Keeping up with the growers: A snapshot of New Zealand fruit and vegetable growers' main issues and priorities

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For the Kellogg Rural Leadership Programme

Research Project

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Cover photo bottom left Brent Wilcox –Wilcox and Sons Pukekohe, bottom right Peter Reynolds, TA Reynolds and Sons, Pukekohe

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Executive Summary

The aim of this research project was to understand the main issues that growers perceive are (or will be) affecting their businesses and industry. A survey with 233 responses and four focus groups (two focused on vegetables and two on fruit) were conducted to get a snapshot of the industry and to help guide the strategic review for Horticulture New Zealand. Survey respondents were predominantly small and medium sized enterprises with most (89%) indicating they had 20 or less full time equivalent employees year round. 35% of survey respondents indicated that they employed more than 20 people in the peak season (some over 150). Annual turnover for 67% of the survey respondents was $1 million or less with 36% of survey respondents indicating they had a turnover of less than $250,000.

The survey found that these issues were thought to have had the most impact on growers businesses over the past five years (in order of perceived impact)

1) The price of inputs
2) The cost of compliance
3) Market access
4) Food safety
5) Health and safety

The survey found that the top five issues thought to be facing growers businesses in the next five years were (in order of perceived impact)

1) Health and safety
2) Biosecurity
3) Market Access
4) Cost of compliance
5) Access to Water

Growers thought that the issues Horticulture New Zealand should be focussing on for growers were (in order of priority):

1) Biosecurity
2) The cost of compliance
3) Health and safety
4) Access to water
5) Market access

However, it became evident that when this was filtered for kiwifruit growers (the largest subset) and fruit growers in general that the priorities changed with the availability of seasonal labour being elevated as a priority (along with employment and immigration law). A similar pattern occurred when the results were filtered for businesses that were fully vertically integrated, possibly indicating that more vertically integrated export businesses, those with a single desk marketing structure and fruit growing businesses are more concerned with seasonal labour shortages than other survey respondents. A comparison was made between businesses that grew 100% of produce for the domestic market and those that grew 100% for the export markets. The differences in priorities mirrored that of fruit and vegetable growers probably due to the export only group being predominantly fruit growers.

The survey indicated a growing concern about access to water moving from 48% to 71% (+23%) from the current situation to the future. Concern over the impacts of land fragmentation concern also rose from the current to the future scenario (+7%) as did the perceived impacts of land availability (+13%).

When asked about decision making priorities, the number one consideration growers had was financial sustainability with 144 (77%) rating this as their number one priority. Environmental sustainability was the most common second choice with 60 (or 31%), the third, fourth and fifth priorities varied between environmental sustainability, business reputation, worker welfare and lifestyle/family impacts; the most commonly ranked least important was ‘wider community impacts’ with 122 or 54%. This echoed other studies of this type which have indicated that financial sustainability was most important, but environmental sustainability was of growing significance.

Business aspirations were assessed, and the most common response was a plan to double yield (40%) followed by staying the same size (40%) and (more concerning) getting out of the business (20%). Businesses planning to triple, more than triple or shrink were 14%, 7% and 4% respectively. When filtered for age there was an increase in the percentage planning to exit the industry (from 20% – 34%) however, this was not found to be the single determining factor for those planning to exit the industry. When age range was compared for fruit and vegetable growers the data indicated a high percentage of growers in the over 65 age group for both groups but more fruit growers in the ‘over 65’ age bracket and more vegetable growers in the younger age brackets.

Although there were found to be key differences between the fruit and vegetable sectors’ priorities the main issues that growers felt Horticulture New Zealand should address included biosecurity, access to water, health and safety, land availability and reverse sensitivity issues, labour (seasonal and permanent) and career paths. They also felt there is a need for horticulture to ‘tell its story better’ to be recognised and understood at a government and community level, and for Horticulture New Zealand to promote what it was doing so that growers recognised its value.

Overall this study highlights the diversity of horticultural businesses in New Zealand and the different priorities of growers. The difficulty of an industry body representing these diverse growers at a national level moving into the future is discussed, and recommendations made including regular grower surveys, ongoing quantification and calculation of its value add to growers, promoting succession planning and careers in the industry and communicating the value of the sector to New Zealand.

1. Introduction

This survey was undertaken as part of a Kellogg Rural Leadership Programme research project for Horticulture New Zealand. The aim of the research was to assess the main perceived issues affecting growers businesses in the present and the future, along with getting a snapshot of growers drivers and priorities. Another key aim of this project was to help understand which issues growers think Horticulture New Zealand as an organisation should be focussing on for them.

Horticulture New Zealand was established on 1 December 2005, combining the New Zealand Vegetable and Potato Growers' and New Zealand Fruitgrowers' and New Zealand Berryfruit Growers Federations. Horticulture New Zealand (HortNZ) is an industry association representing New Zealand's 5,500 commercial fruit and vegetable growers. New Zealand horticulture is a $5 billion industry, exporting 60% of total production to about 124 countries. Horticulture is New Zealand's fourth largest export industry.

The range of issues HortNZ works on for growers includes resource management legislation, biosecurity protection, seasonal and skilled labour recruitment, environmental policies and industry education and training. HortNZ also provides information and support to government agencies to gain better market access for horticulture product and remove barriers to export development. Below is an outline of Horticulture New Zealand's relationship with growers, products groups, district associations, central and local government to help to clarify roles and understand the complexities of these roles and the interaction between them in the industry.

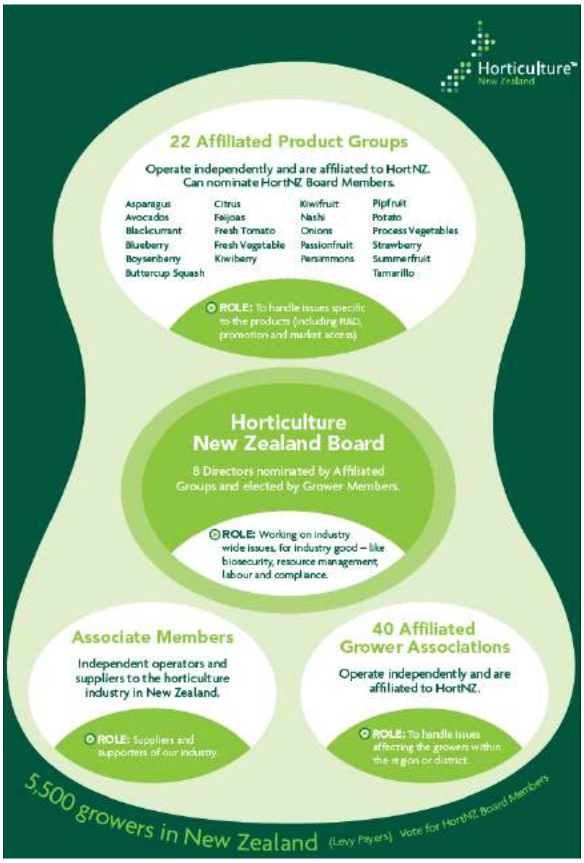

Figure 1: Horticulture New Zealand and affiliates roles and structure.

"By 2050, the global population is predicted to increase to more than nine billion people, and the horticultural produce required to feed them will be almost double that of today. Close to four billion tonnes of fruits, vegetables and pulses will be required, in a world of increasing environmental pressures and decreasing land availability"[1].

With this in mind Horticulture New Zealand and the individual product groups have a broad mandate to meet the needs of growers to ensure their 'social license to operate', ensure that they remain financially viable and have the access to the resources (people and environmental) that they require to be sustainable. Horticulture is a complex industry and one that has a variety of different business models. It also has many competing priorities that are dynamic and changing, so where the priorities should be for the industry or individual businesses is not always clear-cut.

This study aims to take a snapshot of growers thinking about their industry and their business to help inform Horticulture New Zealand's strategic direction and ensure that the organisation is meeting the needs of growers both now and in the future, recognising that these issues can change depending on international and local markets and the legislative environment.

2. Literature Review

The literature on behaviours, values, motivators and priorities is limited in the context of New Zealand growers. The most recent piece of work by De Silva and Forbes (2016) looked specifically at sustainability and the views of growers on environmental sustainability, the types of sustainability practices adopted, the benefits of and barriers to implementing these practices (De Silva and Forbes 2016). The study found that the importance of environmental and social sustainability to growers had increased. The importance of economic sustainability was high but declining with environmental sustainability being incorporated into normal business practices for growers and an increasing emphasis being paced on social sustainability.

Other studies look at decision making behaviours of farmers and how these are influenced and/or enhanced through various policy and informational channels and tools. Small et al (2016) looked at the adoption of good management practice on farm and the risk taking, the psychology of decision making and uptake of innovation on farm. Other studies from throughout the world have looked at subsets of farming and drawn conclusions on motivations and drivers economically, psychologically and socially. A study by Griener et al (2009) that looked at motivations, risk perceptions and adoption of conservation practices by farmers in the Burdekin River catchment in Australia this study found that strong conservation and lifestyle motivations in farmers translated into intrinsic motivations for uptake of conservation practices whilst strongly economically/financially motivated farmers were less likely to adopt the practices in the absence of external incentives. Other Australian studies such as Mayberry et al (2005) have categorised farmers into those that have different motivations being 'economic', 'lifestyle' and 'conservation' in order to potentially predict how these different groups may react to different environmental policy regimes. However despite there being a lot of literature on farmer behaviour and adoption of good management practices and conservation agriculture there does not seems to be consistent themes across the literature internationally. This may be due to a myriad of factors at play including intrinsic and extrinsic factors affecting farmer decision making causing difficulties in drawing high level conclusions without relating these to specific factors at play in the country, region, farm or market that they operate in. A literature review by Knowler and Bradshaw (2007) that analysed research on farmer adoption of conservation agriculture concluded that "there are few, if any universal variables that regularly explain the adoption of conservation agriculture across past analyses."

An older study by Gasson (1973) on the goals and values of farmers in England found that farmers with larger businesses were more economically motivated whilst smaller farmers put more stress on intrinsic aspects of work, particularly independence. However she did point out that the indications were vague and sometimes conflicting and a great deal more research must be done to establish whether these variations in value systems occur consistently.

[1] http://www.plantandfood.co.nz/growingfutures/horticulture

Closer to home a study by Blackstock et al (2010) that aimed to develop an understanding of behaviour change by farmers to improve water quality found that “understanding and influencing behaviour is a complex and multi-faceted issue, interwoven with issues of power and politics within farmer cultures and between these peer groups and the wider policy and political setting.” Given the complexities that have been highlighted through multiple studies of mostly pastoral based farming (domestic and international) on farmer values, motivators and what influences their decisions it is difficult to draw conclusions that can be applied to the current study. Horticulture in New Zealand is a very complex industry with multiple business structures, sizes, target markets and products. The current study aims to take a snapshot of the industry to provide information for Horticulture New Zealand without drawing solid conclusions as the sample size and sector complexity does not allow for such extrapolation without creating potential bias. Previous surveys done by Horticulture New Zealand have asked growers to ‘rate’ Horticulture New Zealand and give feedback on specific issues and advice on what the company could do in the future (see Appendix C for an example table from the 2009 survey). Whilst these surveys are useful for the company they do not give a true indication of the main concerns or priorities of growers for their business in a wider sense. The current survey aims to get an idea of the main concerns of growers in addition to what they think that the main focus should be for Horticulture New Zealand on their behalf.

3. Methods

A Survey Monkey survey containing 18 questions was sent out to HortNZ’s database of growers (see Appendix A) along with a link to a video explaining about the purpose of the study asking growers to fill in the survey. The questions were discussed with and tested by Horticulture New Zealand staff and a communications consultant from Ideas Shop (a Wellington based communications company). Questions included weighted questions using the Likert scale, multiple choice questions and open ended questions. The survey links were sent to the database of 2538 emails from the Horticulture New Zealand database on 17March and 15 April 2016. The link to the survey was sent out in newsletter recipients on 21 and 30 March. The survey was open from 27 March until 15 April.

The data was analysed by filtering and comparing results and cross referencing, crop type, age of respondents, business size, level of vertical integration and the degree of export vs domestic markets grown for. Differing priorities and demographics of the groups were analysed.

Focus groups were conducted with between 3 – 6 growers in Canterbury, Pukekohe, Hawkes Bay and the Bay of Plenty. The focus for the Canterbury and Pukekohe were vegetables and the Hawkes Bay and Bay of Plenty were focused on fruit. Participants were promised anonymity in order to ensure open and honest dialogue but it should be noted that this may not have precluded information about individual businesses being shared (depending on the products grown) as growers are generally in competition with one another.

4. Results

4.1 Overview of sample

There was a total sample size of 233 growers. These were predominantly small and medium sized enterprises with most (89%) indicating they had 20 or less full time equivalent employees year round. 35% of survey respondents indicated that they employed more than 20 people in the peak season (some over 150). Annual turnover for 67% of the survey respondents was $1 million or less with 36% of survey respondents indicating they had a turnover of less than $250,000.

The majority of the respondents were fruit growers (72%, with 28% being kiwifruit/kiwiberry growers) and the rest (28%) being vegetable growers or ‘other’ such as seed crops, arable or not currently growing (see Figure 2). The majority of the fruit and vegetable product groups were represented in the survey.

