



*Know-how for Horticulture™*

**Building strategic  
alliances with young  
Australian and New  
Zealand vegetable  
and potato industry  
representatives**

Brian Newman  
AUSVEG

Project Number: VX01026

## **VX01026**

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**Horticulture Australia**



# Young Vegetable and Potato Grower Tour to New Zealand

*Where's Eddy?*

## **Report by: Tour Participants**

Michael Mammone, Phillip Mete, Przemek (Shemek) Radzikowski, Scott Samwell, Thomas Hingston, Eddy Galea, Mark Peters, James Hansen, David Anderson, Leigh Muster, Brett Connors, Scott Beaumont and David Ellement

## **Executive Summary**

Australian vegetable businesses are changing dramatically, with structures changing from small competing farms to internationally competitive supply chains. With this change industry leaders and business professionals need to alter their thinking in this new and ever changing environment.

The 'Young Vegetable and Potato Grower Tour to New Zealand' has taken a core group of young growers and provided them with the framework to appreciate the similarities between their own objectives and those of vegetable growers in New Zealand enabling them to have a better level of appreciation for possibilities presented by globalisation. The expanded mindset will encourage an outward looking and thinking group of growers who will be willing to pursue export market opportunities through strategic partnerships and alliances as well as have the ability to influence the attitude of their peer group.

## 1.0 Introduction

The Australian vegetable and potato industry is now competing in an international food marketplace as rapid globalisation increasingly impacts on the competitive position of the industry. The impact is being felt on the domestic and export markets for fresh and processed vegetable products. The number of exporters actively seeking to establish a position in already crowded markets is further diminishing the competitive position of the individual and placing more market strength in the hands of a decreasing number of buyers.

In order to compete more effectively in this environment it is important that growers, especially those of a younger age group who may be moving into management positions, appreciate the opportunity to improve their competitive position by actively seeking out strategic partners and establishing alliances. This may be done within the region or state, on a national basis or in appropriate circumstances, internationally.

This project provided a group of younger vegetable and potato growers with an insight into the operations and aspirations of a similar group of vegetable growers in New Zealand. It enabled identification of similar problems and issues and will provide an opportunity to explore a cooperative strategic response.

These young growers are part of our industry's future and it is hoped that these young growers will be tomorrow's leaders. Already these growers are taking on leadership roles in the industry and their international experience, through this project, will assist them in managing the industry in a proactive fashion.

These young growers were exposed to modern business practice like the linking of enterprises that share common objectives to provide significant benefit. This is likely to be especially true where there is an opportunity to reduce competition, share R&D and promotional investment and develop products and logistics that will provide critical mass in the market. Over time their modern business practices will decrease the thinking of many Australian growers with a 'fortress' mentality which perceives existing competitors both domestically and internationally as 'the enemy'.

## 2.0 Tour Details

### 2.1 Tour Participants

#### *Tour Participants and Information*

##### *Vegetable Delegates*

Michael Mammone	Victorian Vegetable Delegate
Phillip Mete	Queensland Vegetable Delegate
Przemek (Shemek) Radzikowski	Western Australian Vegetable Delegate
Scott Samwell	South Australian Vegetable Delegate
Thomas Hingston	Tasmanian Vegetable Delegate
Eddy Galea	New South Wales Vegetable Delegate

##### *Potato Delegates*

Mark Peters	Victorian Potato Delegate
James Hansen	Queensland Potato Delegate
David Anderson	Western Australian Potato Delegate
Leigh Muster	South Australian Potato Delegate
Brett Conners	Tasmanian Potato Delegate
Scott Beaumont	New South Wales Potato Delegate

##### *Tour Leader*

David Ellement	Vegetable Industry Development Officer (WA)
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*The Young Vegetable and Potato Grower tour group*

## 2.2 Tour Details

This project was developed in close consultation with the New Zealand vegetable industry via the established cooperative R&D agreement.

Each state member of AUSVEG was invited to nominate two growers, one vegetable and one potato, preferably in the age group 25 to 35 years to participate in the project. The group leader, David Ellement, was appointed by AUSVEG to facilitate the program in New Zealand.

Once the group of twelve participants had been selected by AUSVEG they were briefed on the program and their responsibilities. The program commenced in Sydney (at the offices of Horticulture Australia Ltd) on Friday 26<sup>th</sup> July 2002 with a seminar and briefing on changes to international trade, the effects of globalisation, the potential of strategic partnerships and alliances and strategies for improving international competitiveness.

On Saturday 27<sup>th</sup> July 2002 the group travelled to Christchurch, New Zealand. Over the 28<sup>th</sup> and 29<sup>th</sup> July 2002 the group travelled from Christchurch for meetings with key industry people and farm visits. The group then returned to Christchurch to participate in the Produce Plus Conference.

At the conclusion of two days at the Conference the group made field visits en route to Nelson over two days. The group departed New Zealand on Saturday 3<sup>rd</sup> August 2002.





