. Manage risk

Given the finite opportunity to increase domestic value and sales a major focus of the strategy is **market led export** focussing on markets where fresh tomato growers can deliver premium products that attract a premium price.

Sharing best practise and information transfer is another central strategy to ensure the Fresh Tomato Industry stays abreast of international best practise. Accessing, developing, sharing and implementing best practise and information supports another fundamental strategy plank, **enhancing sustainability**.

The manage risk plank includes biosecurity readiness and response, and addressing business compliance such as health and safety and food safety.

TomatoesNZ Inc. will prioritise initiatives under each of the four key planks to provide NZ fresh tomato growers with the tools and information to enhance the development of the industry strategic planks (attachment one).

2. Purpose

The purpose of this strategy is to provide a framework to enable growth in the Fresh Tomato Sector. While it is an across-industry strategy it will serve as a guiding document for the TomatoesNZ Inc. Board and will provide a focus on where best to allocate effort and resource with a view to achieving the best outcome for Fresh Tomato Growers.

3. Introduction

This document identifies key planks and foundations for the Fresh Tomato Industry.

Planks are the broad objectives. Under each plank sits a number of initiatives. These initiatives will be prioritised according to the contribution they make towards progressing the overall goal bearing in mind available resources and funding.

The foundations underpin each of the planks and need to be considered when implementing initiatives under the planks. They also guide communication pathways, advocacy, industry relationships and stakeholder engagement. It is key to the broad strategy that these foundations are applied across all initiatives.

This strategy has a medium term focus with the goal being to double the NZ Fresh Tomato Industry value to \$200 million by October 2020. Bearing this in mind, the initiatives, with regard to achieving these planks may be reviewed and updated from time to time.

TomatoesNZ Inc. is the industry body for Fresh Tomato Growers. Its funding is collected under the Commodity Levies (Vegetables and Fruit) Order 2013, with additional support being provided by applying for relevant grants for specific purposes. The role of TomatoesNZ Inc. is to identify industry wide issues and initiatives that can be dealt with on a whole of industry level to facilitate the industry vision.

4. The Process for Prioritising Initiatives

As with many industry organisations TomatoesNZ must prioritise initiatives taking into account many factors but always with the goal of doubling the Fresh Tomato Industry value to \$200 million by 2020 and working for the betterment of the sector.

Initiatives considered by the TomatoesNZ Board to warrant detailed discussion and analysis will be captured in an attachment that sits alongside this strategy. This attachment will be reviewed annually by the TomatoesNZ Board, with a view to prioritising these initiatives and developing specific actions and/or project plans for those identified as key, or reconfirming those already identified are still relevant and are a judicious use of resources. A number of factors are taken into account when evaluating which initiatives are to become priorities. Factors considered include:

- Cost versus benefit to TomatoesNZ members on completion of project
- Contribution toward the Fresh Tomato Industry goal of doubling industry value to \$200 million by 2020
- Implications of prioritising one project over another
- Technical resource availability
- Financial resources
- Fit with wider horticultural industry initiatives
- Return on investment
- Is the initiative the right scale – can it be further developed or does it need to be broken down?
- Opportunity for leveraging other forms of funding e.g. Plant and Food Core Funding, Sustainability Farming Fund, AGMARDT, Vegetable Research and Innovation Board and other horticulture partners.

5. Project Management Methodology

Once initiatives have been evaluated and the decision to proceed has been made a project plan will be developed. In principle this will follow the standard project management methodologies of:

- definition and planning - where the scope, priority, budget, resources and schedule are defined;
- launch or execution - tasks are distributed and individuals made aware of responsibilities;
- performance and control - progress is reviewed and reported against plan and either schedules are adjusted or what is necessary to keep the project on track is done;
- close - final outcome 'approved' and project success evaluated;

6. Vision and Goals

a. Industry Vision

To be economically and environmentally sustainable growers of healthy, safe and nutritious fresh tomatoes in a progressive industry that will attract investment.

b. Goal

The NZ Fresh Tomato Industry will double in value to \$200m by October 2020.

c. Core Values

TomatoesNZ will:

- i. Preserve the right of passionate NZ growers to grow great tomatoes for New Zealanders and the world.
- ii. Consider how industry business decisions affect society and the environment.

d. Tomatoes NZ Incorporated Objective

The role of TomatoesNZ Inc. is to identify industry wide issues and initiatives that can be dealt with on a whole of industry level to facilitate the industry vision.