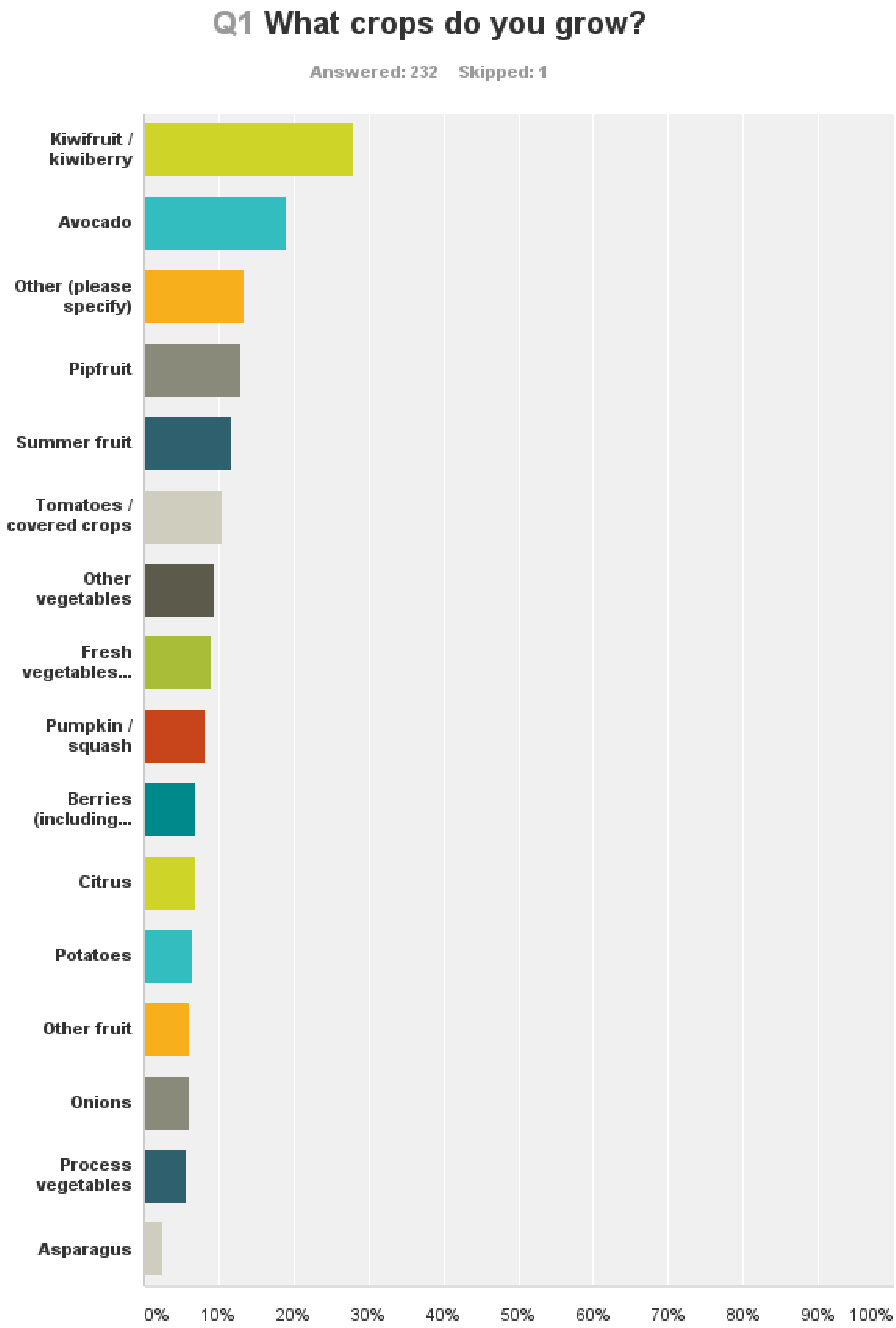

Figure 2: Crops grown

As demonstrated by Figure 3 below the majority of survey respondents (79%) were based in the North Island of New Zealand, with the most well represented regions being Bay of Plenty (27%), Northland (20%), Hawke's Bay (11%) and Pukekohe (10%).

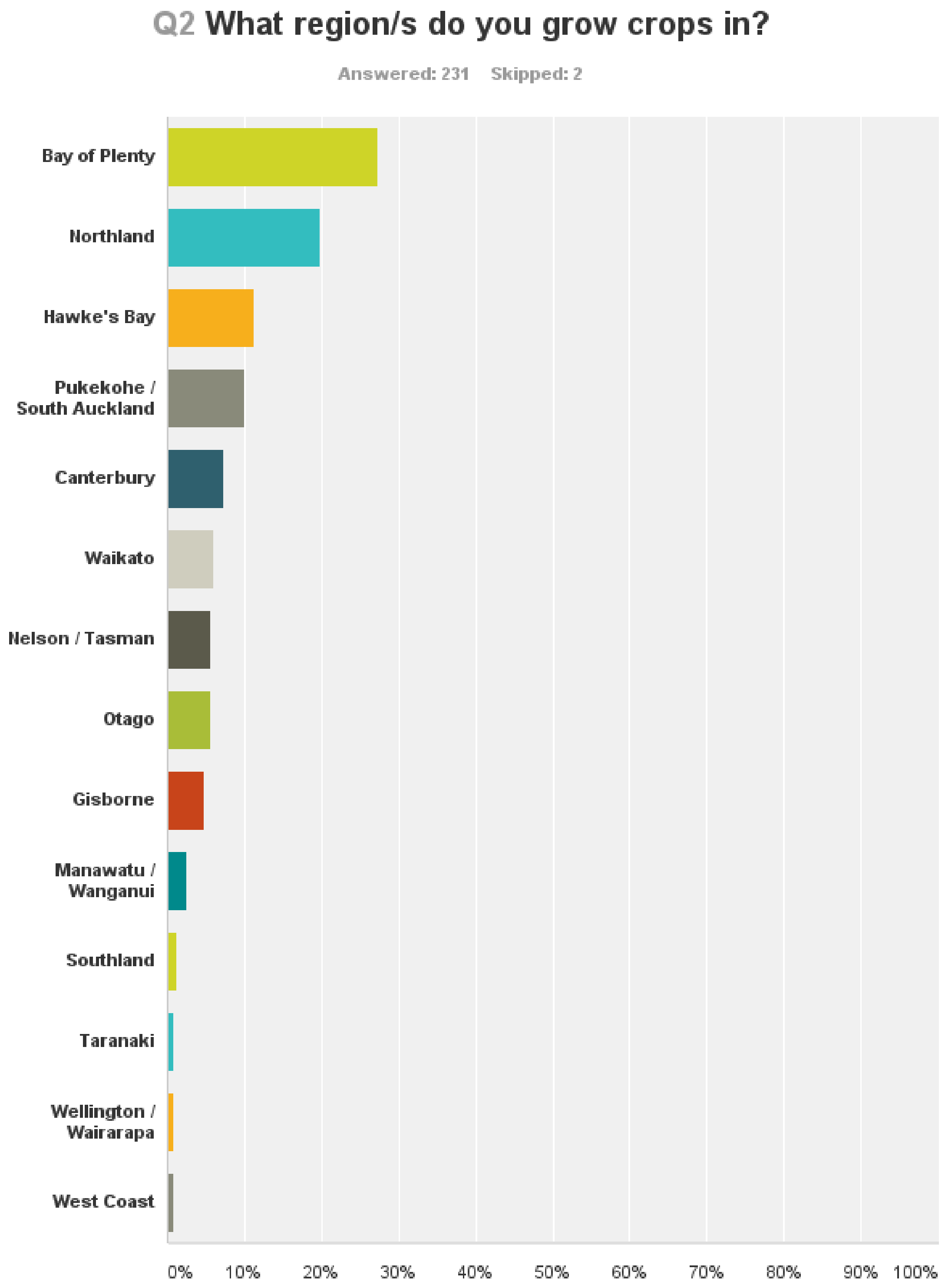

Figure 3: Survey respondents - main region of growing

In order to test the representativeness of the survey sample the full database of growers was checked against the survey data (Figures 4 and 5). This indicated the data was quite representative of the full grower population for region with an over-representation in Northland (7% - 20%) and a slight under-representation in Bay of Plenty (27% - 34%). Crop-wise Kiwifruit, Fresh Vegetables and Process Vegetables are shown to be under represented in the survey although some of these growers have chosen the 'other' categories. This underrepresentation needs to be considered in line with business size as whilst the number of businesses may not be fully representative in the sample size the actual planted hectares or yield may be.

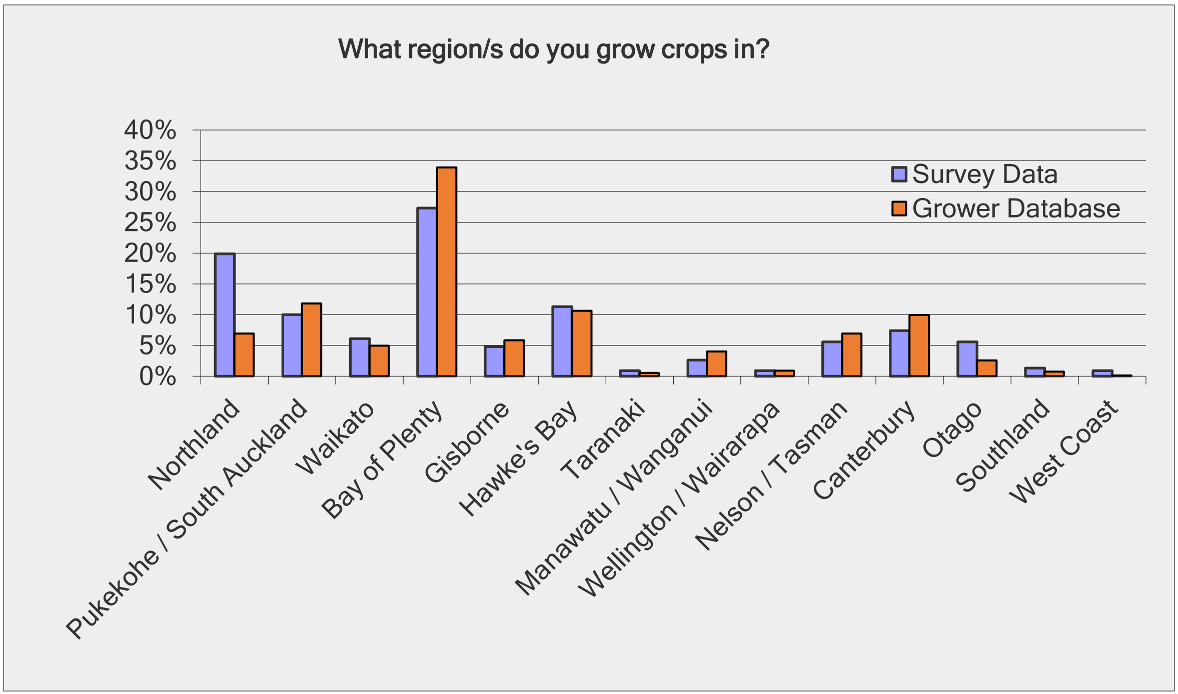

Figure 4: Standardised percentage data comparison survey data vs grower database.

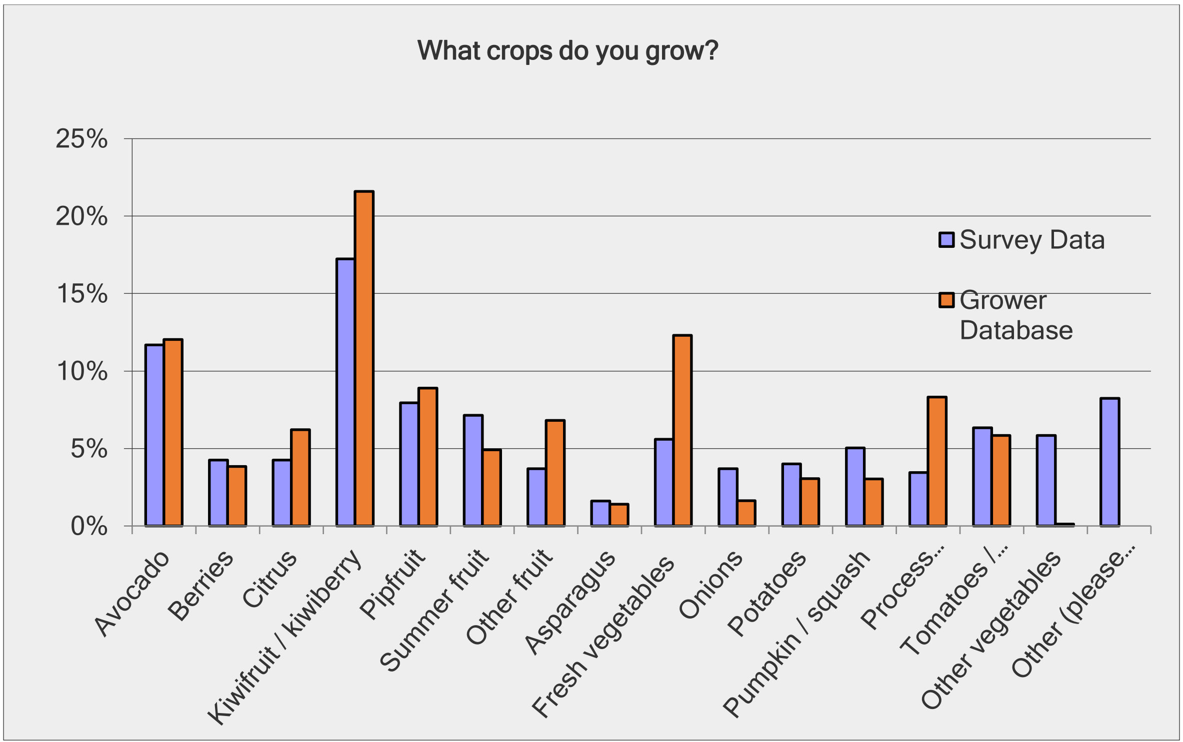

Figure 5: Percentage data comparison – full dataset and survey dataset for crop grown.

The respondents were asked to what extent they grew for the domestic market. Figure 6 shows that there was a mix of domestic and export business models although a clear delineation between those that were solely domestic (19%) and solely export (26%).

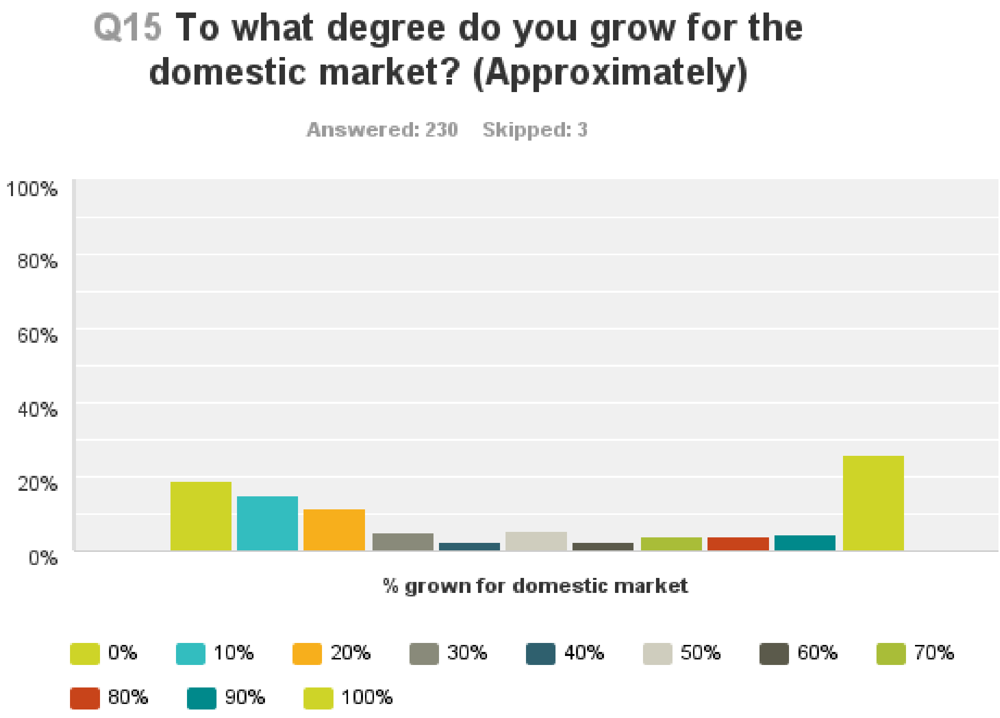

Figure 6: Percentage grown for domestic market

Figure 7: Chris Pescini – Pescini Brothers Limited - Levin

The data was then filtered for businesses that were 100% domestic vs 100% export focused. The results of this (Figures 8 and 9) clearly show that some product groups (such as kiwifruit) are very focused on the export market while others (such as fresh vegetables, tomatoes and covered crops) are much more focused on the domestic market. 26% of the respondents only grew for the export market whilst the other businesses all grow to a certain extent for the domestic market with 19% of respondents growing solely for the domestic market.

