

# Australian Processing Tomato Industry Strategic Investment Plan

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# 1 Industry objectives for the next five years

## 1.1 Limiting factors

The current limiting factors include the following elements:

- Pressure to attain a competitive cost/price structure for Australian products will impact on prices for raw tomatoes and finished product
- Factory capacity is fixed, but is about to increase
- Grower confidence has been dented by factory consolidation and challenging seasons; who will grow 20,000+tonnes?
- Removing or mitigating risk.

## 1.2 Industry objectives

The industry is recovering from stakeholder consolidation and wet seasons. To be sustainable it must grow. Doubling in size, for example, will take it back to where it was in 2001.

We suggest that key objectives are as follows:

- Primary processing output will double, potentially to the 2001 level of 380,000
- Primary processing products will be import-competitive
- One corporate farm will produce 200,000 tonnes of tomatoes
- Independent farms will produce 200,000 tonnes of tomatoes. Of these, four will produce about 25,000 tonnes each.
- Processors and growers will generate a viable return on capital.

In summary:

***“The industry will double in size by producing competitive, profitable, products”***

## 1.3 Implications for industry development

Some industry issues will be solved by the stakeholders, others will benefit from investment in research. Those which will be solved by stakeholders include;

- Additional capital investment in farm and paste production infrastructure; (canned tomato production capacity is sufficient)
- Developing grower/processor relationships that could open up new ways of doing business
- Changing the R&D structure to focus on the industry vision, and ensuring that successful outcomes are delivered through high-quality research
- Improving the understanding of seed/transplant economics
- Investigating the potential for precision agriculture

- Encouraging growers who would be willing to grow 20,000 or more tonnes
- Planning for early-season tomatoes and allowing growers a bigger say in the varieties that would be grown
- Paying more attention to the ground in which tomatoes will be planted, and ensuring tomatoes are planted when they should be
- More accountability and transparency around roles and responsibilities
- Contracting to optimum plant capacity
- Harvesting at the optimum time
- Considering post-harvest price step-ups as international trading conditions allow them.

Research will play a role in:

- Reducing farm unit costs. One element is increasing average yield.
- Improved crop outturn, with the objective of harvesting every tomato from higher yields at the optimum time. Contract fulfillment must be 100% or better.
- Developing practices that mitigate seasonal risk and encourage larger crops. Average grower crop size must increase significantly.
- Reducing processing unit costs
- Investigating new products and processes in a pilot plant.

**The primary objective of any R&D project will be to increase productivity. The defined target is to attain an industry cost structure that is competitive with the imported aseptic paste, diced and whole peeled products price. To this end, every project must be well-planned and measurable data captured.**

## PILLAR 1 – SYSTEM PRODUCTIVITY

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### Overarching SIP Objective

***“The industry will double in size by producing competitive, profitable, products”***

### System Productivity Objective

Develop a competitive production platform by reducing unit cost

### Strategies

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|--------------|---|
| Strategy 1.1 | Processors and growers agree an Industry Plan         |
| Strategy 1.2 | Mitigate harvest risk                                 |
| Strategy 1.3 | Increase average yield and improve quality attributes |
| Strategy 1.4 | Reduce input costs                                    |

<b>Strategy 1.1</b>	<b>Processors and growers agree an Industry Plan</b>				
<b>Rationale</b>	Processors and growers do not have shared visions and objectives. The industry cannot move forward until this is dealt with				
<b>Suggested Actions:</b>	2013/4	2014/5	2015/6	2016/7	2017/8
Kagome and SPC will instigate this process to develop an agreed Industry Plan which will: <ul style="list-style-type: none"> <li>Identify clear targets</li> <li>Identify ways of improving economic relationships</li> <li>Encourage 20,000 tonne growers</li> <li>Assign accountability</li> <li>Describe clear grower/processor strategies to mitigate seasonal risk</li> </ul>					
<b>Budget (\$000)</b>	10				

<b>Outputs</b>	An agreed Industry Plan that will identify a common vision, agreed objectives, and mechanisms to deliver these
<b>Outcomes</b>	Growers will remain in the industry, or re-join. Tomato production will expand. On-farm economies of scale will be attained.
<b>KPI's</b>	A greater number of growers will undertake 10-25,000 tonne crops Tomato production will increase from 193,000 tonnes towards 380,000 tonnes

