Submission to

The Taskforce for the Australian Government's White Paper on Agricultural Competitiveness

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Executive Summary

It is understood that the Issues Paper is the first step in the consultation process on the development of the White Paper on Australia's Agricultural Competitiveness. The White Paper aims to establish a solid policy foundation to promote investment and employment growth in the agriculture sector while ensuring that it remains a significant and increasing contributor to the Australian economy and regional communities.

Australia is a leading agricultural producer and exporter, and the sector has considerable opportunities for future growth. However it is facing increasing competitive pressures along the value chain from on farm costs of production through to market access for its exports.

Agriculture's share of Australia's national income and exports has declined over the past two decades and the importance of agribusiness and the half a million employees it sustains is being eroded. Australia must negotiate the specific challenges of:

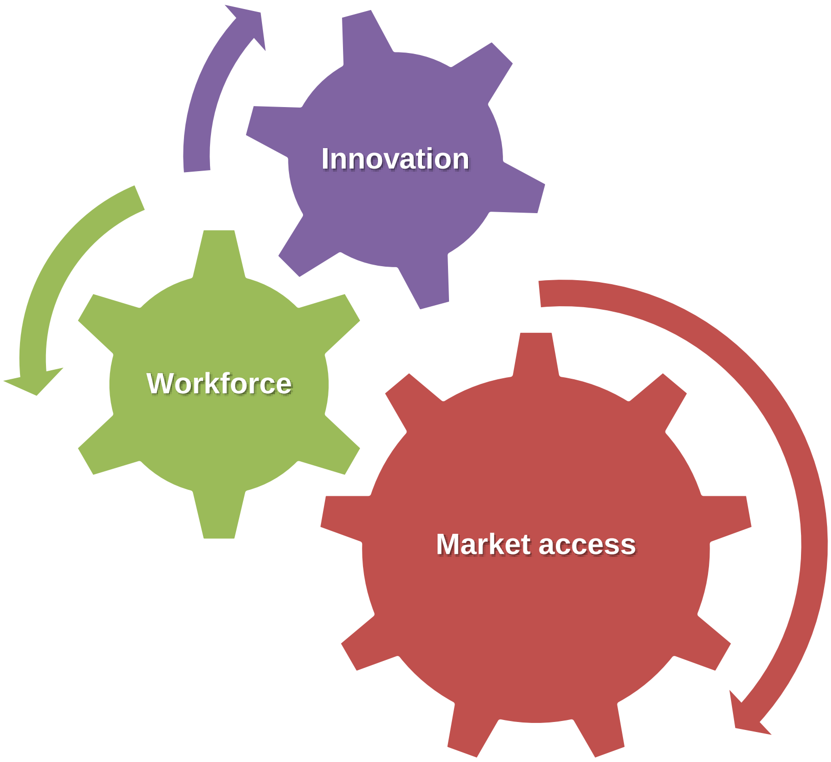
- A general public, politicians and government who do not understand or appreciate the sector;
- Poor use of targeted industry-led R&D funding and inadequate extension;
- A lack of collaboration across the value chain;
- A plethora of peak industry bodies and associations which are uncoordinated;
- Non-competitiveness in the processing sector;
- Unsustainable production and processing costs;
- The emergence of low-cost suppliers from developing countries;
- Regulatory pressures;
- Capital constraints;
- Product innovation and development;
- Logistics infrastructure inefficiencies;
- An ageing workforce;
- Poor access to, and unavailabilty of, an appropriately skilled workforce;
- Restricted international market access; and
- Poor development of an export culture.

On top of this, in the coming decades, population and personal income growth will increase global demand for food. Over the period from 2007 to 2050, Asia's demand for food is expected to double, led by a rapidly expanding consumer class with a greater ability and willingness to pay for high quality imported food and beverages. By 2030, Asia will be home to two-thirds of the global 'middle class,' generating significant opportunities for Australian export growth.

The Australian Potato Industry is in the top two highest commodity groups sold in value and volume and is in the top four commodities globally. Annually it contributes in excess of $.5b to the national economy but like most of the agricultural sector, overall competitiveness, profitability and sustainability are constrained by the above factors.

The opportunity to increase exports in all sectors of the industry from just 2 per cent can be achieved if Australia meets the needs of global customers around product quality and service reliability, and differentiating products through sustained innovation driven by R&D, and branding. This will increase product value in the minds of customers and ultimately act to lessen competitive pressures.

The key drivers of improving the industries competiveness and viability into the future focus on three areas; the development and adoption of world leading innovation across the value chain, a highly skilled workforce throughout the value chain and secured market access and development of new markets underpinned by good science and phyto-sanitary conditions.



The key drivers of improving the Australian Potato Industry's competiveness and viability into the future

Introduction

This submission is prepared by Potatoes South Australia Incorporated, and the Victorian Certified Seed Potato Authority, (ViCSPA).