### 3.0 Tour Daily Reports

#### Day 1 – Delegate Briefing (Friday 26<sup>th</sup> July 2002), Sydney

Tour participants met and Brian Newman, CEO of AUSVEG, provided an overview of what was going to take place over the following eight days as well as what to look out for in New Zealand. An overall view of what was to be gained from this experience was also highlighted.

John Baker presented his ideas as to what to expect and look out for over the duration of the tour. He discussed his views on new packing ideas and encouraged thoughts to be on a global, rather than on a local, scale.

Many questions were raised which shook the room and discussions were very thought provoking. Everyone in the room believed that there are problems with the way the industry is operating but found it difficult to pinpoint the issues.

Some of the thoughts that emerged from the discussions held included:

- Ideas generally developed by younger growers as older growers will tend to rely on what has worked in the past and are satisfied with this outcome. The older growers are more resistant to change thus not look for innovative ways to improve their business and the industry. The young grower group believe that something has to change but are uncertain as to what that could be.
- Setbacks are less likely to discourage younger growers.
- Younger growers are more positive and will strive for the necessary improvements. This is largely due to their need to pay off business loans. Older growers have less need for this and therefore will sit back and live out their days doing what they have always been doing. “Why change something which has worked thus far?”
- In order to change the views of older growers it is most effective if it is possible to have them believe it was their idea in the first instance.
- The younger growers have not been disheartened by the setbacks.



*John Baker and Brian Newman briefing the young grower group before they depart for the study tour.*



**Day 2 – Travel (Saturday 27<sup>th</sup> July 2002); from Sydney, Australia to Christchurch, New Zealand**

**Day 3 – Grower Visits (Sunday 28<sup>th</sup> July 2002)**

***John Smith (Prebbleton, NZ) – grower of broad beans, green beans, peas and carrots. John also fattens lambs.***

John Smith grows broad and green beans, peas, carrots, and fattens lambs. John, being so close to the city, has an urban sprawl problem and was finding that the city was fast encroaching on him. He also said that underground water was very plentiful.



Urban sprawl has become an issue and land values have increased dramatically due to residential blocks i.e. 4 hectares. Rates have increased and the option of renting farms is difficult because of smaller blocks. Growers are moving further out and dairy farmers from the North Island are also moving into these areas. The dairy farmers have increased opportunities for growers by requiring grain crops and created a use for waste product.

Water is not an issue and there are no salinity problems. Underground water was very plentiful and very close to the surface, as close as 3 meters in some places. They are not allowed to pump the shallow water and dig the bore deeper for this reason. John's bore was pumping 1000 gallons per minute.

John said his pea price with Watties had increased by 6 % this season with no hesitation from the company which, he added, was a miracle. This brought prices up to between \$200 and \$400 per tonne depending on maturity. Watties grows 20,000 tonne of peas per year. One other processor in the deep South grows approximately 6,000 tonnes. He had a problem with the processor regarding carrot assessments. They want them to grow large carrots, however, one large split carrot in a sample could

make up to a 10% deduction.



When asked if they would be able to grow all of the peas that are produced in Tasmania, as well as what they grow, he

said that the processors were already struggling with present volumes, without trying to double capacity. He believes that Tasmanian pea growers should not worry too much about production moving to New Zealand. He also said that New Zealand growers were concerned that carrot production would move to Tasmania. He believes that we are competitors at a similar level and things will not change too much.



## Take home message

A number of things can be learned from John's experiences:

- Australia's water issues are a great opportunity to get industry working together.
- Growers need to keep the communication lines open so they do not get played off against each other.
- Australian growers are seeing each other as competitors even when they are not. New Zealand growers seem to be banded together and see themselves as part of a country which is competing against the whole world. New Zealand as a whole is treated as one. Perhaps the size of the country is to their advantage as they get to know everyone in their neighbourhood.

### *Murray Stevens (Ilrwel) – grower of blackcurrants.*

Blackcurrants are the main game for Murray Stevens, a third generation grower. He has diversified his investments with mixed crops and involvement with a foreign company. He first planted blackcurrants 20 years ago and a short time after this the blackcurrant market crashed. While many growers pulled out of the blackcurrant industry, Murray persevered.



Blackcurrants require very cold weather for extended periods of time to promote bud growth and for the plant to bear fruit. This limits where the crop can be grown and allows international information on production volumes to be gathered with ease.

The blackcurrant industry in New Zealand has matured, learning from its mistakes. Murray is head of the co-op for blackcurrants. What is interesting about the co-op is that no blackcurrants can be exported unless it is through the co-op. This allows industry to control the marketing of New Zealand blackcurrants. If a grower does not use the co-op to export blackcurrants they lose their certification and are no longer permitted to grow blackcurrants.

