



# TomatoesNZ 2023

# KEY CONCERNS

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

Recent events have shown that Aotearoa NZ does not have food security.

Government policies in the last 12 months have made it increasingly difficult for fresh tomato growers to operate profitable, sustainable businesses in Aotearoa NZ. With climate change impacting outdoor crops, locally grown greenhouse crops will become increasingly more important for consumers. TNZ is asking policy makers to work with us to support this industry that puts fresh food on Kiwi's plates and provides some food resilience to extreme weather events..



**Good policy** should enable growers to survive allowing the production of sustainable food **FOR** New Zealanders **BY** New Zealanders **IN** New Zealand.



**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 incentives 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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# DECARBONISING

The Industry remains committed to decarbonising heating in greenhouses by 2037 but growers need financial support to make the fuel switch. Decarbonisation needs to be done in 2 phases, firstly reducing the energy used and then switching to a sustainable energy system. Both of these are costly taking many years to recuperate the capex costs. The GIDI fund doesn't currently cover the first phase and is too complicated for most small to medium growers to access.



**\$225,000**

Average cost to install thermal screens to a 5000m<sup>2</sup> greenhouse (roughly \$45/m<sup>2</sup>)



**30%**

Less carbon emitted by installing thermal screens to a greenhouse



**\$200,000**

Average cost to double skin insulate a greenhouse around 5000m<sup>2</sup> (roughly \$40/m<sup>2</sup>)



**60%**

Reduction in energy demands for double skinning greenhouses

## PROBLEM

While covered cropping offers some protection against the effects of climate change, artificial lighting, energy reduction equipment and heating are the cost required for protection. To balance reducing carbon emissions with a constant local supply of vegetables, growers need equal access to funding for reducing emissions.

Countries with a less stringent ETS can export to NZ and undermine local producers and global decarbonisation.

## SOLUTIONS

The fresh tomato industry needs:

- Policies and actions that support covered crop growers to transition to decarbonised heating
- The GIDI fund should be open to all projects that help to reduce the carbon that growers emit, helping with energy reduction as well as switching to sustainable fuels. There should be no minimum spending cap, an easier application and reporting process and it shouldn't just be for projects willing to command media attention.
- Carbon credits should not be open to market speculators and the government should have tighter control on who can participate to create less uncertainty.
- Growers should be treated equally to the rest of agriculture, claiming ETS on 95% rather than the current 60% of production.
- The ETS can only currently be claimed for the volume sent to market but should instead be based on the number of plants in production, to fully compensate the grower.
- Registering on the Emission Trading Scheme (ETS) is overly complicated and burdensome for growers. The application process needs to be streamlined to encourage more growers to register
- An Energy Standard needs to ensure that there is a selection of energy sources available to mitigate issues when one supply is interrupted. It should also promote equal access to all sustainable fuel types keeping in mind that food producers are often based rurally with limited powerline infrastructure.



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# COST OF PRODUCTION

Costs continue to rise for both consumers and businesses, yet the profit margins for growers continues to diminish. The only winner is the retailer who continues to have increased profits. The grower needs to cover their costs of producing the food the consumer needs and this shouldn't be achieved at the expense of the consumer OR the grower. TNZ would like to engage directly with the Grocery Commissioner to determine how this can be achieved.



**65-85%**

coal price increase  
in the last 2 years



**50%**

gas price increase  
in the last 2 years



**15%**

increase in the last  
2 years in wages  
with many vacancies still  
left unfilled



**89%**

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



**50%**

Increase in price of all  
essential inputs for  
growing in the last 2  
years

## PROBLEM

Inflation is high, consumers are paying more for food and all other bills. Businesses are also suffering and paying more for all of their production costs. For greenhouse growers, this includes energy as well as everything required for growing e.g. seeds, fertiliser transport to market. In the high employment environment businesses are operating in, this also includes increases in wages. For many growers, wages now equate to 33% of all costs. Discounting food at supermarkets leads to growers not recuperating their production costs. The government needs to curb inflation for food prices to decrease.