7. Planks and Foundations for Fresh Tomato Industry Growth

	1	2	3	4
Planks	Market Led Export	Share Best Practise and Information Transfer	Enhance Sustainability	Manage Risk
Foundations	A. Commercial, environmental and social sustainability			
	B. Work closely with science			
	C. Communication and advocacy			

8. Planks - Objective and Rationale

These planks have been set in order to achieve the goal of doubling the industry value by 2020. The initiatives are areas identified by the TNZ Board as important now or in the future. These initiatives will be reviewed and prioritised on an annual basis with a view to producing project plans for those that resources allow to be implemented.

These initiatives and specific project concepts with the current status can be found in Attachment One that sits alongside this strategy.

1. Market-led Export

i. Objective

Identify and access offshore markets with a focus on those markets where we can deliver a premium product that gets a premium price.

ii. Rationale

The sector will require more than the combination of increasing domestic consumption and increases in price in order to double in value by 2020. This means that the only viable path forward is through accessing offshore markets more effectively than is currently done. To do this we need to focus on markets where we can deliver a premium products that attract a premium price. This will take investment in market research and market development.

Australia, our historic number one export market (1,023 tonnes in 2015) is an extremely important outlet for reducing summer supply on the domestic market, is not seen as either a potential high-value market, nor is it sustainable in the long-term. Australian indoor production is increasing and Australian grower campaigns against imported produce reduce selling through the main retail outlets.

One big advantage of Australia as an export market to New Zealand tomato exporters is that it is easily reached by sea freight, meaning loose round tomatoes are sold cost competitively with Australian product, most of which is currently produced outdoors. Other export markets (of which there were 18 in 2015, mainly Pacific-rim and Asian) require air freight. Air freight capacity and cost are significant limiting factors to growing tomato exports.

Alternative export markets for development need to be identified and targeted. This will involve at least some form of market analysis to develop an understanding of the consumers in that market and what premium offering NZ tomato growers could provide, as well as improving our collective understanding of potential competitors and supply chains.

Over the past two years, the industry has invested in science to understand how to extend the storage life of the product (for example through refined growing and harvesting protocols, post-harvest treatments and storage technology) and exporters are now experimenting with delivering fresh tomatoes by sea to Japan. In 2014 the volume to Japan has more than doubled over any year previously, and Japan has now

overtaken Australia as the number one export market for NZ Fresh Tomatoes (1,155 tonnes in 2015).

Other important markets that have grown over the past five to seven years include New Caledonia, Canada, French Polynesia and the USA and markets with good future potential for growth include Taiwan, Hong Kong, Singapore.

2. Share Best Practise and Information Transfer

i. Objective

Identify information availability and needs, or the need for information to be developed and provide or encourage appropriate forums and methods for this information to be shared and used.

ii. Rationale

Although there is already a degree of sharing best practise within the industry, this will need to be enhanced if the value of the industry is to double by 2020. Sharing best practise and information transfer is about ensuring knowledge is communicated to and/or able to be accessed by relevant stakeholders in the industry.

There is the need to ensure there are appropriate forums for growers to exchange information. In addition, there is a need to maintain relationships with other stakeholders in the industry e.g. Ministry for Primary Industries (MPI), researchers, distributors, consumers and international expertise to ensure that all possible avenues of collating information that may assist in industry growth are covered.

When sharing information it needs to be developed or presented in a style that is applicable to the target audience. As an example, if a set of grade standards were to be developed for the Fresh Tomato Industry these would be presented in a very different format to growers than they would be communicated to consumers.

3. Enhance Sustainability

i. Objective

Identify factors that will enhance economic, environmental and social sustainability and develop new research, development and/or extension programmes to address these.

ii. Rationale

Enhancing sustainability covers commercial, environmental and social sustainability. There are many definitions and philosophies intended to define exactly what enhancing sustainability means. One definition with a leaning towards agricultural production was coined by Australian agricultural scientist Gordon McClymont. [1] He defined it as "an

integrated system of plant ... production practices having a site-specific application that will over the long term:

- sustain the economic viability of farm operations
- make the most efficient use of resources and on-farm resources and integrate, where appropriate, natural biological cycles and controls
- enhance environmental quality and the natural resource base upon which the agricultural economy depends
- satisfy human food and fibre needs
- enhance the quality of life for farmers and society as a whole [2]

The principles referred to by McClymont are all relevant to the New Zealand fresh tomato industry and to a greater or lesser extent are already practised within the industry.