The co-op is very active in marketing and strategic planning. They know the international market and how that market affects their business thus allowing them to manage production levels and not be caught short or with an over-supply. Through their strategic planning they have realised that value-adding is critical for them to be competitive in the international market. Every part of the production process on Murray's property was value-added.





In recent years returns on blackcurrants have been high due to an increase in world demand with Ribena being a major customer. Generally, New Zealand blackcurrants are sold as a concentrate which is produced at an apple juice plant.

What was also interesting at Murray's was that he used off-farm investments on his property. He built glasshouses on his farm for an overseas company to do barley cultivar trials. This company leases the greenhouses, a large shed and office space from Murray.

### Take home message

A number of things can be learned from Murray's experiences:

- Murray persevered through some very hard times in the industry and by being actively involved assisted in making the industry profitable. He is now one of the industry leaders and has a successful business.
- By having the whole industry working together has allowed New Zealand opportunities and profit margins that individuals would not be able to achieve.
- Off-farm investment can increase profit margins and assists finances when times are bad.



***Robin Oakley (Little Rakaia) – grower of cauliflower and broccoli.***

Robin Oakley is what we in Australia consider to be a more traditional grower where broccoli and cauliflower are grown for a local supermarket. When we were there, Robin was having difficulty producing a quality product in the cold climate.



Robin did not own any land but preferred to lease land from other land owners. He believed that this reduced his risk by not having to carry so much of a debt load and have large production areas. Some of the tour group members were concerned about this arrangement as there is little incentive for the leasee to develop and maintain soil quality. However, some of the group thought it was a good way to quickly increase business with minimal exposure.

Communication and negotiation seem to be strong points between Robin and the local supermarket. Robin has a meeting every six weeks to discuss issues with the supermarket. He has the opportunity to organise specials if a higher production period occurred. The group thought this was very beneficial for both parties.

**Take home message**

A number of things can be learned from Robin's experiences:

- Leasing land is a strong possibility for growers if they need to expand and does not incur a large debt.
- Improving communication and fostering relationships between growers and retailers (e.g. supermarkets) can have benefits for both parties, however, communication must be open and honest.





## Day 4 – Grower Visits (Monday 29<sup>th</sup> July 2002)

### *South Pacific Seeds – Seed production facility*

South Pacific Seeds (SPS) grow seed for a world wide market with high quality standards in place. They consider the grower to customer relationship is based on quality, consistency and price and aim to provide whatever the customer requires.

The quote of the day was from one of the SPS growers

*“The only two things that you need to grow successful vegetables is SPS & God”*

Generally seed is produced under contract to other companies. There is no relationship between the seed production company and the seed sales company; they are totally independent. The group found this misleading as a number of the growers were buying seeds from SPS sales and they believe their seed would come from SPS production. SPS produces seeds for a number of different seed sales companies.

The grower group talked a great deal about seed quality. The head of SPS said that all you need on the seed tin, which should be on all tins, is germination percentages, sib percentage and germination energy. When SPS produces seeds all batches have the following details:

- germination percentages
- germination energy
- purity and
- sib percentages



Countries have different controls on quality of seed. For example Japan has a stricter quality of control than Australia. We were informed that growers should not be concerned about which country the seed is produced in but the quality of the seed which is produced.



### **Take home message**

A number of things can be learned from SPS:

- Need to investigate seed labelling in Australia and seed labelling standards noting that all seed containers should state germination percentages, sib percentage and germination energy.
- Need to investigate controls on seed quality in Australia.

### ***Plains Produce - packhouse***

Plains Produce are a packhouse for the major supermarkets on the South Island in New Zealand. They believe they have a very good relationship with the supermarkets that they supply. They began as growers that moved into packing and now have a number of growers which produce for them and the main focus of the business is on packing.



The manager believes they have a good relationship with the supermarkets with a strong interaction and communication. One of the reasons for this is the priority areas in business is reliability and quality followed by price whereas Australians seem to be focused mainly on price. This affects business relationships. Overall, trust is the largest factor influencing good relationships.

Perhaps the most significant outcome of this meeting was the approach taken for the sale of potatoes. All potatoes were sold in bags labelled for use rather than variety.

When a shipment of potatoes was brought to the packhouse, a sample was taken and prepared to see what its best attributes were. This shipment was then either labelled for boiling, baking, salad or fried potatoes and then bagged appropriately. The tag on top of a bag contained variety and package date information. What was significant was that the entire approach was customer focused, including the packaging being clearly use driven. The group felt that the Australian potato industry could learn from this approach.



### **Take home message**

A number of things can be learned from Plains Produce:

- Customer focused marketing should be investigated especially for the potato industry using the New Zealand example as some direction.
- Price is not the only player in having a strong business relationship.

### ***Brian Gargiulo & Son– Greenhouse tomatoes***

Brian Gargiulo & Son is a large greenhouse tomato business with over two hectares under glass and all his tomatoes are sold on the local market. This is the first business we visited that did not have a glowing report about the industry's relationship with the supermarkets. The group was very relieved. The operation has a packing shed which packs their product as well as packs and markets for a group of local growers.