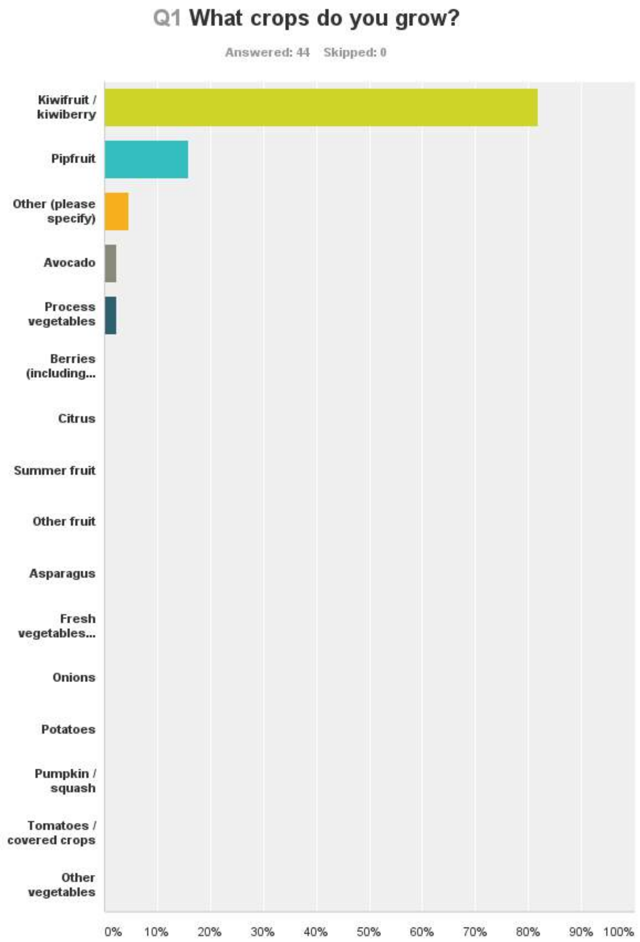

Figure 8: Filtered for 100% Export growers

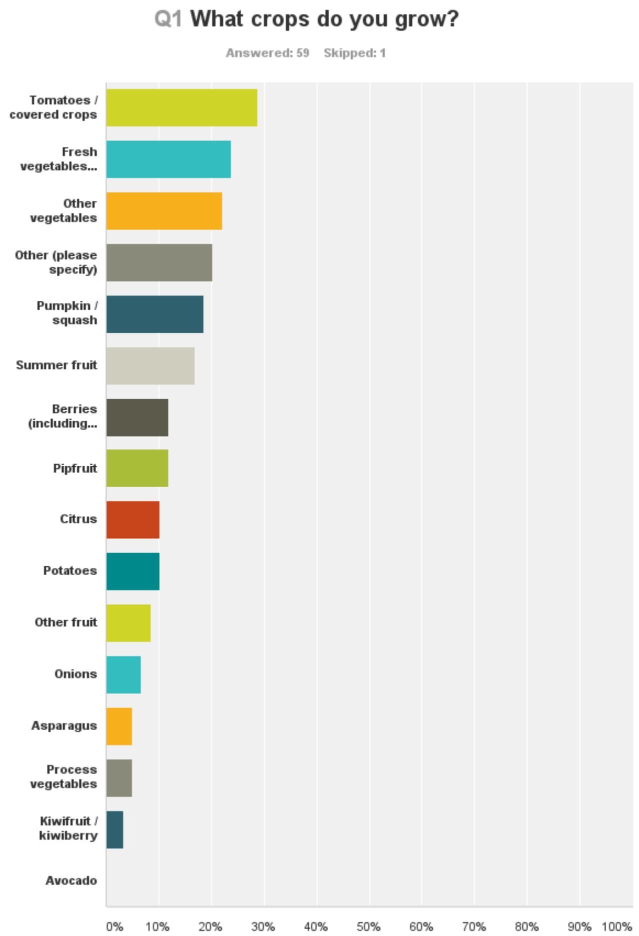

Figure 9: Filtered for 100% Domestic growers

Respondents mainly consisted of business owners (84%) with the remainder being directors, shareholders and CEOs and managers (Figure 10).

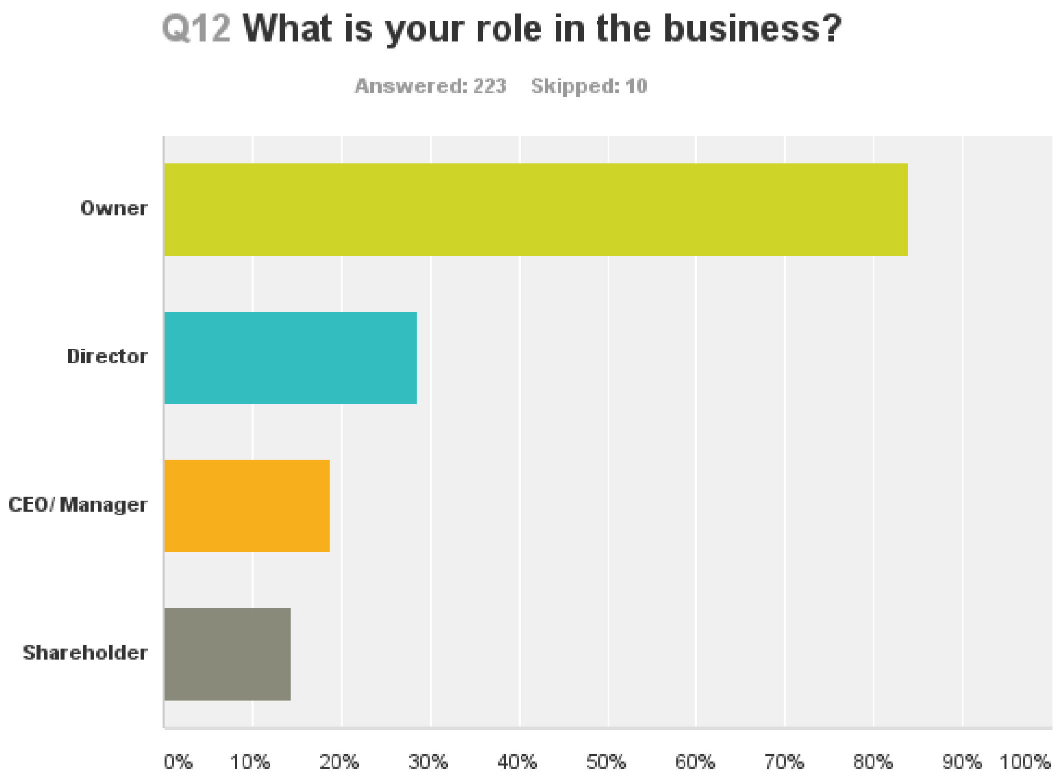

Figure 10: Survey respondent's role in the business

Figure 11: Asparagus growing near Levin

The most common age bracket for respondents was ‘over 65’ with 30% of respondents falling into this category, the younger three age brackets (45 – 49, 50 – 54 and 55 – 59 years old) were relatively evenly distributed with between 14 – 16% each as can be seen in Figure 12.

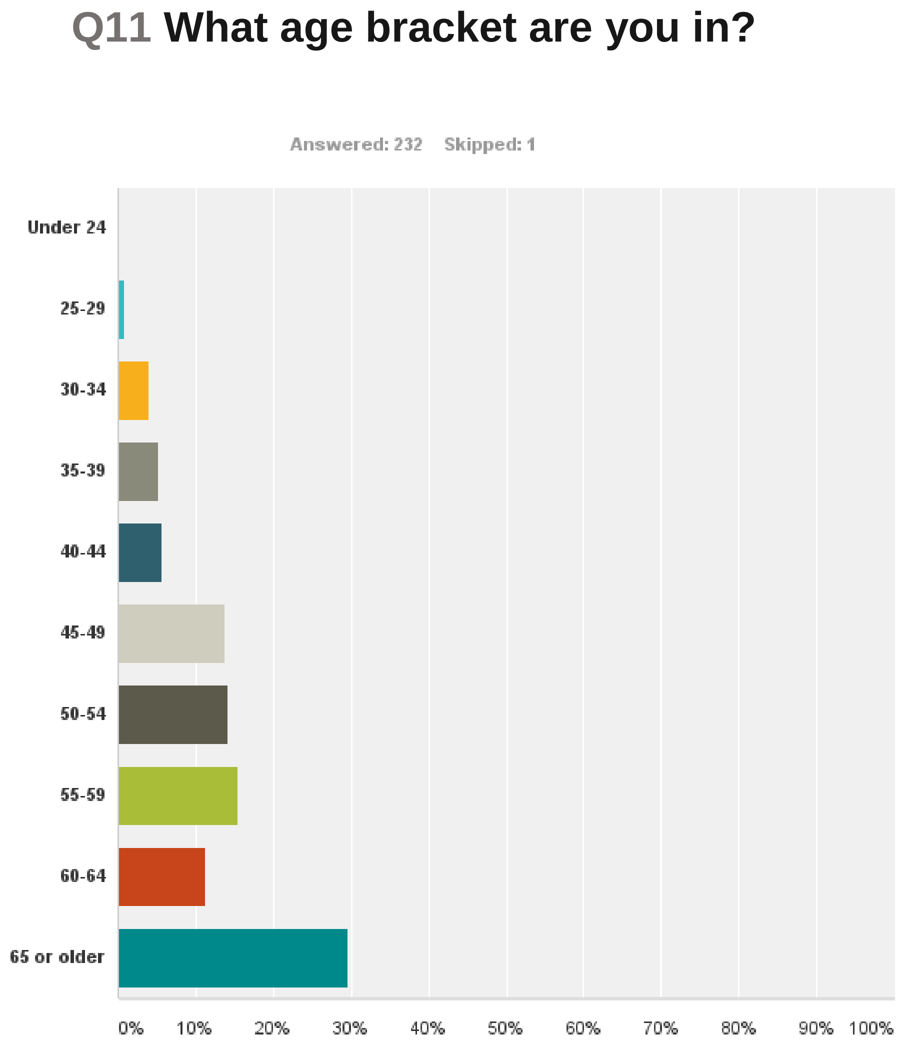

Figure 12: Respondent age bracket for full survey sample

The age bracket data was filtered for fruit growers and vegetable growers (Figure 13). This showed that vegetable growers had more growers in the 30 – 39 age bracket than fruit growers and also had more in the 40 – 49 year age bracket. Fruit growers had a larger percentage of growers in the 65 years or older age bracket.

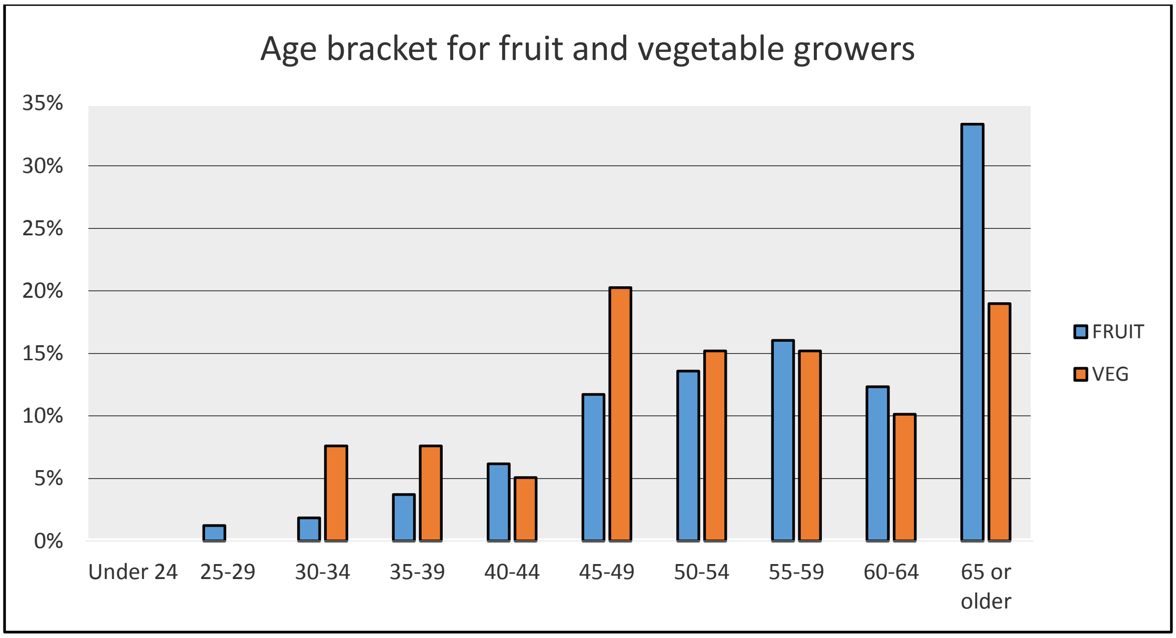

Figure 13: Age bracket comparison – fruit and vegetable growers

Figure 14 Donald and Jackie Butler - Butlers Berries, Waimate, South Canterbury

Some respondents' businesses are totally vertically integrated (i.e. they grow, pack, market and sell domestically and internationally) with 40% of respondents marketing and selling domestically and 14% marketing and selling internationally (Figure 15).

