



KEY CONCERNS From TomatoesNZ

Fresh New Zealand grown tomatoes have been a cornerstone of New Zealanders' grocery lists for decades. Not only do they taste good, they are good for you, adding flavour and nutritional value to all meals.

However, the New Zealand tomato industry is under threat. This paper outlines some of the key risks and how the industry would like Government to respond.

FOOD SECURITY

Covid has shown that Aotearoa NZ does not have food security.

The increasing cost of supplies to grow tomatoes and low returns is unsustainable and will force many growers out of business. TomatoesNZ representing all growers of fresh tomatoes, supports the decarbonisation of greenhouse growing but also acknowledges the Paris Agreement statement of a 'fundamental priority of safeguarding food security'.



Good policy should enable growers to survive so that we can continue to sustainably produce food for New Zealanders



Bad policy will threaten New Zealand's food security and force Kiwis to rely on imported produce from countries that don't have the same integrity, food standards or drivers to send food to us at the bottom of the world.

GENERAL FACTS ALL GROWERS ARE IMPORTANT

Growing Area



82%

of all undercover crop growers are classed as medium or large businesses

Greenhouse Area by Scale

Small = <1Ha | Medium = >1to<5Ha | Large = >5Ha



18% small (56 Ha)

45% medium (139 Ha)

37% large (114 Ha)

Sector affects



25%

of small to medium growers have stopped growing tomatoes in the last 4 years



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COST OF ENERGY

The Industry is committed to decarbonising heating in greenhouses by 2035 and has been working with EECA to promote energy efficiency and sustainable fuel alternatives but needs help for growers to commit to making the fuel switch. DETA report the estimated cost of fully decarbonising all covered crops would be ~\$220m (Feb 2022)



45-65%

coal price increase
in the last 12 months



50%

gas price increase
in the last 2 years



Endless increases to
energy prices
so growers unable to
plan for future increases



40-45c/L

cost for waste oil
cheaper costs forcing
growers to convert from
coal fired boilers



89%

of heated NZ Greenhouses
use non-renewable fuels
(gas, coal, oil, LPG and
diesel)

PROBLEM

Energy leaping costs and lack of availability of viable alternatives, plus the huge risk of stranded assets, are all major risks to our industry. Very few growers can afford to convert their heating to sustainable energy. Pulling out crops and/or not heating are the alternatives which both reduce yield. Every m² of tomato plants lost = 35 to 60kg of crop lost / season. Fewer NZ grown tomatoes leads to more being imported. Australian tomatoes in our supermarkets were up 5 x from 2020 (72T) to 2021 (348T). The Emission Trading Scheme (ETS) price was around \$30 in 2020, \$65 in 2021 and \$80 in 2022. The ETS price cap in 2035 is \$305.

SOLUTIONS

The fresh tomato industry needs:

- Policies and actions that support undercover crop growers to transition to decarbonised heating
- While fuel switching occurs, industrial allocation of ETS (currently ~ 30% for tomato growers) to be aligned more closely to that of the agricultural sector's (95% under He Waka Eke Noa from 2025)
- To work with Ministry for the Environment to increase the threshold or exemptions for undercover crop growers and to simplify the process for applying for the free allocation of ETS.
- Protection given to domestic growers as imported Australian fresh tomatoes are not subjected to the same ETS or carbon tax production costs which leads to unfair competition. This, together with the transportation of imported tomatoes, represents carbon leakage



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COST OF PRODUCTION

To ensure growers have stable returns and consumers have more competition, TNZ supports a grocery code of conduct.



40-50%
diesel price increase
since last year



50%
raw materials
price increase
required for
growing
including
seeds, slabs,
clips



175%
consumables
e.g. fertiliser
price increase
in the last year



12 months
growers placing
orders without
knowing future
pricing
(advanced
purchasing due to
international
freight disruption)



Media focus
on high tomato
prices without
explaining true cost
of producing
tomatoes
(such as a reflection
of seasonal change)



Small - Medium
growers can have
less buying power
than larger growers
therefore more
susceptible to
price fluctuations

PROBLEM

Increasing costs of production.
Diminishing grower returns due to
ever-increasing costs of production
which is not being compensated in
the price given by supermarkets.

SOLUTIONS

The fresh tomato industry needs:

the government to support the industry to convey the real costs involved in food production to increase consumer awareness. The code of conduct is a good start in tackling the duopoly of supermarkets but further policies covering all areas of production from improving international freight to tackling inflation are also required to support NZ food security.



3

PEOPLE ARE VITAL

Our industry is totally committed to investing in automation, but this is a slow process taking years from concept to commercialisation. But tomato growers will always rely on people to pick and pack tomatoes as well as many other greenhouse tasks. The problems with staffing has led some tomato growers to choose to plant other less labour intensive crops such as cucumbers and courgettes or to leave whole greenhouses empty to take the pressure of existing staff.

PROBLEM

All tomato growing businesses have been operating with 40-60% of their normal employees due to the effects of COVID and restricted borders. Many in the industry are having to work excessive hours for business survival which isn't sustainable and must be addressed.

SOLUTIONS

TomatoesNZ is working with the MPI initiative 'Opportunity Grows Here' to attract Kiwis to the industry but longer term we would like to work more closely with the Ministry for Education to promote the undercover crop sector as a career option for NZ high school students. Longer term, the horticulture industry needs to be front and centre in a pro- migration policy. All migrant workers from all countries are important, including backpackers and RSE workers. A significant increase in all worker numbers is urgently required for the 2022 season starting in September. Taking a long-term approach that offers more visas, for multiple years would give growers assurances that they will have a workforce when required and that they should plant tomatoes.



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BIOSECURITY



Australian tomatoes are irradiated but the reality is that pests and viruses can still get through from many different avenues



TNZ has committed to joining NZPPI but MPI needs to continue to reduce the biosecurity risks of growers importing seeds online



Biosecurity responses over the last 5 years have cost Tomato growers over \$150,000 in levies and far greater direct costs which are not sustainable



The last exports to Australia were February 2021. In 2020 587 Ts of tomatoes were exported to Australia. In 2021 this was down to 44T and in 2022 zero due to biosecurity incursions

PROBLEM

When incursions happen, production costs are affected by lower yields, poor quality crop and closed international markets. This leads to the domestic market being flooded causing prices to significantly decrease. This effects the number of tomato plants being grown the following season.

Working to ensure markets are open as quickly as possible is crucial for the ongoing survival of the industry.

TNZ continues to work with A Lighter Touch to explore alternative pest management programmes and we want to work with the Environmental Protection Agency to make it easier for beneficial bugs to be brought into NZ to extend this important research.

OVERALL SOLUTIONS

Minister for Horticulture

Growers deserve a passionate and proud advocate in the highest of roles. This would put the spotlight on our sector to ensure it is elevated at all tables as growers and Government strive to meet the Fit for a Better World objectives. A Minister and Government that understand growing and associated issues, that are championing the sector and giving full support when it comes to government policy making around the cabinet table.



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