With regard to enhancing sustainability the challenges are to maintain currency of information, translate science and research into operational practices, encourage uptake of new concepts and practises and ensure new ideas align with both international and market access perceptions and understanding of sustainability. All this needs to be done without losing the focus of sustaining the economic viability of fresh tomato production in New Zealand.

4. Manage Risk

i. Objective

Identify risks that are specific to the industry that need addressing by growers and/or TomatoesNZ Inc. include biosecurity, health & safety, food safety and environmental impact. Develop or access programmes and activities that support growers' ability to reduce, mitigate or manage those risks.

ii. Rationale

The risks that TomatoesNZ Inc. will look to address will generally have a compliance or social responsibility component. They will include risks that can be reduced, mitigated or managed, either through actions of growers or through advocacy on behalf of growers. Therefore market risks are not included, however changes to policy or regulations (e.g. labelling laws, environmental and health & safety regulations) and some production risks (e.g. biosecurity and Emissions Trading Scheme) are included.

TomatoesNZ will identify significant risks to the industry and to growers, evaluate and communicate those risks and find ways to reduce, mitigate or manage them. This will occur either through advocating on issues on behalf of growers and/or by providing tools and information for growers to manage their own business risk.

9. Foundations - Objective And Rationale

The strategy foundations form the building blocks or principles for all the activities which TomatoesNZ Inc. undertakes.

A. Commercial, environmental and social sustainability

i. Objective

Take into account commercial, environmental and social sustainability when considering or implementing initiatives under the TNZ strategy.

ii. Rationale

This foundation differs from “Plank 3 – Enhance Sustainability” as that plank is about developing new initiatives and future research, development and extension; whereas the foundation is about considering whether any activity undertaken by TomatoesNZ Inc. will be for the betterment of the industry in a commercial, environmental and social sense.

B. Work closely with Science

i. Objective

Develop and maintain collaborative partnerships with science, research and technology providers to ensure that current and future science needs of the industry are understood and met.

ii. Rationale

Sound advocacy and project initiatives will be developed by tapping in to the best skills and knowledge available to TomatoesNZ. The ability to access that knowledge and will be enhanced by building relationships with science, research and technology providers in NZ and where appropriate, overseas.

TomatoesNZ will take an open approach to assessing and supporting any science, research or technology initiatives originating from the science community that have the potential to benefit fresh tomato growers in the future.

C. Communication and Advocacy

i. Objective

Ensure effective NZ fresh tomato grower representation through the TomatoesNZ Inc. Board management and their engagement with other industry groups, government departments, stakeholders and the public. Provide information about and advocacy on issues that directly affect the industry.

ii. Rationale

As the industry representative body, TomatoesNZ Inc. seeks to be seen as the first port of call for information about the industry and its issues. TomatoesNZ Inc. will retain this position by ensuring effective communication and advocacy on fresh tomato growers' behalf.

TomatoesNZ Inc. also seeks to effectively communicate with its members through channels including the NZGrower magazine, annual conference, emails, letters, phone, and face-to-face visits.

10. Links with the Horticulture New Zealand \$10b/2020 Strategy

The HortNZ “*Growing a New Future*” industry-wide strategy was launched in 2009, with the goal of doubling the value of NZ’s Horticulture industry by 2020.



Horticulture New Zealand Strategy strategic outcomes:

1. Build global competitiveness
2. Dominate product categories within target markets
3. Create value, commercialise products and control intellectual property
4. Set the standard for sustainably produced products
5. Outcome measurement

Horticulture New Zealand Strategy strategic actions:

Horticulture NZ Strategic Actions	TomatoesNZ Strategic Fit
Achieve scale	Market-led export - Plank 1 Manage risk - Plank 4
Develop future leaders	Share best practise - Plank 2
Increase productivity	Share best practise - Plank 2
Focus export market activities	Market-led export - Plank 1
Develop IP	Market led export - Plank 1 Enhance sustainability - Plank 3
Differentiate NZ's product basket	Sharing best practise - Plank 3
Exceed sustainability thresholds	Enhancing sustainability - Plank 3 Manage Risk - Plank 4

11. References

1. Rural Science Graduates Association (2002). "In Memorium - Former Staff and Students of Rural Science at UNE". University of New England. Retrieved 21 October 2012.
2. Gold, M. (July 2009). What is Sustainable Agriculture? United States Department of Agriculture, Alternative Farming Systems Information Centre.