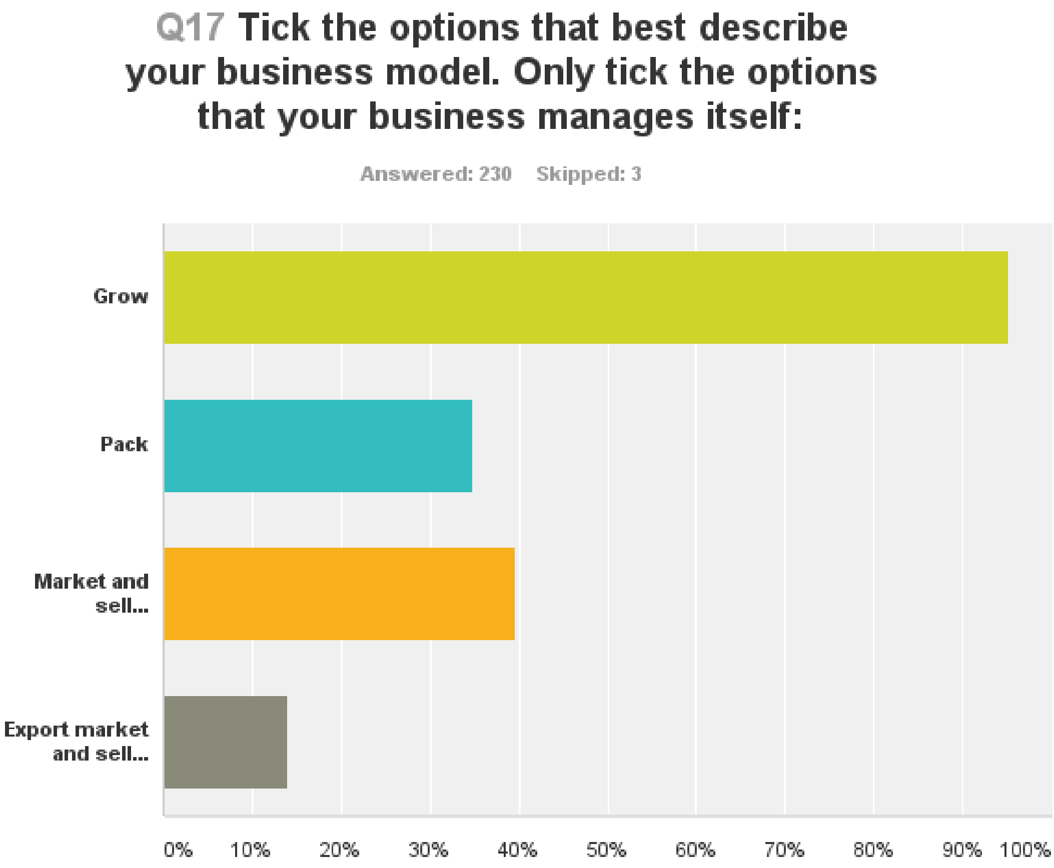

Figure 15: Level of vertical integration.

4.2 Industry priorities

The first research question examined which aspects of the business operation environment growers believed had the most impact on their business over the last five years. Growers were surveyed on a sliding scale of no impact, little impact, some impact or significant impact. In Figure 16 below the aspects that were analysed are sorted in ascending order from most to least significant. For ease of analysis the little impact and no impact have been combined and the some or significant impact have been combined.

Out of the top six priorities there are three that Horticulture New Zealand as an industry peak body can directly influence at a national level (food safety, health and safety and biosecurity) and others that it can indirectly influence (cost of compliance, market access) and one priority that is impossible to quantify, influence or change (price of inputs). The other issues that growers raised were very broad covering uncontrollable and external factors facing businesses from the weather/climate change to availability of licensed varieties, product pricing, competition from cheap imports, agrichemical resistance, the over-valued NZ dollar and succession.

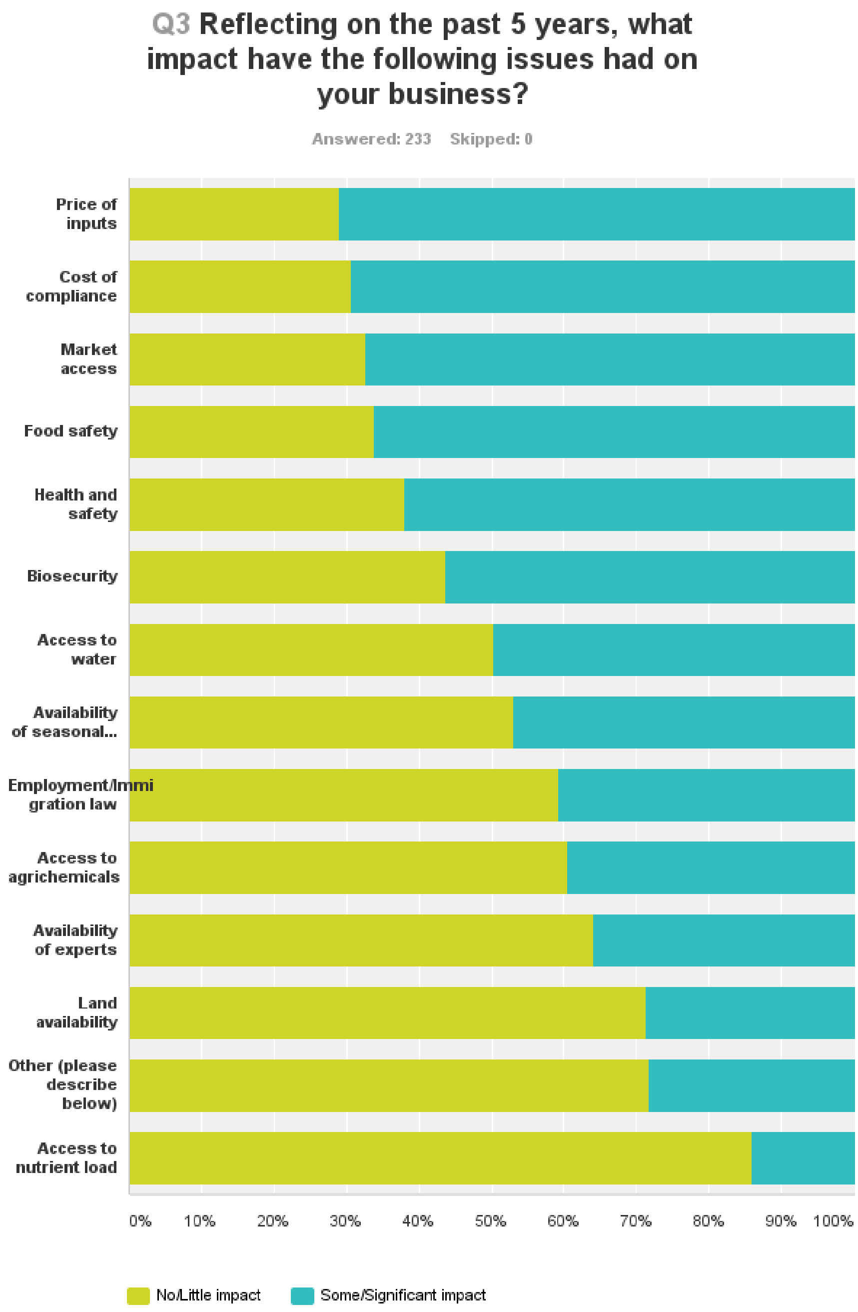

Figure 16: Perceived issues impacting growers businesses in the past 5 years

The second research question examined which aspects of the business operating environment growers believed was going to have the most impact on their business in the next five years. Growers were asked to pick their top five issues. Figure 17 outlines the top issues for growers with Health and Safety at the top closely followed by biosecurity, market access, cost of compliance, and access to water. These priorities are very different from those that were thought to be currently affecting grower businesses. Health and Safety, biosecurity and access to water have been elevated up the list compared to the previous question. This shows growing concern and/or awareness amongst growers of the impact of these issues for the industry in the future. The 'other' issues growers chose for this question were similar to the last question but this one also included comments such as:

> *"urban sprawl and pressure on horticultural activities by inhabitants moving in who think they have all the rights"*
>
> *"sustainability – soil health, vine health, crop health, water use" and;*
>
> *"pressure to sell land for housing/family retirement"*

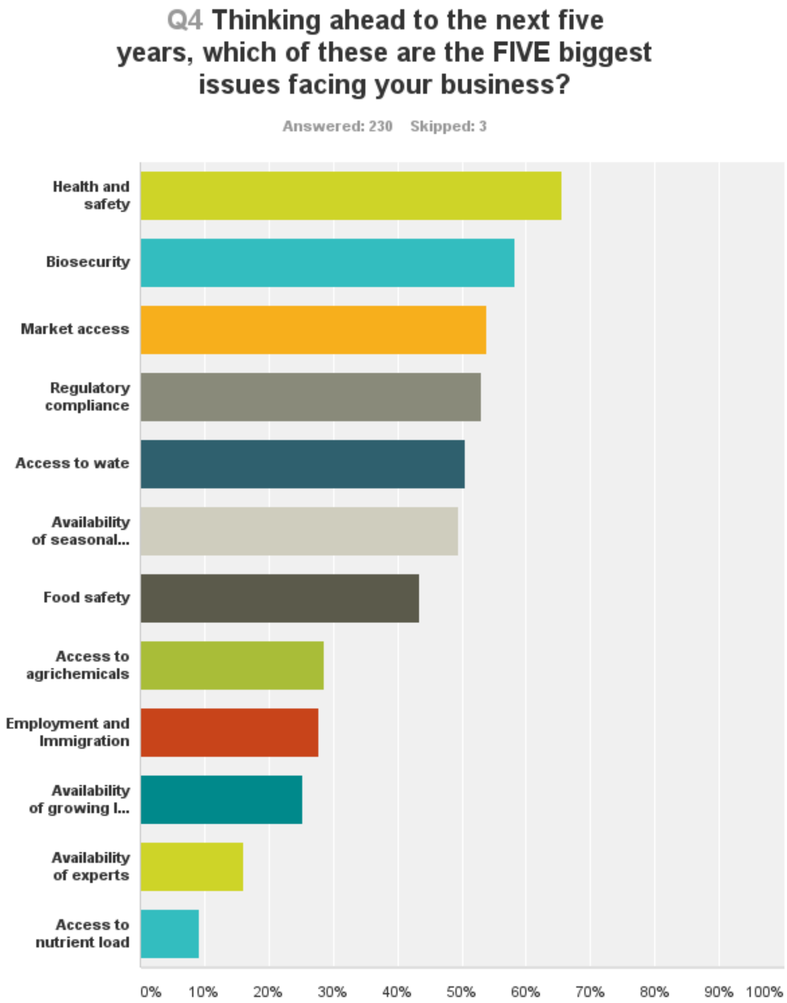

Figure 17: Future priorities for businesses

The third question focused on what issues (out of those that had been raised in the previous question) growers thought Horticulture New Zealand should be focusing on (Figure 18). The top five issues were biosecurity, cost of compliance, health and safety, access to water and market access. The 'other' issues growers raised in here were once again varied with similar issues raised as in previous question as well as some specific issues such as access to predatory insects, certified organic legislation, the Emissions Trading Scheme (ETS) and Country of Origin Labelling.

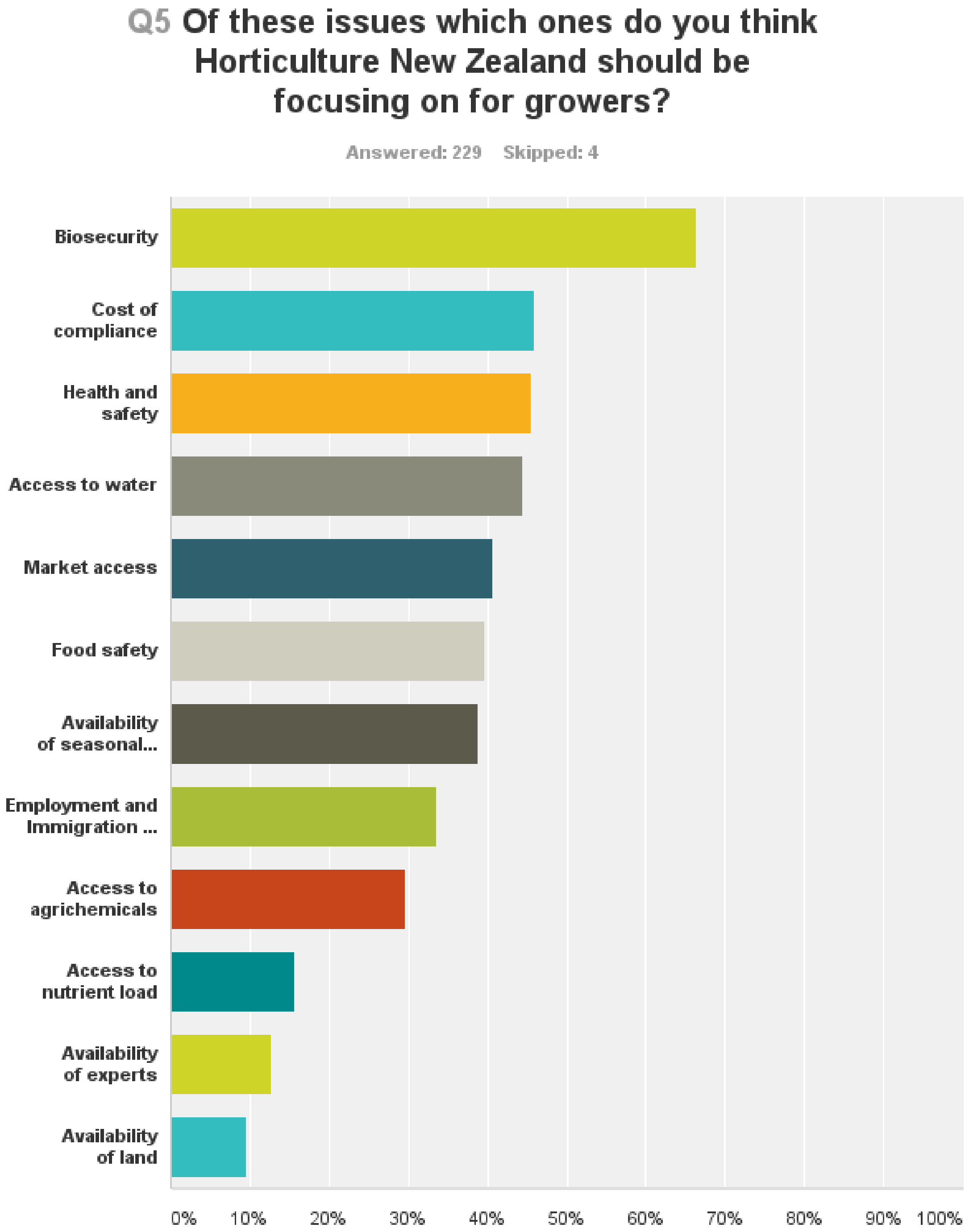

Figure 18: Issues growers thought Horticulture New Zealand should be focusing on

The priorities of the export and domestic growers were compared. Figures 19 and 20 show that the top five priorities that growers felt Horticulture New Zealand should be focusing on were quite different with the export focused growers' priorities being biosecurity (1), health and safety (2), availability of seasonal labour (3), access to water (4) and market access (5). The growers that grew solely for the domestic market had some different priorities although some were consistent with the export focused businesses, with biosecurity (1), health and safety (2), cost of regulatory compliance (3), food safety (4) and market access being equal to access to water at (5).