<b>Strategy 1.2</b>	<b>Mitigate harvest risk</b>				
<b>Rationale</b>	The industry is incurring significant income leakage because it does not process every tomato grown				
<b>Suggested Actions:</b>	2013/4	2014/5	2015/6	2016/7	2017/8
Engage a suitable specialist to undertake a detailed study around growing and processing a tomato crop, including: <ul style="list-style-type: none"> <li>Identify Critical Control Points</li> <li>Identify and quantify the key economic relationships</li> <li>Identify Key Performance Indicators</li> <li>Provide recommendations to optimise fruit production, factory intake and product out-turn</li> </ul>					
The specialist will review post-audit industry performance					
The industry will review ongoing performance					

<b>Budget (\$000)</b>	100	30	10	10	10
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<b>Outputs</b>	A system audit report
<b>Outcomes</b>	New strategies will be adopted to mitigate harvest risk in poor seasons, and process every tomato grown in other seasons.
<b>KPI's</b>	Contract fulfilment will be no less than 100% in most seasons

<b>Strategy 1.3</b>	<b>Increase average yield and improve quality attributes</b>				
<b>Rationale</b>	Average crop yield and processing yield must increase to reduce unit cost				
<b>Suggested Actions:</b>	2013/4	2014/5	2015/6	2016/7	2017/8
Continue and expand the existing cultivar evaluation program, by: <ul style="list-style-type: none"> <li>• Undertaking a significantly greater number of trials each season</li> <li>• Improving evaluation planning, monitoring and measurement</li> </ul>					
Conduct input trials to measure the effect of new agronomics on fruit quality					
Evaluate new crop threats and inform growers					
Chemical readiness. (Minor use permits, new chemicals, review registrations)					
Prepare a Biosecurity Plan					
<b>Budget (\$000) – included in the IDM budget, except for Biosecurity Plan</b>		18			

<b>Outputs</b>	A significant number of seasonal trials, with a high ratio of completed trials. Crop threat advice to growers
<b>Outcomes</b>	New cultivars, or mixes, identified to increase crop and product yield. Best agronomics applied to each crop
<b>KPI's</b>	Average yield will increase to the target identified in the Industry Plan (see Strategy 1.1)

<b>Strategy 1.4</b>	<b>Reduce input costs</b>
<b>Rationale</b>	Mechanisation/automation can reduce input costs

<b>Suggested Actions:</b>	2013/4	2014/5	2015/6	2016/7	2017/8
Investigate vegetable industry automation					
Evaluate the potential for Precision Agriculture					
<b>Budget (\$000)</b>		17	18	11	11

<b>Outputs</b>	A report on each action
<b>Outcomes</b>	Growers will have robust information upon which to base their planting decisions, with the potential to reduce unit cost
<b>KPI's</b>	Production of reports on which decisions can be based

## **PILLAR 2 –BUILDING CAPACITY**

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### **Overarching SIP Objective**

***“The industry will double in size by producing competitive, profitable, products”***

### **Innovation and Skills Capacity Objective**

The industry can effectively meet its challenges

### **Strategies**

Strategy 2.1    Technology transfer

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<b>Strategy 2.1</b>	<b>Technology transfer</b>
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<b>Rationale</b>	A process is required to drive industry development. Additional personnel are also required because APTRC now conducts its R&D in-house				
<b>Suggested Actions:</b>	2013/4	2014/5	2015/6	2016/7	2017/8
Maintain and redefine the IDM role					
Develop an information pack of completed tomato and complementary industry R&D					
<b>Budget (\$000)</b>	125	192	132	137	141
Engage trial personnel					
<b>Budget (\$000)</b>	75	77	80	82	84
Conduct study tours					
<b>Budget (\$000)</b>		3		6	
Attend two WPTC conferences					
<b>Budget (\$000)</b>			4		5

<b>Outputs</b>	Effective trial work. Information pack developed. Effective industry communication.
<b>Outcomes</b>	Very focused approach to conducting top-quality research. Communicating new knowledge through the industry
<b>KPI's</b>	Wide adoption of proven processes and technologies