The operation uses a high level of technology. The farm manager stated that he was a slave to technology, however, they believe that they need to invest in technology in order to stay ahead of the competition (ie. Australia). Most of their technology is imported from Israel, Spain and Holland. They have been investing in a new glass house to replace the old glass houses.

Australia is a threat to their markets, however, they believe that Australian producers generally send their seconds to New Zealand and this allows them to compete, not on price but on quality.



## Take home message

A number of things can be learned from Brian Gargiulo & Son:

- Australian tomato growers have the potential to increase their market share in New Zealand if they address their quality issues.
- The amount of capital invested in greenhouse technologies in New Zealand is staggering.



## **Day 5 – Produce Plus Conference (Tuesday 30<sup>th</sup> July 2002)**

*New Zealand Horticulture Conference Week 2002*

*29 July – 1 August 2002 Christchurch Conference Centre*

### **Key Note Speakers**

#### **Rt Hon Mike Moore – World Trade Organisation**

Mike Moore presented a video presentation because he was not available for the conference. It was difficult to get much information from this video.

New Zealand is very much like Australia as we agree on free trade and disagree on all subsidies and tariffs some countries have adopted. Subsidies are keeping the rich countries rich and the poor countries poor.

#### **Ronnie De La Cruz – Tanimuri & Antle, USA**

##### ***“The future of produce retailing”***

Ronnie De La Cruz from California is the current Director of Training and Sales Support for Tanimuri & Antle, one of the U.S.’s largest shippers of fresh vegetables including an entire line of fresh cut produce. Ronnie’s presentation was largely on the direction and future of produce retailing.

The main points of Ronnie’s presentation were:

- Fruit and vegetable purchases were made on impulse.

Reports showed that the fruit and vegetable section of the supermarket was the main area of the supermarket that shoppers purchased on impulse. In all the other sections they purchased mainly only what was on the shopping list. This is important for the retailer as it allows for larger margins and for differentiation from other retailers.

- Increased demand of individually wrapped and sealed produce.

In America there has been an increase in demand of wrapped produce especially after September 11. One such product was lettuce that was cut and shrink wrapped on the farm, in the field. This product was a big hit with the consumer.

- Vertical integration will need contribution from everyone.

Growers need to be able to group together so that they are able to approach the supermarkets with strength. Growers need to be involved in industry matters from plant breeding to marketing. Vertical integration is becoming a strength for operations in the production of fruit and vegetables.

- Oversupply situations are not entirely caused by retailers but growers.
- How can we help the retailer make more money on the sale of our product?
- Need to re-invent taste. Big, bright colour and look are not everything. Taste is critical, will make long term sales.

- The trend is that in a few years there will only be three to five major supermarkets in the world.
- They have some concerns about what is happening in China, and the effect it will have on the world market.

A huge area of lemons has been planted primarily for lemon peel to supply Coca Cola. At what price could lemon juice be marketed if it was considered a waste product by the company?

## **Promotion for Profit – A Team Effort.**

*Paula Dudley, 5+ A Day*

*Glenda Gourley, Green Cuisine*

New Zealand has two promotional programs running in conjunction with each other. The 5+ A Day program is very similar to Australia's 5 Vegetables and 2 Fruit program. The second New Zealand program was Green Cuisine, which was the potato sector's effort to promote and encourage more people to eat potatoes. It was based on a similar model to the 5+ A Day campaign but had not been going for as long.

The main difference between these programs and the Australian program is that in Australia the program are funded by the Health Departments whereas in New Zealand voluntary contributions from any industry members or companies fund the programs.

There was a strong belief at the conference that these programs are working extremely well, however, when the group visited the retail stores little evidence of the promotion was found.

The Australian Fruit and Vegetable programs have struggled with identification of what is a serve of fruit or vegetables. The New Zealand program gets around this by suggesting a serve is a handful of product. Very simple.

NOTE: A number of the members of the group commented on return that they noticed the 5 vegetable and 2 fruit programs in the local retail shops. They believe the programs should be nationally co-ordinated and funded by the government's Health Department.

## **New technology in Produce**

### **Nick Pagett – Tastemark Australia Near Infrared Spectroscopy (NIR)**

NIR is a system that enables a quality assurance guarantee of a product. A product that tastes as good as what it looks. Insuring no browning or inferior product, it can assist in producing an improved product the following season.

It allows sorting of fruit in production lines and helps with quality control while mapping brix levels in fruit. It provides a constant grading quality.

### **Geoff Hudson – Sinclair International – Reduced Space Symbology (RSS)**

Labelling of fruit and vegetables, containing all the necessary information, brand, variety, country produced and bar codes. Even though the customer does not necessarily like a sticker on produce, it is a part of quality assurance system and will have to be adopted by many growers as a traceability tool as well as ensuring the correct price for the produce is charged. Growers and packers need to unify to reduce the cost of a bar code registration. The RSS bar codes are extremely small.