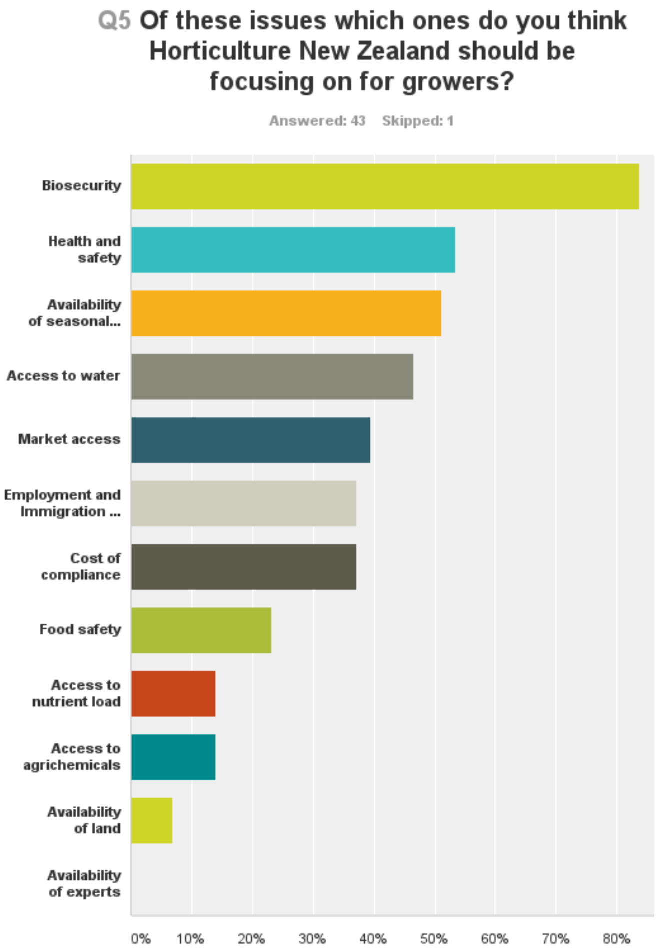

Figure 19: 100% export growers priorities for Horticulture New Zealand

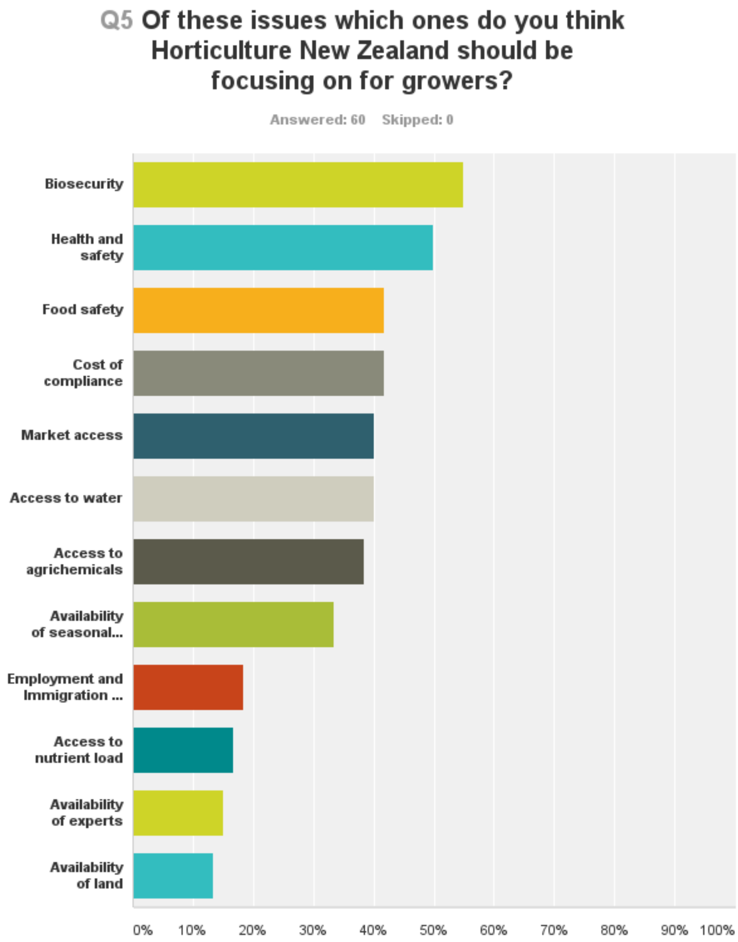

Figure 20: 100% domestic growers priorities for Horticulture New Zealand

Recognising the different focus and representation in the industry, these results were filtered for Kiwifruit/kiwiberry growers only (63 growers' data). As demonstrated in Figure 21 this caused a significant change in priorities that growers consider that Horticulture New Zealand need to focus on, with the top five issues being biosecurity (1), availability of seasonal labour (2), health and safety (3), access to water (4) and employment and immigration law (5). For this subset of survey respondents the issues of availability of seasonal labour and employment and immigration law are significantly elevated compared to the full sample and the issues of compliance costs and market access being further down the list. This highlights that growers' expectations of the priorities for the industry body are different depending on the crop and structure of the industry group that represents that particular crop.

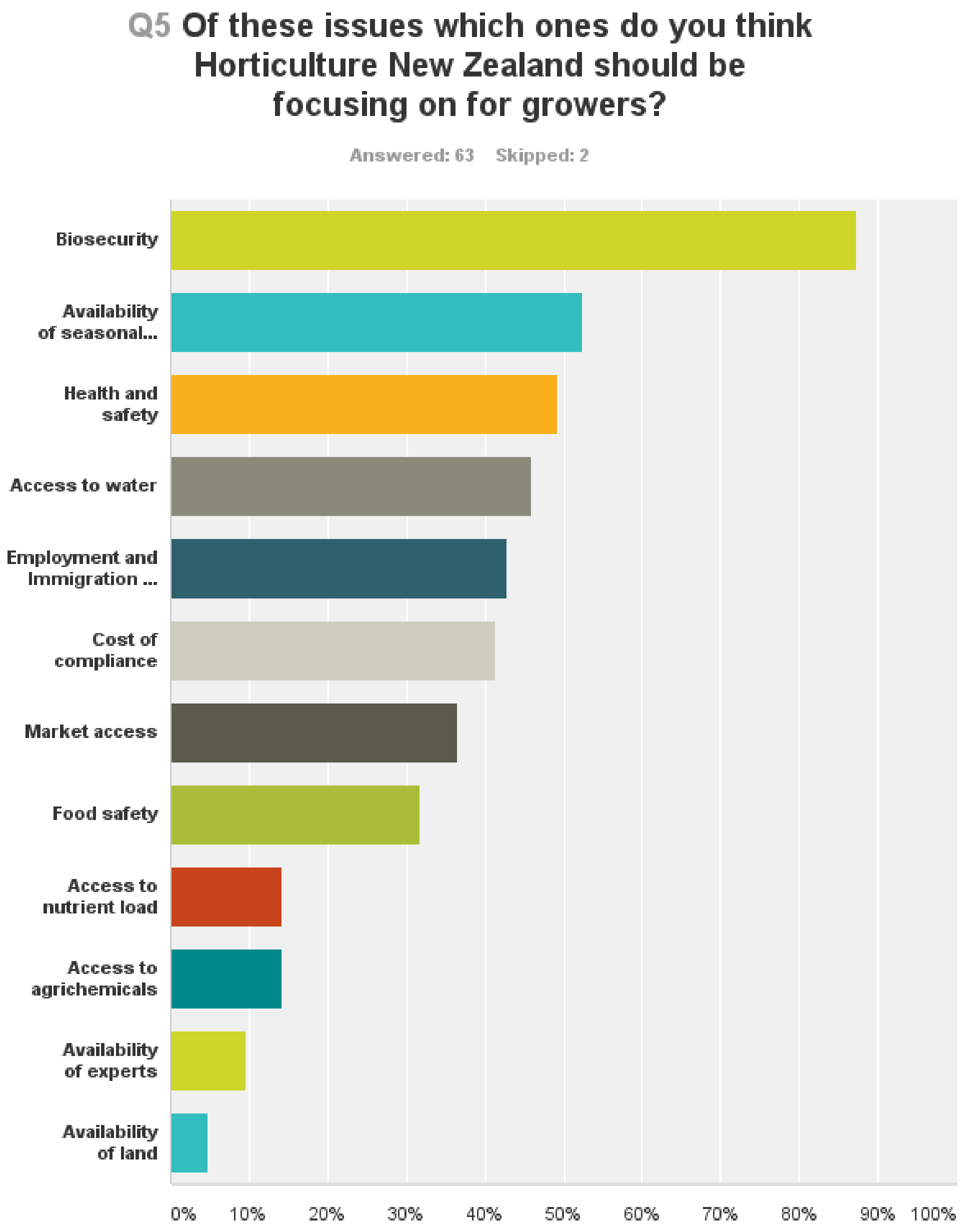

Figure 21: Data filtered for Kiwifruit/kiwiberry growers only.

The data was filtered to compare fruit and vegetable growers priorities (Figure 22). These were similar with some notable exceptions with Biosecurity, Availability of Seasonal Labour, Health and Safety requirements and Employment and Immigration Law all featuring more highly on the prioirity list for fruit growers that vegetable growers. The only priority that featured more highly for vegetable growers was access to nutrient load.

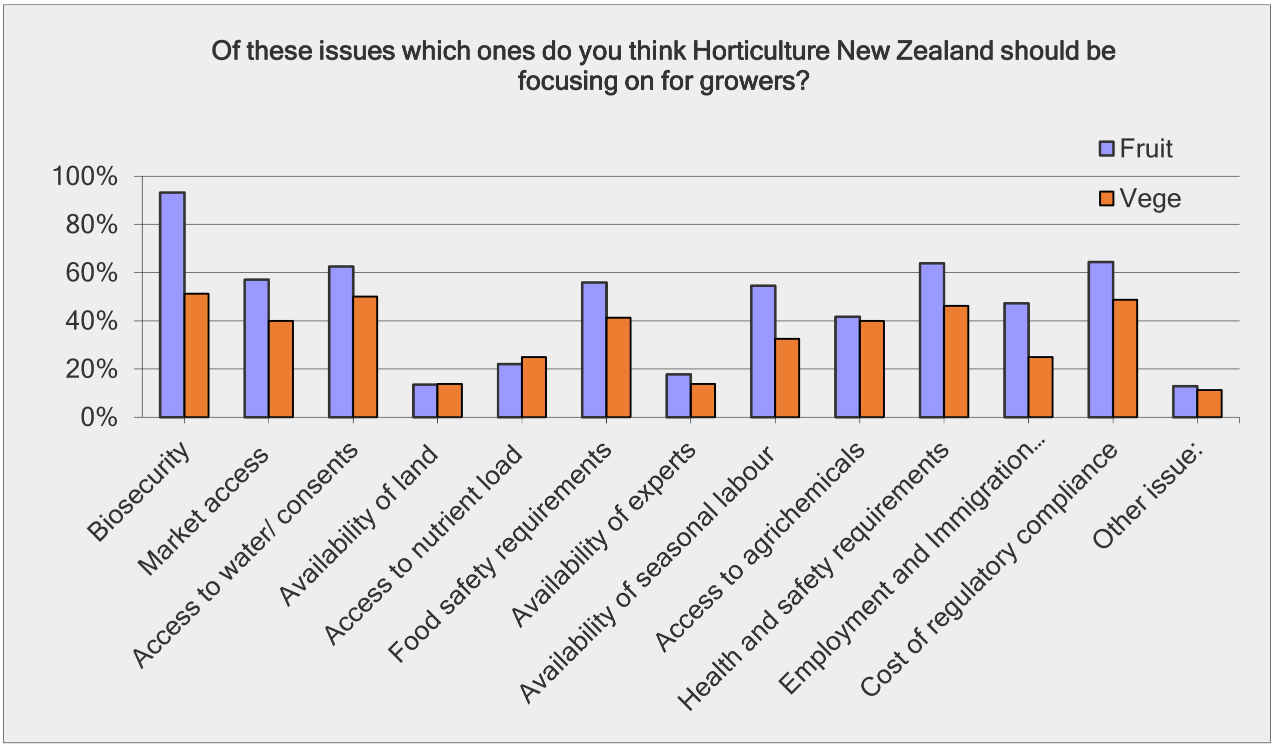

Figure 22: Fruit growers vs vegetable growers priorities for Horticulture New Zealand

Figure 23: Rose Ryan (top) Ruateti Natan (bottom left) Man Kuen Chan (bottom right) at Woodhaven Gardens

Finally the data was filtered for businesses that were totally vertically integrated (i.e. they grow, pack, sell and market internationally). From these 32 growers, the top five priorities were biosecurity (1), market access (2), access to water (3), availability of seasonal labour (4), and health and safety (5). This is expressed in Figure 24. Once again market access was elevated in priority with this subset of respondents. This indicates that as well as the crop being grown influencing priorities, the way the business is structured may also influence priorities. Those that are more vertically integrated and therefore closer to their markets are more aware of market access issues. The elevation of the availability of seasonal labour could be due to the fact that these businesses were generally larger employers than the main sample with 47% of respondents employing more than 50 staff during the peak season.