## PILLAR 3 – INFLUENCE NATIONAL CONSUMPTION

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### Overarching SIP Objective

***“The industry will double in size by producing competitive, profitable, products”***

### Influence National Consumption Objective

Enable the industry to conduct low-volume product trials, and influence consumer perception of the industry and its products

### Strategies

Strategy 3.1 Construct a pilot plant

- Strategy 3.2 Conduct market research to inform new product development  
 Strategy 3.3 Develop a social media platform

<b>Strategy 3.1</b>	<b>Construct a pilot plant</b>				
<b>Rationale</b>	A pilot plant will enable the industry to run low-volume trials of promising tomato cultivars, and develop new products				
<b>Suggested Actions:</b>	2013/4	2014/5	2015/6	2016/7	2017/8
Develop a feasibility study for a pilot plant					
<b>Budget (\$000)</b>			80		

<b>Outputs</b>	A study which identifies construction structure and cost, and develops a business plan
<b>Outcomes</b>	Promising cultivars factory-tested at an early stage, and new products developed
<b>KPI's</b>	Improved conversion rates. New products developed

<b>Strategy 3.2</b>	<b>Undertake market research to inform new product development</b>				
<b>Rationale</b>	Processing companies can understand how to best develop, position and market new products				
<b>Suggested Actions:</b>	2013/4	2014/5	2015/6	2016/7	2017/8
Conduct initial market research					
Conduct follow-up research					
<b>Budget (\$000)</b>		VC	VC	VC	VC

<b>Outputs</b>	Informed market research reports. These may be confidential to the processing company.
<b>Outcomes</b>	The successful development of new Australian products
<b>KPI's</b>	Market research is conducted

<b>Strategy 3.3</b>	<b>Develop a social media platform</b>
<b>Rationale</b>	Social media can be an effective way of building on the positive messages from the Colmar



	Brunton research				
<b>Suggested Actions:</b>	2013/4	2014/5	2015/6	2016/7	2017/8
Investigate and trial an appropriate social media platform					
Conduct follow-up market research					
<b>Budget (\$000)</b>		10	10	30	10

<b>Outputs</b>	An effective social media presentation of the industry
<b>Outcomes</b>	Heightened positive awareness of Australian-produced products
<b>KPI's</b>	Positive market research findings

## PILLAR 4 – Refine APTRC, structure and funding

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### Overarching SIP Objective

*“The industry will double in size by producing competitive, profitable, products”*

### Refine APTRC, structure and funding Objective

Re-energise APTRC to ensure that it can drive industry change

#### Strategies

- Strategy 4.1 Restructure the committee
  - Strategy 4.2 Increase the industry levy rate
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<b>Strategy 4.1</b>	<b>Restructure the committee</b>
<b>Rationale</b>	The APTRC committee will be critical to ensuring that the industry meets its stated objectives

<b>Suggested Actions:</b>	2013/4	2014/5	2015/6	2016/7	2017/8
Restructure the APTRC committee: <ul style="list-style-type: none"> <li>• Have a team of knowledgeable and committed representatives</li> <li>• Co-opt specialist skills: eg, marketing</li> <li>• Appoint an independent Chair</li> <li>• Allocate a committee member as a mentor to each major project</li> <li>• Review APTRC's effectiveness annually, in the industry magazine (Chair's report)</li> </ul>					
<b>Budget (\$000) - Chair</b>	4	4	4	5	5

<b>Outputs</b>	The committee drives an effective program
<b>Outcomes</b>	The industry is given the best chance to meet its objectives
<b>KPI's</b>	The Strategic Investment Plan is delivered

<b>Strategy 4.2</b>	<b>Increase the industry levy rate</b>				
<b>Rationale</b>	The industry levy rate was reduced from \$0.50 per tonne (matched) to \$0.20 per tonne (matched). This needs to be increased to ensure an effective R&D program at a critical time				
<b>Suggested Actions:</b>	2013/4	2014/5	2015/6	2016/7	2017/8
Increase the levy rate to \$0.50 per tonne (matched)					
<b>Budget (\$000)</b>	0				

<b>Outputs</b>	Industry discussion
<b>Outcomes</b>	An agreed levy increase
<b>KPI's</b>	A levy rate of \$0.50 per tonne (matched)