### **David Swaffield – Turners and Growers Fresh – Industry Response to NIR and RSS**

Support for these systems from wholesalers. Providing a quality product consistently with traceability. Good labelling systems from the grower and packing shed will eliminate the need for distribution centres to put their own system in place. Growers and packers should receive a premium price.

### **Produce Marketing Innovations**

Jerry Prendergast from MG Marketing also spoke on the marketing side of produce choosing to focus his speech on bananas. New Zealand consumed on average 105-115 bananas per person per year. That was a stable situation and therefore increasing production was not an option. They then set about developing a plan to decrease the size of the banana to make them more attractive to a wider variety of people, and by doing this, increase the number of bananas sold. This is how the Bobby banana concept was developed and was marketed as value for money and sold in 850-gram pre packed packaging.

### **Logistics Challenges in Protecting Produce Quality**

New Zealand producers are extremely concerned with product quality; they feel their main problem at the moment is with storing different produce and their relevant temperatures in transport vans.

## **Day 6 – Produce Plus Conference (Wednesday 31<sup>th</sup> July 2002)**

*New Zealand Horticulture Conference Week 2002*

*29 July – 1 August 2002 Christchurch Conference Centre*

### **Key Note Speakers**

#### **Brian Gargiulo – President Vegfed.**

Brian Gargiulo mainly spoke about visions and setting about achieving those dreams. The presentation was started with a video of Martin Luther King, who had a dream, an unachievable dream that was achieved. He went on to talk about other great visionaries like John F. Kennedy who dreamed of putting man on the moon.

He said the vegetable industry needs to set similar visions and strive for that vision like a pilot of a fighter jet. Take control of our operation, drive it with ambition using the best technology and components available to build a stronger operation.

Brian stated that Europe and other countries are making rapid progress and, even though New Zealand is advancing, other countries are developing quicker. He travelled to Europe twelve years ago and again a few months ago, he has seen a huge change in production and marketing methods. There were less producers or combined production with fewer markets. Chain stores are looking to deal with suppliers who can guarantee year round supply, thus Globalisation. There is huge growth in certain sectors. A new chain store had a growth in two years from 32 million to 64 million.

#### **Take home message**

A number of things can be learned from Brian Gargiulo:

- Our industry and business development is not occurring at the same level as our international competitors.
- We need to set ambitious goals and strive to achieve them.

#### **Mark Inglis – Mountaineer Extraordinaire**

We were told of his expeditions and how he was trapped on the mountain due to bad weather conditions. He was confident that he would be rescued because of the trust and experience of the entire team. Losing both legs due to frost bite did not stop Mark from achieving his goals and striving forward.

#### **Take home message**

A number of things can be learned from Mark Inglis:

- Think big and live your dreams.
- Face challenges head on and look for the opportunities.

## **Fresh Vegetable Sector Conference**

### *Crop Genetic Modification: Colin Eady, Crop and Food*

There was a feeling that GM foods will be produced whether people like it or not. However, nobody knows how long it will take before GM products become the norm.

There are many myths concerning GM products giving a very negative response to the consumer. Research has found many positive factors for GM products for example less effect on the environment, and less insecticides. Many GM products are all ready widely used; vaccines, most insulin and many enzymes used in food productions. Work on golden rice is being delayed, possibly delaying food assistance to third world countries. Vision, better crops improve nutritional value, production of high value crops. Production of industrial raw materials, specific custom crops.

Many GM crops are being grown world wide. For example:

- 78% Soybeans in USA are Roundup ready; saving tillage
- 34% corn are yield guarded; higher returns due to yield
- 71% cotton are Biligard; saving insecticides
- China cotton (2 million farmers growing 7,000 square km); cost down 28%, pesticide use down 80% and accidental poisoning down 80%.

### **Take home message**

- There is a belief that GM products will become the norm in the future.
- Companies appear to be pushing GM products.

### *Managing your soil matter. Prue Williams Crop and Food.*

Soil Quality Management Systems (SQMS) Test kit has been developed. Growers are able to determine their organic matter/crop yield using charts and tables provided in the kit. Oats and grasses best for putting organic in soil.

### *The Anatoth jam Story- Owen Pope.*

Diversification of vegetable products is becoming an important tool in vegetable business profitability. It can occur by careful planning or accidentally.

The largest New-Zealand producer of jam occurred by accident. Owen Pope began growing raspberries, then found he could not market the product to anyone. Owen sold jams at the local flee market, with unexpected customer interest and demand. Bad jams were made into chutney. Chain stores were approached and were not interested unless Owen could prove that customers wanted the product.