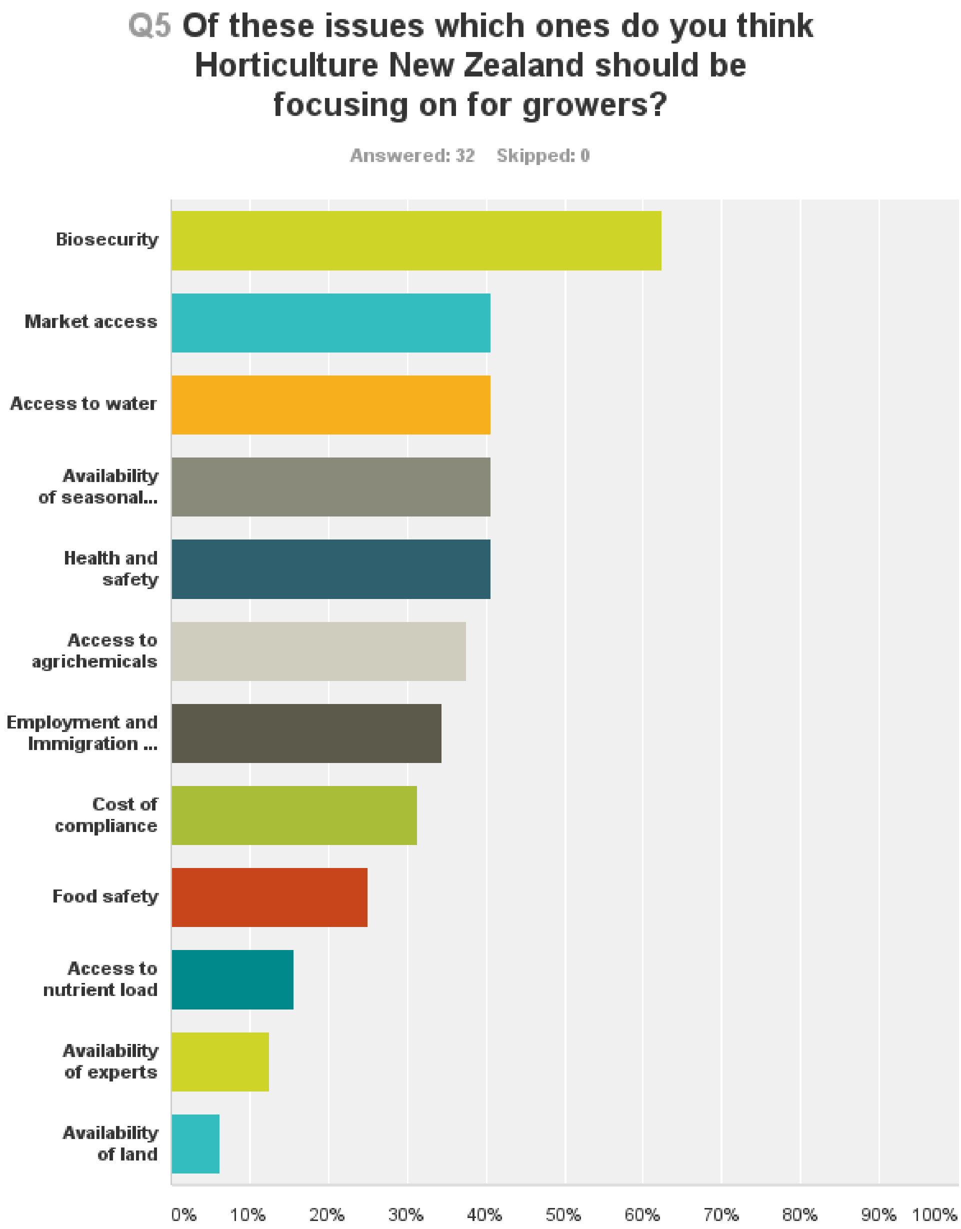

Figure 24: Vertically integrated businesses preferred priorities for Horticulture New Zealand

The next question asked growers to explain their reason for their choice above. 158 growers did this (some in great detail). The issues that were highlighted and explained in this feedback included:

- the importance of biosecurity and the risks to the industry if measures fail
- access to water (water security) and the impact if this is limited or stopped
- health and safety: the costs and potential for limitations on growers
- land availability and subdivision pressures
- labour both seasonal and permanent staff – careers pathways for people coming in to the industry
- Access to agrichemicals, market access and food safety were also key concerns

There was general frustration at the level of regulation and amount of 'red tape' pushing compliance costs up and a perceived lack of understanding at a national and regional level about the industry and the importance of NZ grown fruit and vegetables.

Comments on Horticulture New Zealand's focus or role varied but a common theme was that the organisation is a national voice for the industry. Growers felt that it was Horticulture New Zealand's job to advocate and represent them at a national level so that the industry is protected (biosecurity, food safety, availability of agrichemicals) enabled (labour, careers, market access) and preserved (security of water and land availability).

Comments on Horticulture New Zealand's role included

'Along with Summerfruit NZ they are our voice to government'

'HortNZ have more power as a pan area group with regard to government departments and submissions on different topics'

'HortNZ must be vigilant to ensure laws are not written and introduced by bureaucrats just for the sake of them justifying their existence by introducing new laws'

'Issues of national/industrywide significance are generic and are best handled in an overarching/co-ordinated manner'

'HortNZ should look after legislation issues through the Regional and District Councils, individual Product Groups should look after their own growing, marketing and biosecurity as each product group has different requirements in these areas.'

'You are the only national body who is in a position to have some impact and get things done'

Figure 25: Fresh tomatoes - Nelson

Questions 7 and 8 asked growers to rate the impact of land availability, land fragmentation/ subdivision and access to water over the previous 3 years (Question 7) and the next 3 years (Question 8). The charts (Figures 26 & 27) indicate a growing concern regarding the access to water moving from 48% to 71% (+23%). Concern over the impacts land fragmentation concern also rose (+7%) as did the perceived impacts of land availability (+13%).

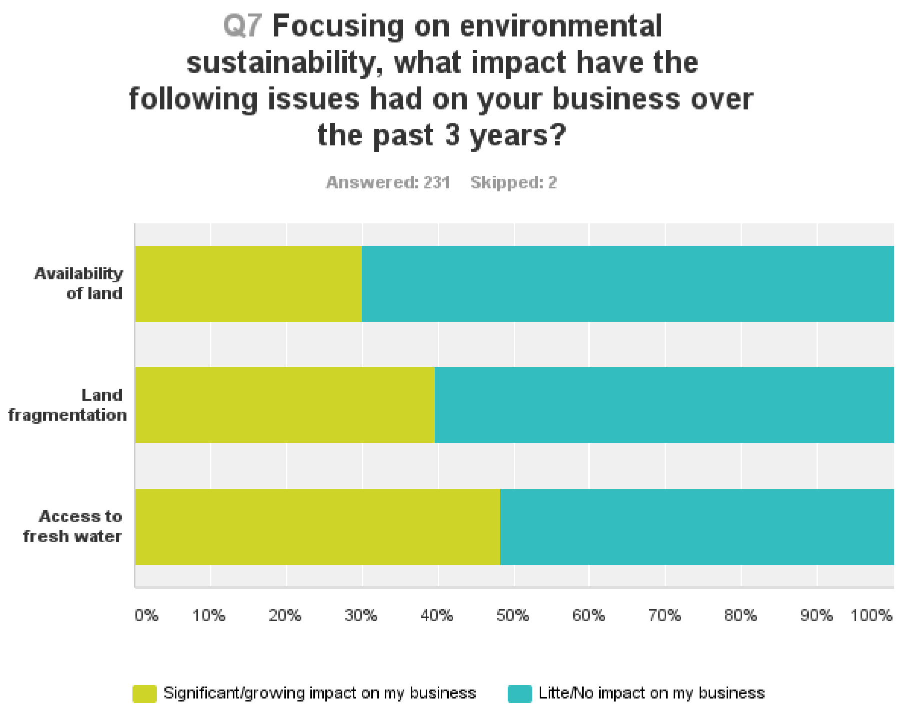

Figure 26: perceived impact on issues relating to water and land

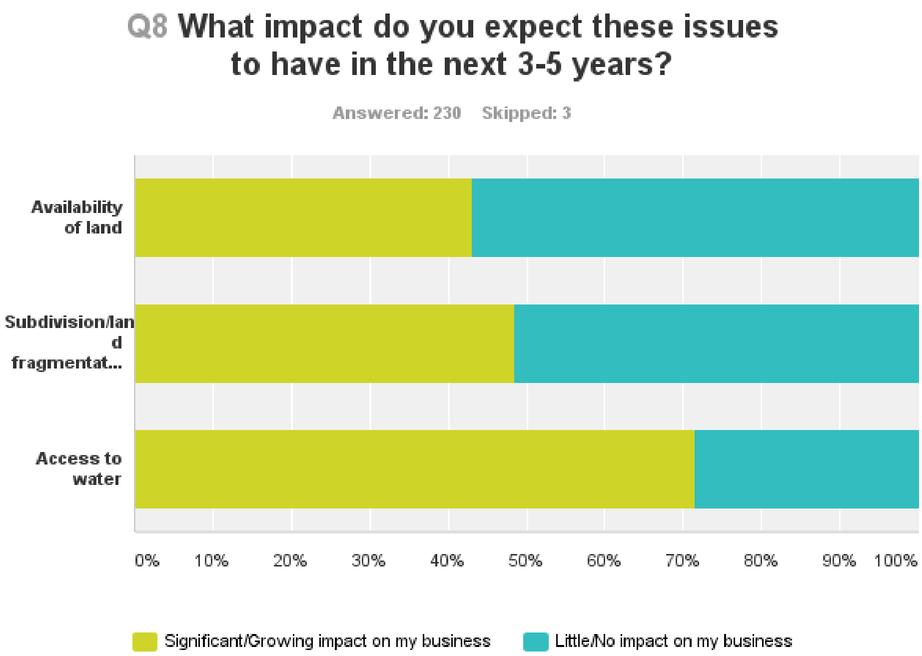

Figure 27: Perceived impact of water and land issues in the future

Question 9 asked growers to rank the importance of certain considerations (such as financial and environmental sustainability) in the order of importance (Figure 28). The number one consideration growers had was financial sustainability with 144 (77%) rating this their number one priority. Environmental sustainability was the most common second choice with 60 or (31%), the third, fourth and fifth priorities vary between Environmental Sustainability, Business Reputation, Worker Welfare and Lifestyle/Family impacts. The consideration which was most commonly ranked least important was 'wider community impacts' with 122 or 54%. This is a predictable prioritisation pattern for businesses. A study conducted by Lincoln University last year found that while the importance of economic sustainability amongst growers was high but declining, the importance of environmental sustainability had increased as had the importance of social sustainability (De Silva and Forbes 2016).

Please rank these attributes from most to least important to you when considering business decisions with 1 being most important and 7 being least important								
Answer Options	**1**	**2**	**3**	**4**	**5**	**6**	**Rating Average**	**Response Count**
Financial sustainability (profitability)	144	25	11	11	3	6	1.61	200
Environmental sustainability	14	60	50	37	29	5	3.11	195
Business reputation	12	30	43	32	43	36	3.88	196
Worker welfare	13	50	52	55	30	7	3.29	207
Lifestyle/ family impacts	36	38	38	46	42	18	3.34	218
Wider community impacts	5	18	16	20	44	122	4.98	225
							answered question	**231**
							skipped question	**2**

Figure 28: Decision making consideration – ranking by growers

Figure 29: Alistair and Sharon Boyce - Yam Growers, Waimate, South Canterbury

Question 10 asked growers about their expectations for future growth (or minimising business size). The most common response was to double yield (40%) followed by staying the same size (28%) and (more concerning) getting out of the business (20%). It should be noted that there was no option between staying the same size and doubling and some of the respondents clarified that they were planning to expand but not quite double. Businesses planning to triple, more than triple or shrink were 14%, 7% and 4% respectively as outlined in Figure 30.

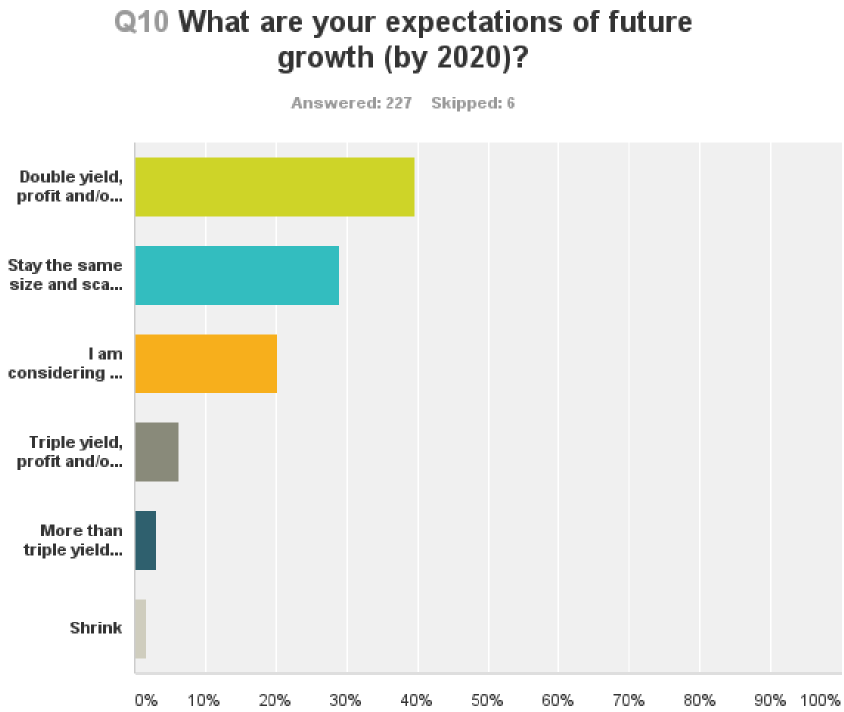

Figure 30: business growth aspirations

Figure 31: Indoor tomatoes near Nelson

In Figure 32 the results for those in the over 65 age bracket show that age is not the only predictor of business aspirations with the number of respondents planning to exit the business increasing for this age bracket to 34% from 20% (+14%) however there were still respondents in this age bracket planning to double 31% (-9%), triple 1.5% (-4.5%) and more than triple 3% (no change).

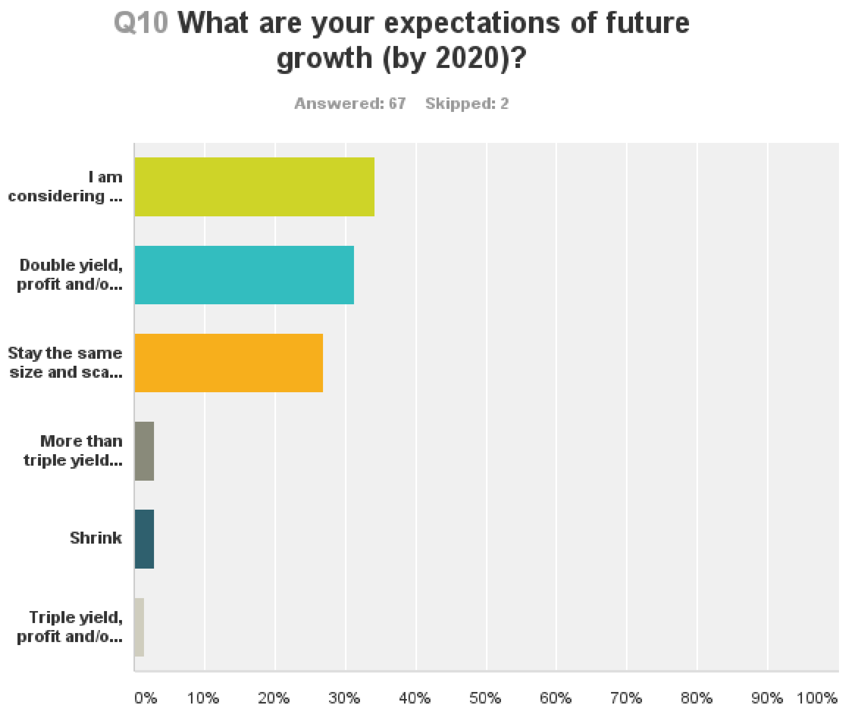

Figure 32: Expectations of future growth filtered for age '65 years and over'

4.3 Focus groups

Focus groups were conducted using specific questions and prompts to get growers thinking about their reactions to certain scenarios and their thoughts about the priorities for the industry, the role of HortNZ and how their businesses and the industry are preparing for the future.