## SOLUTIONS

The fresh tomato industry needs:

- The Government needs to take practical steps to reduce growers' costs and extract greater value from the supply chain (including waste streams), which will lead to reduced inflation on food.
- Investigate the domestic value chain including the cost of compliance and get a clear idea of the areas where costs could be reduced.
- Understanding that increases to minimum wages have a trickle-down effect by increasing business costs which then need to be passed on to consumers. This in turn leads to increases in inflation.
- Recycle ETS taxes into covered crop research and initiatives which support growers of all sizes to produce more with less.
- Work with the likes of GNS Science to map New Zealand's geothermal reserves and to promote this as a sustainable, non-carbon means of energy that is cheaper for both homes and industries to access.
- Establish more investment opportunities for research to take place inline with the Hort Action Plan. These could target solutions such as robotics, looking at adding value to waste streams, and other initiatives which are beyond business as usual for most growers and would have a positive impact on production costs.



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# REGULATIONS THAT FOSTER GROWTH

From land to water, employees to building consents, businesses operate in an increasingly regulated environment. Rules are important for keeping everyone safe but they need flexibility for businesses to not only survive but also thrive.

## PROBLEM

Bureaucracy covers all areas of business and often places unnecessary restrictions on growers being able to operate as well as compliance costs. This all adds to the cost of production. Land use restrictions mean that it will become very difficult for new greenhouses to be built on productive land. Restrictions on the provisions for RSE workers, mean that most covered crop growers, don't have access to this labour source.

## SOLUTIONS

The fresh tomato industry needs:

- We invite both central and region government officials to visit growers to get an 'on the ground' understanding of how policies affect our members.
- Recognise that the existing GAP schemes already offer NZ assurances about the standards of the produce being sold in markets, covering food safety, the environment and social practice. Don't apply extra compliance measures that are already covered.
- Make sure that national policy directions have a good overview of district and regional council rules so that standards are consistent no matter where a business is situated e.g. councils having different compliance rules under the Building Act.
- Having a national overview is also important from a Government wide perspective as contradictions often occur eg one policy might support growth of greenhouses but this isn't aligned in the National Policy Statement or Fresh Water Farm Plans.
- The need to use plain English in legislation and policies, to acknowledge that not everyone in our industry has English as a first language.





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# BIOSECURITY



The biggest threat to the biosecurity of the covered crop industry is the unregulated sales of online seeds. MPI need to step up surveillance in this area



TNZ has worked with NZPPI to develop a nursery module to reduce biosecurity risks but government help is required to implement this



Biosecurity responses have cost Tomato levy payers over \$200k since 2021. Much more is spent by the taxpayer via MPI



The Australian market for fresh tomatoes has been closed since Feb 2021 due to biosecurity threats. Prior to this, growers exported 613 tonnes (2020) to Australia representing 20% of the total export market



The effect of incursions aren't just around the initial response but also the long term management of a disease that potentially has ongoing impacts for the grower involved

## PROBLEM

**When incursions happen, both domestic and international markets for fresh tomatoes are impacted. Long term this creates uncertainty and growers question whether they should grow tomatoes or change to a risk adverse industry.**

**Working to ensure international markets reopen 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 Authority to make it easier for beneficial bugs to be brought into NZ to extend this important research.**

## OVERALL SOLUTIONS

### Minister for Horticulture

New Zealand currently has a Minister for Agriculture with attention generally focusing on the meat and dairy industries. When decisions are required during a biosecurity response for an incursion affecting tomatoes, these are not always made with a good, on the ground knowledge base. NZ growers need and deserve a minister who has a background in horticulture as well as an understanding of business. to have a better understanding of the impacts of decisions being made such as destroying many hectares of tomatoes to eradicate an unwanted disease, affecting the price of tomatoes at the supermarket.

A horticulture minister could also champion ALL aspects of the industry, from research to export agreements, energy to skilled migrant visas.



**FOR MORE INFORMATION,  
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