Loading a truck full of jam and towing a caravan, the South Island was travelled, parking outside supermarkets, selling and promoting his product. Eventually the supermarkets approached Owen to supply them. Today the market is huge, with a large range of products, all grown and produced by the company to ensure quality and quantity.



### **Take home message**

- Don't give up!
- Diversification of vegetable products can be extremely profitable.

### **Processing Sector Conference**

Points of note:

- Direct drill peas (processing) increased yield substantially.
- Be aware of effects that the Kyoto Protocol will have in Australia. It has started to have a detrimental effect in New Zealand.
- Our industries need to be ready for the Kyoto Protocol e.g. CO<sub>2</sub> taxes

### **Potato Sector Conference**

The potato growers' conference was both interesting and informative. One big issue to come from this was the carbon credits scheme. When this comes into New Zealand it will increase the price of fuel by 7 cents per litre, and a \$25 per tonne levy will be placed on potato production.

Genetic modification was also discussed and it seems like industry will definitely head this way, it is just a matter of when. Consumer education will be the big factor in this process.

### **Take home message**

- Need to monitor Kyoto Protocols and whether it will be introduced in Australia.

## Day 7 – Grower Visits (Thursday 1<sup>st</sup> August 2002)

### Lawrence Trot – Vegie Pot

Lawrence Trot's farm and retail outlet called the Vegiepot is located just north of Christchurch. Their concept is to sell what they produced through their store, as they are in a great spot close to the city. However, the city is now getting too close to them and they are very close to selling the farm for housing development.



The operation was very intensive, producing a large variety of ground and glasshouse crops. The sheds and greenhouses were getting very old and run down and the packing side of the operation was very old. They are preparing to move to a new property so development of the old property is not an issue.



They have purchased a larger property to the north of the original property. The main problem for them will be the building of new sheds and greenhouses on the new farm.

It was interesting to note that the supermarkets were not pleased about Lawrence selling out of his own store. He believed that he was being locked out of the supermarkets.

### Take home message

A number of things can be learned from Lawrence Trot:

- Need to plan ahead when looking to relocate.
- Need to be careful when you build businesses that go head to head with suppliers.



## David Barren – grower of cucumbers

David Barren had another very impressive operation using overseas technology, greenhouses, computer systems, heating and hydroponic systems. The operation has gradually changed over from older systems to the current systems in stages. There has been a concern about pollution and ash from the boiler and an exhaust baffle system has been installed.

Some of the key elements to the operation included:

- Plastic twin skin glasshouses.
- Using an IPM strategy including incasier for whitefly.
- Coal-fired furnace with an electric driven auger to automatically auger in coal as required.
- Diesel generator set up to handle the problem of power failure.
- Low labour requirement – 4 full time staff.

Good technology = low labour.

Most of the cucumbers produced were sold on the local market however some were exported to Japan. David stated that he does not like to eat cucumbers but likes what he puts in his pocket.

### Take home message

One of the things which can be learned from David Barren:

- Being at the forefront of technology in the greenhouse industry is critical in profitability.





## David Elder – Woodend pumpkin, onions, corn & blackcurrants

Unfortunately, David Elder was unable to meet with the group, as he had been called away on a family matter. However, we had a look around his yard and found that he stored and graded his own onions. It seemed that blackcurrants were taking over as his main enterprise, because nothing else seemed to compare to this crop.



David had a very interesting cultivator that had two rollers on the back. One was smaller than the other and was driven by the larger one through a chain and sprocket. This gave the same effect as a powered implement.

## Chris Sinote

Chris Sinote left the Navy only five years ago and decided to grow capsicums in hothouses. In this short period Chris has rapidly emerged as an industry leader. He is doing a great job with his capsicums and had the latest cleaning and grading machine imported to help him in his quest for a quality product.



A great deal of growers in Australia state how difficult it is to get started. Chris was a great example of how you can achieve success very quickly from scratch.

Chris has a good relationship with wholesalers, however, felt the import of Queensland produce does affect returns.

Some of the key elements to the operation included:

- Plastic twin skin glasshouses are being used with a cost difference to glass of installation plus 1½ replacement covers.
- Recently invested in sheds and control and tracking systems.
- Cost of greenhouse: 3000m<sup>2</sup> – \$500,000.



## Take home message

One of the things where can be learned from Chris Sinote:

- With the right attitude people can become successful vegetable producers from scratch.

## Day 8 – Grower Visits (Friday 2<sup>nd</sup> August 2002)

### Paul Kinzett – Tomato grower

Paul Kinzett's operation was very technically developed. The most interesting part of the operation was that when the tomatoes finished growing, they pulled them out and transferred all the cherry trees that they had outside into the hothouse to reach maturity. This helps them to achieve a high quality white cherry into Japan in the early December time slot which was the optimum time to achieve the best possible price. The cherries are grown in bags in partnership with a Japanese company which markets the fruit for a very specific time, a specific size and of high quality.