Growers in the focus groups were promised anonymity to ensure unconstrained conversations (it is noted that there are potential commercial sensitivities between competing growers which may have affected how much growers were willing to share).

The focus groups highlighted the different thought processes of the businesses depending on the crops they grow, the region they grow in (in particular at what stage of the regional planning process they were at) and how their business and industry operates. Growers were either given a scenario regarding having to reduce nitrogen inputs or their use of water and asked how they would deal with such constraints – a full list of scenario questions is in Appendix B. These were altered depending on the conversation and relativity to the region/crops/industry in question.

It became very clear that (as suspected) kiwifruit growers did prioritise and think differently to other fruit growers due to the single desk marketing system of Zespri. On the whole fruit growers were positive about the potential of the industry whereas vegetable growers were more reserved. There were some key messages that came through from both fruit and vegetable growers about main issues that they felt Horticulture New Zealand could do and the main issues facing the industry moving into the future.

The focus groups indicated that in terms of how growers viewed themselves and prioritised the issues affecting their businesses there are several types of growers:

- Price takers because it's commodity focused (largely the vegetable industry)
- Niche (asparagus, yams, Chinese greens)
- Value-add via
    - branded (kiwifruit and, to a lesser extent, apples)
    - cultivar/variety (apples)
    - convenience (e.g. Leaderbrand's beetroot)

On decision making and responsiveness to challenges:

- Company size *per se* doesn't affect business decisions; one of the main factors that affects it is debt ratio
- Ability to change/respond to issues - if you have a better return, you can afford to change faster. If regulation is applied quickly, it has a significant impact as less ability to respond as the costs are greater/higher

On the proposed water scenario (reduction in consents by 50% over time):

- Would seriously affect yield and disease resistance, so increase costs and ultimately prices
- For some (both fruit and vegetables), it would break them, and they would be forced to exit. This very much depends on soil type and product grown.

- For vegetable industry
    - internationally it would make NZ products less competitive
    - it would affect prices nationally in winter/spring as Pukekohe is the only supplier of vegetables at that time of year
    - It would be unfair if rules were different across the regions/catchment, as one region's growers would be less competitive domestically and internationally
- Fruit growers
    - It would be more expensive, and would force some to exit industry
    - It would affect NZ's "clean green" image/brand and therefore demand for NZ product as growers would need to apply more agrichemicals
- Solutions/responses
    - Some would just exit!
    - Would look to using less water/employing technology to help BUT only as far as this can be effective.
    - Possibly shift to other regions – but limited ability to do that because base is Pukekohe so hard to shift
    - Grow different crops

Vegetable industry

- The industry is competitive domestically because growers compete for same buyers and product is largely commodity products rather than value add
- Options are to go niche (to become price makers or at least insulate themselves from severe price competition) OR grow (get scale so can compete) OR add value (e.g. new variety, convenience)
    - Seeing significant increase in Chinese market gardeners growing niche Asian greens (particularly in Canterbury)
    - Seeing continued growth of the big operators (particularly in Pukekohe)
- Very focused on the customer, marketing and growing market access offshore
- Not currently expecting significant growth of the industry – although it is positive
- Growth in corporates is happening – but in fresh vegetables, there will always be family businesses which are so big that they have a corporate structure and niche operators that specialise
- Succession is an issue but not a huge concern
- Growers are very concerned about water, agrichemicals, attracting skilled and semi-skilled people into industry. RSE less of a concern (although obviously some exceptions)

Kiwifruit

- Unique because of single desk (Zespri)
- Key issues are retaining single desk and protecting brand (because the Zespri brand is so valuable; risks to brand include food safety, quality of product [including water and sprays])
- Very concerned with impact of biosecurity
- Psa in medium term has had positive impact – industry more resilient, growers more proactive
- Currently price makers – and when it comes to exiting the industry, they can sell at any price
- Expecting significant growth
- Innovation led by Zespri (rather than growers); new cultivars are exciting
- Potentially the age of growers mean they're less likely to adopt newer varieties – can keep current stock in and continue to be profitable (probably influenced by the fact that it's such a buoyant market currently and they can exit at any stage at top price for their orchard)
- Corporates growing stronger, but also seeing syndicates forming and new owner-operator growers continuing to enter the market (still opportunities for first-timer to enter market)
- Vertically integrated onshore

Fruit (i.e. apples, berries, cherries)

- Kiwifruit and other fruit very different
- Vertically integrated throughout entire supply chain
- Expect significant growth in next 3 to 5 years – double if not triple growth; very optimistic; great prices predicted
- Apples loss of single desk in 2001 took some time to reconfigure; but now very customer oriented, innovating to ensure quality product, "following the customer"
- Unlike vegetables, don't necessarily need scale
- Seeing growth in corporates entering industry and growing in size – but family businesses strong, profitable so attracting next generation into the business, unlikely that family businesses will be squeezed out
- Least flexible of all the sectors – because it is hard to shift trees. With vegetables you can diversify in one season; kiwifruit you can graft and have crop in two years; trees takes much longer
- Significant innovation – cultivars and growing methods (e.g. UFO – Upright, Fruiting, Offshoots)

Consensus across all growers that HortNZ:

- Has a critical role to play – and that role is one of advocacy and focusing on pan-industry issues

- HortNZ needs to tell its story better – growers don't understand value of HortNZ, what it does for them (with exception perhaps of Natural Resources and Environment advocacy) because they see HortNZ in their region focused specifically on an issue that has quick results; the development of the Recognised Seasonal Employer programme was considered in the same vein but it's a fight that's been won so the role of HortNZ is now to retain it)

- Key issues that are critical to all are:
    - Biosecurity
    - Unskilled labour (continuation of RSE) – particularly important to fruit, vegetable industry has largely (but not wholly) reduced this risk by getting staff all-year and getting out of products
    - education pathway of skilled and semi-skilled workers into the industry
    - water (absolutely critical for all, growing in importance)
    - land fragmentation/reverse sensitivity issues

- Water, access to unskilled labour for picking (i.e. RSE) and biosecurity are all "make or break" issues for the industry (i.e. impact could be so severe that it forces them to exit the industry)

The focus groups highlighted differences between fruit and vegetable sectors, it also became evident that there were common themes and priorities across the industry such as biosecurity, water, career pathways and issues around land fragmentation. The focus groups in general echoed the issues and priorities highlighted in the survey. They also pre-empted some of the survey findings not only that there is a difference in fruit and vegetable growers priorities but also that business decision making priorities depended on the business model, the crops grown, the level of vertical integration and the market that the business was catering to (international or domestic). This provided some useful information on which to base recommendations for Horticulture New Zealand's strategic review.

Figure 33: Ross Bawden Kiwifruit Grower Bay of Plenty

5. Discussion

Horticulture in New Zealand is extremely dynamic fluctuating with the markets, seasons and climate. The industry has a variety of business models across the supply chain. Horticulture New Zealand is a levy funded umbrella organisation representing all fruit and vegetable growers in New Zealand. There are 22 affiliated product groups representing many different crops from the largest group (Kiwifruit) to the smallest (Tamarillos)[2].

> *"The diversity of horticulture is our strength, not our weakness. While preserving the individuality of product and regional groups, Horticulture NZ unites the industry to work proactively and effectively under a single banner."*[3]

The industry is growing and forecasts are positive with exports increasing by 9.5% in 2015 to $4.3 billion.[4] Horticulture New Zealand currently has four main portfolios of work: Natural Resources and Environment; Biosecurity; People, and Grower Support. Like all levy funded organisations there is a vote every 6 years to keep the organisation – at this time growers decide if they want a national body representing them. The next vote for Horticulture New Zealand is in 2019. Therefore it is important to ensure that growers see the value proposition of Horticulture New Zealand and feel that the organisation is adequately representing them. Industry bodies need to balance long term strategic goals for the industry with growers' short term goals and immediate issues. There are times when these two points of view do not align. In horticulture this is accentuated by the priorities of the different product groups, business structures/sizes and regional variations.

> *"What is good for the industry is not always immediately beneficial to an individual. Acknowledging this creates the need for industry good bodies that are able to take a longer term perspective on strategic opportunities."*[5]

This research project was undertaken to gain an insight into New Zealand horticultural growers' priorities for their industry moving into the future and to help guide the strategic review for Horticulture New Zealand to better represent and meet the needs of its growers.

5.1 Survey

The survey results showed a difference in growers priorities based on the crop they grow, their age and with the structure and size of their business. There were differences in the overall top priorities between the fruit and vegetable sectors and between those that export and those that service the domestic market.

5.1.1 Priorities

The survey found that the top five priorities in the past five years for growers were the price of inputs (1), the cost of compliance (2), market access (3), food safety (4) and health and safety (5). The top five priorities moving into the future were forecast as health and safety (1), biosecurity (2), market access (3), cost of regulatory compliance (4) and access to water (5).

Growers thought that the priorities for Horticulture New Zealand should be biosecurity (1), cost of regulatory compliance (2), health and safety (3), access to water (4) and market access (5). However, it became evident that when this was filtered for kiwifruit growers (the largest subset) and fruit vs vegetable growers that the priorities changed. The availability of seasonal labour was elevated as a priority for kiwifruit and fruit as a whole compared to vegetables growers (along with employment

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[2] freshfacts.co.nz
[3] www.hortnz.co.nz/about-us/key-objectives/
[4] freshfacts.co.nz
[5] www.kpmg.com/NZ/en/IssuesAndInsights/ArticlesPublications/agribusiness-agenda/2012/Documents/KPMG-NZ-Agribusiness-Agenda-2012-part-3.pdf

and immigration law). A similar pattern occurred when the results were filtered for businesses that were fully vertically integrated although along with seasonal labour, market access was elevated as well. This may indicate that businesses that are more vertically integrated and therefore closer to their markets are more aware of market access issues. The elevation of the availability of seasonal labour could be due to the fact that these businesses were generally larger employers than the main sample with 47% of respondents employing more than 50 staff during the peak season.

A comparison was made between businesses that grew 100% of produce for the domestic market and those that grew 100% for the export markets. There was found to be a difference in priorities between the groups (with availability of seasonal labour and access to water ranking higher for the 100% export group) although biosecurity and health and safety ranked highly for both groups. Market access was still a high priority for the 100% domestic growers presumably because they were considering access to supermarkets rather than international market access (this may need to be clarified in future surveys). These changing priorities reflect the changes of priorities indicated earlier with the 100% export group being dominated by kiwifruit and the 100% domestic group being dominated by vegetables.

5.1.2 Natural resources - pressure

The survey indicated a growing concern for the access to water moving from 48% to 71% (+23%) from the current situation to the future. Concern over the impacts of land fragmentation also rose (+7%) as did the perceived impacts of land availability (+13%). This is likely due to increasing urban expansion into rural land and subsequent subdivision which is forecasted to continue putting pressure on the industry as populations expand (Rutledge, et al. 2012). Interestingly this increasing urban population is forecasted to require localised food production: “Increased need or desire for more localised food production could trigger displacement of pastoral production by crops on remaining suitable soils near urban areas that remain available for production.” (Rutledge, et al. 2012, p8).

Concern over water is most likely due to both an increasing competition for and scarcity of natural resources and rules which are being developed to address these issues. One example of this is the National Policy Statement for Freshwater requiring Regional Councils to meet national bottom lines for water quality and quantity meaning new rules and regulations being implemented by councils that will affect all water users and may impact on security of supply for growers (Chris Keenan personal communication, 20 May 2016).

“No water, no crop”

“Everyone needs good water, but everyone also needs affordable fresh vegetables’

“We badly need ongoing representation to “combat” the lack of understanding of the impact restricted water access will have on the provision of food for an ever growing population”

“Land availability is under threat from urban growth and rezoning affects profitability”

5.1.3 Decision making

When asked about decision making priorities, the number one consideration growers had was financial sustainability with 144 (77%) rating this as their number one priority. Environmental sustainability was the most common second choice with 60 (or 31%), the third, fourth and fifth priorities varied between environmental sustainability, business reputation, worker welfare and lifestyle/family impacts. The most commonly ranked least important was ‘wider community impacts’ with 122 or 54%. This echoed other studies of this type which have indicated that financial sustainability was most important, but environmental sustainability was of growing significance (De Silva, et al. 2016).

5.1.4 Business aspirations

Business aspirations were assessed, and the most common response was a plan to double yield (40%) followed by staying the same size (40%) and (more concerning) getting out of the business (20%). Businesses planning to triple, more than triple or shrink were 14%, 7% and 4% respectively. When filtered for age there was an increase in the percentage planning to exit the industry (from 20 – 34%) however, this was not found to be the single determining factor for those planning to exit the industry. Business succession was not addressed in the survey although growers did mention in the comments that this was a key concern. This issue is accentuated when the ages of growers is taken into account with 45% of growers indicating they were 60 years or older. The data indicated a greater percentage of fruit growers in the older age bracket (65+ years) than vegetable growers. This may influence decision making priorities depending on the succession situation and who is making the decisions on farm (Fairweather, et al. 2007).

5.1.5 Key findings

Although key differences were identified between the fruit and vegetable sectors' priorities the main issues that growers felt Horticulture New Zealand should address included biosecurity, access to water, health and safety, land availability and reverse sensitivity issues, labour (seasonal and permanent) and career paths. They also felt a need for horticulture to 'tell its story better' and get recognised and understood as an industry at a government and community level, and for Horticulture New Zealand to promote what it was doing so that growers recognised its value.

5.2 Focus Groups

The focus groups gave more insight into different growers' thoughts and priorities for their business and the industry. They highlighted the different thought processes of the businesses depending the crops they grow, the region they grow in (in particular at what stage of the regional planning process they were) and how their business and industry operates.

It became very clear that (as suspected) kiwifruit growers did prioritise and think differently to other fruit growers due to the single desk marketing system of Zespri. On the whole fruit growers were positive about the potential of the industry whereas vegetable growers were more reserved.

The focus groups indicated that growers saw themselves in several different groups in general (although some did fill several different groups for example some commodity and some value add):

- Price takers because they were commodity focused (largely the vegetable industry)
- Niche (eg. asparagus, yams, Chinese greens)
- Value-add via
    - branded (kiwifruit and lesser extent apples)
    - cultivar/variety (apples)
    - convenience (e.g. Leaderbrand's beetroot)

Growers attitudes and priorities appeared to be influenced by the way they saw their product (commodity, niche or value add), the market that they were selling to (international or domestic), how vertically integrated they were and/or if they belonged to a large marketing single desk (such as Zespri). These combination of factors seemed to have a bearing on how 'in control' of their business returns they were and how positive they were about the future of the industry.