The only problem they had with this was that they were the only growers in the area that did this; therefore in a year when rain or some other disaster affects the outdoor producers, and they still have a marketable product, it has to be gas chambered before they can export it. The cost of using this machine for them alone makes it virtually unviable. This idea was still a great way of making full use of the greenhouses even if it did have a slight draw back.



Some of the key elements to the operation included:

- A great deal of overseas technology and research used in the operation.
- A computer system was used to aid in traceability of crop harvest, production levels and picker's effectiveness.



Paul is very aware of the chemicals that are being applied to the area. Neighbours are approachable about issues and follow precautionary procedures. If a problem did occur, traceability would be virtually impossible because it would be so difficult to prove.



The growers in the area have realised the importance of marketing. They have employed a marketing person as a group and each grower produces their product for a different time slot. This close relationship between growers, marketers and customers results in a win-win situation for all parties. The group packs to a high standard, all using the same packaging with the possibility of dropping standards depending on market requirements.



### Take home message

A number of things can be learned from Paul Kinzett's operation:

- Marketing strategies can increase returns to the grower.
- There are some very interesting and unique possibilities in the global market.

### Pat Murphy – New Zealand Garlic Co-op

Pat Murphy introduced us to the operation of the New Zealand Garlic Co-op. The company is a partnership of growers and a marketing manager that markets top quality garlic into niche markets. High quality standards have enabled them to land a large contract with a U.K. chain store and the demand for the high quality product is increasing. The company generally receives premium price for what they deliver because it is of such high quality.



The company exports a great deal of garlic into Sydney and Australia, however, they only make up a small amount of the Australian garlic market. The bulk that is imported into Sydney is of low quality but is marketed on price instead of quality. Pat believes that Australia has been complacent in trying to find the right varieties to grow the best quality garlic.



At this stage they are not affected by the massive production coming from China as it has high residue levels from bleaching processes and poor traceability, due to the large number of small individual growers. However, they believe that China will effect their market in the future and are aiming their product at the top end of the market to try to protect their industry.



### Take home message

A number of things can be learned from Pat Murphy:

- If Australia can develop the right varieties, garlic production could be a profitable industry.
- Competition from China is inevitable.



## **4.0 Tour benefits – from the delegates’ point of view**

The greatest benefit which the participants gained from this study tour was meeting with the other 11 young growers from around Australia; being able to “talk shop” for the duration of the tour as well as finding out what and how each of the participants do things on their own properties.

Growers are often so consumed by the day to day running of businesses that they rarely get the chance to take a step back and discuss issues facing the industry as a whole. This tour enabled the participants to consider some of the issues facing them and provided them with ideas on how to overcome them.

It has also motivated some of the delegates to become industry leaders. These growers are young, open minded and now have international exposure. They will assist in moulding our future.

The diversity of the delegates led to a wide variety of views on issues which in turn led to intense, enjoyable and positive discussions.

Aspects which were gained by the delegates includes:

- Learning where they “fit in” on the industry side of things.
- How AUSVEG, the AUSVEG Levy and Horticulture Australia work for growers.
- To keep abreast of issues and changes within other areas of Australia and within other vegetable crops as they may be relevant in their own businesses.
- Producers need to be involved with the marketing of produce right through to the consumer and “we as growers need to help retailers make more money on the sale of our products”.
- What is important to retailers and the trends in retailing which may be coming to Australia?
- Retailers do not necessarily understand the wants of the consumer.
- Increased understanding of their own industry on a national and international level.
- Provided greater knowledge and experience to overcome the challenges that lie ahead.
- Growers need to work together and be more pro-active in solving the many challenges that lie ahead.
- New Zealand’s attitude towards export is opposite to that of Australia’s; New Zealand focuses on export first and domestic markets second, as we should. W.A. has an export focus and this can be seen in the export figures.

## 5.0 Conclusion

The overall impression from the Young Growers' Study Tour is that New Zealand producers face many of the same challenges and threats to their profitability as Australian producers. The group found this heartening, because sometimes Australian producers think that other countries have it easier and it is good to know we are not alone in our challenges. This trip has highlighted how efficiently Australian growers can produce high quality vegetables and that they are cost competitive with New Zealand producers in many commodities. It also helped the group to realise that solutions they find to their problems in New Zealand have real relevance for Australian growers, as Australian production systems are similar in many ways. There are real benefits to be gained from a close relationship between New Zealand and Australian producers.

The major difference found between the New Zealand and Australian vegetable industries is that New Zealand no longer has large wholesale markets from which produce is distributed. In New Zealand most produce is supplied straight from a packer to the retail stores or their distribution centres on a contract basis. This has, to some extent, removed the huge variations in over supply / under supply of produce, as growers do not have a way to sell their produce unless they have a supply arrangement with a retailer or packing shed. In contrast to most Australian vegetable industries this has led to an improved level of trust and communication between growers, packers and the retail outlets because New Zealand producers have an assured market for their produce and receive prompt payment for the product they supply.

A common theme echoed amongst New Zealand growers was the need to stick together to increase power in the market place. We saw several examples of how marketing co-operatives had been formed between producers (eg. garlic & tomatoes) to increase leverage within the marketplace and ensure continuity of supply to retailers throughout the year. This could also be better employed within Australia. Many of the principles witnessed are not new, however, it was great to see that the growers and sellers were aware of them and were trying to implement them in their businesses.

By being involved with this tour the group has also gained a better appreciation of how growers are represented on a political level and the need to be involved in local and state grower organisations. By experiencing how other vegetable industries operate in Australia and New Zealand it is evident that the most exciting and innovative industries to be involved with are those in which there is a high level of grower participation at the political level. The industries that are able to present a united front are also the industries gaining funding and support from government. There is a real need for vegetable and potato industries in Australia to try and increase grower participation because at the moment the industry is quite fragmented.

## 6.0 Recommendation

### Recommendation 1

The group believed that the Young Grower Study Tour should continue to be supported by the industry. They believe that AUSVEG should attempt to produce an introductory package for the New Zealand growers with background information on the individual delegates. This would enable the New Zealand growers to become familiar with who and what they will be interacting with, the sort of produce involved and the areas which they come from.

### Recommendation 2

The Australian vegetable industry needs to investigate seed labelling in Australia and seed labelling standards noting that all seed containers should state germination percentages, sib percentage and germination energy. How do our labelling standards compare with the rest of the world?



### Recommendation 3

The Australian vegetable and potato industries should investigate customer focused marketing using the New Zealand example as some direction.



## 7.0 Take home messages

- Australia's water issues are a great opportunity to get industry working together.
- Growers need to keep the communication lines open so they do not get played off against each other.
- Australian growers are seeing each other as competitors even when they are not. New Zealand growers seem to be banded together and see themselves as part of a country which is competing against the whole world. New Zealand as a whole is treated as one.
- We all face difficult times in our businesses. The growers that can make their businesses and industry work for them will have the most successful businesses.
- By having the entire industry working together has allowed New Zealand opportunities and profit margins that individuals would not be able to achieve.
- Off-farm investment can increase profit margins and assists finances when times are bad.
- Leasing land is a strong possibility for growers if they need to expand and do not want to incur a large debt load.
- Improving communication and fostering relationships between growers and retailers (e.g. supermarkets) can have benefits for both parties, however, communication must be open and honest.
- Need to investigate controls on seed quality in Australia.
- Customer focused marketing should be investigated for the potato and vegetable industries using the New Zealand example as some direction.
- Price is not the only player in having a strong business relationship.
- Australian tomato growers have the potential to increase their market share in New Zealand if they address their quality issues.
- Our industry and business development is not occurring at the same level as our international competitors.
- We need to set ambitious goals and strive to achieve them. Think big and live your dreams. Face challenges head on and look for the opportunities.
- There is a belief that GM produce will become the norm in the future. Companies appear to be pushing GM produce.
- Diversification of vegetable products can be extremely profitable.
- Need to monitor Kyoto Protocols and whether it will be introduced in Australia.
- Need to plan ahead when looking to relocate.
- Need to be careful when you build businesses that go head to head with suppliers.
- Marketing strategies can increase returns to the grower.



- Being at the forefront of technology in the greenhouse industry is critical in profitability.
- The amount of capital invested in greenhouse technologies in New Zealand is staggering.



- With the right attitude, people can become successful vegetable producers from scratch.
- There are some very interesting and unique possibilities in the global market.
- If Australia can develop the right varieties, garlic production could be a profitable industry.
- Competition from China is inevitable.





## 8.0 Notable Quotes

*Everyone except Eddy – “Where’s Eddy?”*

*Eddie Galea – “Where is David and everyone else?”*

*Brett Connor - “It’s exactly the same except that it’s a little bit different”*

*Scott Samwell - “Are you married? Do you talk like that around your wife?”*

*Michael Mammone - “Hey, I’m a good driver, it’s just that this car’s got crap steering!”*

*Robin Oakley - “It is a pleasure to talk to you Australian growers and show you my operation, but I would not show my neighbour.”*

*Murray Stephens - “Be involved in your industry and work as a group for strength.”*

*SPS - “Customer requirements are on quality, consistency and price.”*

*Plains Produce - “Trust is the key to success”*

*NIR - “Every country has reflected a higher premium to growers using this system except for Australia.”*

*Mark Inglis - “Always strive for a higher goal, never look back. Work as a team and develop a trust and understanding of each other”*

*Owen Pope - “Always take a challenge and strive forward”*

*Paul Kinzett’s manager Frank - “The world is a small place.”*

*Pat Murphy - “Australia buys anything; importing large quantities of low quality Chinese garlic.”*