Growers indicated that it was not necessarily business size that affected business decisions and priorities but debt ratio or 'debt gearing'. This dictated the ability of the business to change/respond to issues. Growers indicated that if you have a better return, you can afford to change faster. If regulations (such as the decreased water or nutrient scenarios) were applied quickly, it would have a significant impact as businesses would have less ability to respond whilst staying economically sustainable. This supports previous studies which have found that important financial factors such as debt-to-equity ratio (Meyer & Lobao, 1997), non-farm income (Hennessy and O'Brien, 2007) and cash flow affect decision making by constraining the choices available to farmers (Winter, 2000).

Growers agreed that Horticulture New Zealand has a critical role to play particularly in advocacy and pan-industry issues. The key issues identified in the survey were echoed and elaborated on in the focus groups with biosecurity, availability of seasonal labour, career pathways, water and urban encroachment/land fragmentation being key concerns. In particular labour and water were highlighted as 'make or break issues' that may force growers out of the industry.

Growers also reiterated that Horticulture New Zealand needed to 'tell the story' of horticulture to the community so that New Zealanders appreciated the need for fresh fruit and vegetables and the industry as a whole. They also highlighted that, similar to the feedback from previous research done in 2009, Horticulture New Zealand needed to communicate more to growers about what it was doing on their behalf so they understood the value add of the organisation.

6. Conclusion and Recommendations

This research outlines the viewpoints and priorities of New Zealand fruit and vegetable growers while acknowledging that due to the diversity of the industry these differ considerably depending on a multitude of factors. It is important for Horticulture New Zealand and other levy funded organisations to 'take the temperature' of the industry and get an insight into their key concerns. The role of the organisation is to be strategic at a national level and to represent and advocate for national recognition to allow for the industry to grow sustainably.

The following recommendations are made for Horticulture New Zealand to consider:

- Horticulture New Zealand carries out a similar but representative independent survey of growers' priorities to ensure that their concerns are being heard and addressed prior to the next levy referendum and on a regular basis.
- Horticulture New Zealand quantifies its 'value add to growers' by economically quantifying and comparing the 'with industry body' to 'without industry body' scenario.
- Horticulture New Zealand assess the need and requirements for succession planning across the industry and focus a project to address this issue if a need is established.
- Horticulture New Zealand ensure that the top priorities identified in the strategy and business plan (including [but not limited to] biosecurity, cost of regulatory compliance, health and safety, access to water, market access, food safety, availability of seasonal labour and land fragmentation/pressure from urban sprawl) are addressed in the strategy and business plan.
- Horticulture New Zealand evaluate its communication 'cut through' to growers by assessing how different growers receive information via which technology assess best avenues to get messages through to growers including social media, videos, newsletter, magazines etc.
- The industry tells 'The New Zealand Horticulture story' in conjunction with product groups and associations in a joint project/media campaign aimed at increasing New Zealand community awareness of growers and the importance of having NZ grown fresh fruit and vegetables.

The immediate needs of today's growers may not equate to the long term goals and requirements of the industry. Horticulture New Zealand needs to represent the entire industry at a national level taking into account not only the needs of today's growers but the needs of future generations of growers. To do this proactively it needs to act as a sentinel for the industry identifying risks and potential issues before they affect growers directly. This requires the trust of industry players that the industry body is acting in the best interests of growers and representing the industry effectively. The key to gaining this trust is clear and effective communication to growers.

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Appendix A - Grower Survey

Horticulture New Zealand grower survey

Grower priorities - present and future

We have asked you to participate in this survey because we want to understand:

- Issues facing growers – and how they're changing
- Grower priorities
- What growers base business decisions on
- Emerging issues around land and fresh water and to what extent these are an issue (or not)
- How these matters vary by company scale, crops grown, region etc

All of your information will be aggregated into the final results. Individual information will be kept confidential.

1. What crops do you grow?

- [ ] Avocado
- [ ] Berries (including strawberries)
- [ ] Citrus
- [ ] Kiwifruit / kiwiberry
- [ ] Pipfruit
- [ ] Summer fruit
- [ ] Other fruit
- [ ] Asparagus
- [ ] Fresh vegetables (leafy greens, brassicas etc)
- [ ] Onions
- [ ] Potatoes
- [ ] Pumpkin / squash
- [ ] Process vegetables
- [ ] Tomatoes / covered crops
- [ ] Other vegetables
- [ ] Other (please specify)

2. What region/s do you grow crops in?

- [ ] Northland
- [ ] Pukekohe / South Auckland
- [ ] Waikato
- [ ] Bay of Plenty
- [ ] Gisborne
- [ ] Hawke's Bay
- [ ] Taranaki
- [ ] Manawatu / Wanganui
- [ ] Wellington / Wairarapa
- [ ] Nelson / Tasman
- [ ] Canterbury
- [ ] Otago
- [ ] Southland
- [ ] West Coast

3. Reflecting on the past 5 years, what impact have the following issues had on your business?

	No impact	Little impact	Some impact	Significant impact
Biosecurity	○	○	○	○
Market access (current and potential markets)	○	○	○	○
Access to water/ consents	○	○	○	○
Availability of suitable growing land (through leases or purchase)	○	○	○	○
Access to nutrient load (eg nitrogen through OVERSEER)	○	○	○	○
Food safety requirements	○	○	○	○
Price of inputs eg petrol/diesel/fertiliser	○	○	○	○
Availability of expert advisers/staff (eg agronomists, consultants, food safety experts)	○	○	○	○
Availability of seasonal labour (eg pickers/packers)	○	○	○	○
Access to suitable agrichemicals	○	○	○	○
Health and safety requirements	○	○	○	○
Employment and Immigration law requirements	○	○	○	○
Cost of regulatory compliance	○	○	○	○
Other (please describe below)	○	○	○	○

Other issue:

4. Thinking ahead to the next five years, which of these are the FIVE biggest issues facing your business?

- [ ] Biosecurity
- [ ] Market access (current and potential markets)
- [ ] Access to water/ consents
- [ ] Availability of suitable growing land (through leases or purchase)
- [ ] Access to nutrient load (eg nitrogen through OVERSEER)
- [ ] Food safety requirements
- [ ] Availability of expert advisers/staff - (eg agronomists/consultants/food safety experts)
- [ ] Availability of seasonal labour (eg pickers/packers)
- [ ] Access to suitable agrichemicals
- [ ] Health and safety requirements
- [ ] Employment and Immigration law requirements
- [ ] Cost of regulatory compliance

Other (please specify)

5. Of these issues which ones do you think Horticulture New Zealand should be focusing on for growers?

- [ ] Biosecurity
- [ ] Market access (current and potential markets)
- [ ] Access to water/ consents
- [ ] Availability of suitable growing land (through leases or purchase)
- [ ] Access to nutrient load (eg nitrogen through OVERSEER)
- [ ] Food safety requirements
- [ ] Availability of expert advisers/staff - (eg agronomists/consultants/food safety experts)
- [ ] Availability of seasonal labour (eg pickers/packers)
- [ ] Access to suitable agrichemicals
- [ ] Health and safety requirements
- [ ] Employment and Immigration law requirements
- [ ] Cost of regulatory compliance

Other issue:

6. Please explain your answer to question 5 (maximum 300 words)

7. Focusing on environmental sustainability, what impact have the following issues had on your business over the past 3 years?

	Significant impact on my business	Little impact on my business	Growing impact on my business	No impact on my business
Access to fresh water/ consents	○	○	○	○
Availability of suitable growing land (either leasing or purchasing)	○	○	○	○
Subdivision/land fragmentation and/or complaints from neighbours	○	○	○	○

Other (please specify)

8. What impact do you expect these issues to have in the next 3-5 years?

	Significant impact on my business	Little impact on my business	Growing impact on my business	No impact on my business
Access to fresh water/ consents	○	○	○	○
Availability of suitable growing land (either leasing or purchasing)	○	○	○	○
Subdivision/land fragmentation and/or complaints from neighbours	○	○	○	○

Other (please specify)

9. Please rank these attributes from most to least important to you when considering business decisions with 1 being most important and 7 being least important

- Financial sustainability (profitability)
- Environmental sustainability
- Business reputation
- Worker welfare
- Lifestyle/ family impacts
- Wider community impacts

10. What are your expectations of future growth (by 2020)?

- Stay the same size and scale as now
- Double yield, profit and/or size
- Triple yield, profit and/or size
- More than triple yield, profit and/or size
- Shrink
- I am considering or planning to sell or exit the business

Other (please specify)

11. How age bracket are you in?

- Under 24
- 25-29
- 30-34
- 35-39
- 40-44
- 45-49
- 50-54
- 55-59
- 60-64
- 65 or older

12. What is your role in the business?

- [ ] Owner
- [ ] Director
- [ ] CEO/ Manager
- [ ] Shareholder

Other (please specify)

13. How many people do you employ (including contractors) in peak growing season?

- ◯ 1-20
- ◯ 21-50
- ◯ 51-150
- ◯ 151 or more

14. How many full time equivalent employees do you employ (year round)?

- ◯ 1-20
- ◯ 21-50
- ◯ 51-150
- ◯ 151 or more

15. To what degree do you grow for the domestic market? (Approximately)

0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
◯	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

16. What is your turnover? (not compulsory)

- ◯ Under $100,000
- ◯ $100,000 - $250,000
- ◯ $250,000 - $500,000
- ◯ $500,000 - $1 million
- ◯ $1 million - $10 million
- ◯ $10 million - $50 million
- ◯ $50 million +

17. Tick the options that best describe your business model. Only tick the options that your business manages itself:

- [ ] Grow
- [ ] Pack
- [ ] Market and sell domestically
- [ ] Export market and sell internationally

18. (Optional) If you would like to receive a copy of the survey findings please provide your email address.

Email Address

Done

Appendix B - Focus Group Questions

Understand:

- Optimism in the industry – how do growers feel about the industry right now; optimism for the future; issues/opportunities that will affect industry in future (NZ dollar, water, land availability, RMA etc)
- Understand impacts of issues on growers businesses through a scenario
- Growers view of industry level challenges moving forward and role of HortNZ

1. **Introductions (5 mins)**

   Name, role, organisation, something about your business that the group won't know

2. **How would you describe the state of the industry right now? (10 mins)**

   Explore:

   - What impacts are these having on grower businesses?
   - What issues do we need to combat at an industry level? What are issues that individual businesses must respond to?
   - What role does HortNZ have to play? What would it do?

3. **How would you describe the industry in 5 years time? (15 mins)**

   Explore:

   - How's that different from now?
   - To what extent is the industry changing (or not)? Do you think this is affecting how business is done and the priorities?

4. **What do you think will be the biggest challenges for the industry in the next 5 – 10 years?**

   - Is succession an issue for the industry? Do you have a succession plan? Is it something the industry should focus on?
   - Do you think the challenges change depending on the size of the company? If so how?

5. **What do you think should be the main focus for Horticulture New Zealand (given these challenges)?**

6. **Scenario: Your local council has announced it is reducing the water take in your region from March next year. Each grower's water allocation will be capped at actual use rather than consented use, then will reduce by 10% per year to a total of 40% (annual allocation). (45 mins)**

   OR for those that don't use irrigation Your local council has limited cultivated and fertilised area increases to less than 10% of current area without consent, also the number you are leaching is not allowed to increase more than 5% as measured through OVERSEER….

   - What impact would this have on the industry
   - Describe the impact for industry – financial, constraints on ability to grow, supply
   - At what point would a reduction in water/nutrients begin affecting a growing business?
     - Would that vary depending on the size of a business (small, medium, large operation)
   - How "bad" would it have to be before you think companies would have to fundamentally change their business?
   - How "bad" would it have to be for companies to exit the industry?
   - How do you think the industry would respond as a whole? What role would HortNZ have to play?
   - If it happened to you, how do you think your business would respond? EG
     - Reduce size of farm
     - Seek to buy access to water or nutrient discharge
     - Exit
     - Invest in new water strategies eg a bore or join irrigation scheme
     - Explore new market opportunities
     - Change crops/diversify
     - Move business to another region
   - Has it happened to you?

7. **What has been the biggest issue affecting your business and the industry in the past 10 years and what do you think will be the biggest challenges in the next 10 years?**

Thanks and wrap-up

Appendix C - Table from 2009 Survey undertaken by HortNZ

Table 4: "As a levy payer to HortNZ, do you think HortNZ provides good value for money?" by product group

Product group	n	Yes	No	Don't know	Total
Avocado	54	70%	11%	19%	100%
Asparagus, feijoas, kiwiberry, passionfruit, persimmons, tamarillos	35	54%	31%	14%	100%
Blackcurrants, blueberries, boysenberries, strawberries	29	41%	48%	10%	100%
Fresh vegetables (incl. buttercup squash)	88	53%	31%	16%	100%
Processed vegetables	24	75%	17%	8%	100%
Tomatoes	32	56%	28%	16%	100%
Citrus (grapefruit, lemons, limes, mandarins, oranges, tangelos) & Summerfruit (apricots, cherries, nectarines, peaches, plums)	44	59%	25%	16%	100%
Kiwifruit	88	63%	16%	22%	100%
Olives	30	43%	33%	23%	100%
Pipfruit (apples, pears, nashi)	46	78%	7%	15%	100%
Potatoes	30	83%	13%	3%	100%

Note: *The results in this chart should be treated with caution due to small sub-sample sizes.*

Table 5 below shows that there is no material difference of opinion in the value for money metric between small, medium-sized and big growers.

Appendix D – Further reading - Horticulture New Zealand Draft Strategic Plan

Draft Strategic Plan: Version as at 11 July 2016

Horticulture New Zealand Incorporated

Strategic Plan 2016 to 2025

Vision: Horticulture … sustaining and growing our New Zealand

Mission: Creating an enduring environment where growers prosper

Purpose: Enabling, promoting and advocating for growers in New Zealand to achieve the industry goal (currently a $10 billion industry by 2020).

<u>Key Activity Areas</u>

Enabling:

Enabling stewardship of and access to natural resources for generations to come,

Supporting product groups and associations benefiting growers,

Supporting the development of people capacity and capability, and

Helping growers adapt to regulatory and technology change.

Promoting:

Telling the overarching story about horticulture to our communities and consumers to protect and enhance the well-being of our sector.

Focusing on:

- Responsible and sustainable use of natural resources, particularly land and water.
- Intergenerational stewardship of the land.
- Healthy and nutritious New Zealand produce.
- Skills, knowledge and innovation of our growers.
- Research and development.
- Our ethical and socially responsible practices.
- The potential for new entrants.
- Attracting and retaining talented people in the industry.
- Facilitating collaboration to get better industry solutions.

Advocating for:

- National Regulatory Reform, in all aspects of business, to enable the industry to grow and prosper.
- The best possible Biosecurity protections, readiness and response.
- The best outcomes for grower businesses in Regional and District Plans.
- Increased investment into Research and Development.
- Alignment of Educational outcomes.
- Educational opportunities relevant to industry need.
- Access to permanent and seasonal labour.
- Awareness of and support for growers caught in adverse events.