Potatoes South Australia Incorporated

Potatoes South Australia Incorporated is a not-for-profit peak industry body representing the whole value chain for the Potato Industry. It is the voice for seed producers, growers, fresh market, packers, processors, marketers, exporters, wholesalers, retailers and consumers. Established in 2012 after wide industry consultation, Potatoes South Australia represents the state's and nation's largest horticultural sector. Due to increasing vertical integration and corporatisation, the Association's activities are not restricted by state borders and its vision is global from a largely national perspective. More Information is supplied in the supporting information section on page 16.

ViCSPA

ViCSPA is a not-for-profit industry based organisation whose main purpose is to provide independent seed certification services to increase the profitability of the Australian potato industry through the production of high quality potatoes. Importantly, ViCSPA facilitates trade of seed potatoes for both domestic and international market through maintaining the ViCSPA seed potato scheme which prescribes the tolerances and conditions of seed potato certification. The authority certifies around 2000 Ha of seed potato crops throughout Victoria and South Australia. To achieve this, ViCSPA employs several high skilled and qualified staff to provide services to the potato industry.

ViCSPA is a member of the Australian Seed Potato Council which maintains the National Seed Potato Conditions. More Information is supplied in the supporting information section on page 17

Backgound to the Potato Industry

From abstract of Sustainable Potato Production: Global Case Studies (2012), pp 3-19 Sherri L. DeFauw, Zhongqi He, Robert P. Larkin,Sameeh A. Mansour;

*The potato (*Solanum *spp.) is currently the leading non-grain commodity in the global food system with production exceeding 329 million metric tonnes in 2009. The extraordinary adaptive range of this species complex combined with ease of cultivation and high nutritional content have promoted steady increases in potato consumption especially in developing countries. Recent uncertainties in world food supply and demand have placed the potato in the upper echelon of recommended food security crops.*

Potatoes represent the fourth largest food crop globally. By 2050 the global population will have increased by two billion people and demand for food is projected to rise by 75 per cent, with three quarters of this growth in Asia (ABARES 2013a). It is anticipated that China will require a 50% increase in food production or food supply which will create enormous export opportunity for Australian producers. Indonesia's middle class alone numbers more than 50 million people and increasing disposable income will be spent on more Western-influenced diets. There is no doubt that potatoes will play a significant role in addressing food shortages and food security issues.

Regional Australia is the epicentre of the Australian Potato Industry. It is home to the majority of primary processing plants, potato-growing businesses and many of the associated service industries and businesses involved in the industry. The industry must remain competitive and sustainable through technological advancements and the ability to build better businesses throughout the entire value chain. Potatoes are grown, processed and value-added in a highly competitive and globalised sector of the food industry. Technology is constantly changing as companies and growers seek greater efficiencies and the sustainable use of natural resources. As quoted by the Australian Academy of Technological Sciences and Engineering (ATSE); *The relatively limited natural resources available for further agricultural development dictate that further increases in national food and fibre production for export will have to come from productivity increases within current industries.* It is critical that the Australian Potato Industry continues to embrace new technology and processes as they emerge. Therefore, technology and knowledge must be transferred to the industry to drive innovation and enhance industry productivity, efficiency, sustainability and profitability. Importantly, the industry must actively seek and develop new markets with particular focus on exports to the Asian Pacific region.

National Industry Snapshot

- Annual production is worth $614 million
- 1.2m tonnes produced annually
- 36,400 hectares under cultivation; the largest area under vegetable production
- 20% of all vegetable production
- In top two highest commodity groups sold in value and volume
- 55% of households purchase potatoes each week (8% behind the leader, the carrot)
- There are three distinct sectors; fresh market, processing and seed:
    - Fresh potatoes represent 36% of the value chain
    - Processing potatoes account for 56% of the value chain
    - Seed potato production represents 8% of the value chain
- The industry supports a national certified seed potato industry
- Decreasing production of both processing and fresh potatoes continued in 2012/13

- The industry is becoming more and more vertically integrated and corporatized and is dominated by approximately ten major packing facilities which supply directly to retailers
- Continuing farm gate price pressures will reduce the viability of many producers
- The industry is fragmented and uncoordinated across sectors and geographies along the value chain
- Export capacity and capability is unrealised
- There is no dedicated and consolidated national peak industry body for potatoes (Fresh, processing, seed)
- Specific industry production statistics are supplied in the supporting information section on page 18

Terms of Reference

The White Paper will cover the following:

- It will identify ways and approaches for growing farm profits and boosting agriculture's contribution to economic growth, trade, innovation and productivity;
- It will establish a clear strategic approach to strengthening the agricultural sector so it can better identify and take advantage of future growth opportunities; and
- It will drive the long-term agricultural policies of the Australian Government and ensure Australia's agriculture sector remains a significant contributor to the economy and local communities.

Consideration and Scope

The White Paper will consider the following:

- Food security in Australia and the world through the creation of a stronger and more competitive agriculture sector;
- Means of improving market returns at the farm gate, including through better drought management;
- Access to investment finance, farm debt levels and debt sustainability;
- The competitiveness of the Australian agriculture sector and its relationship to food and fibre processing and related value chains , including achieving fair returns;
- The contribution of agriculture to regional centres and communities, including ways to boost investment and jobs growth in the sector and associated regional areas;
- The efficiency and competitiveness of inputs to the agriculture value chain — such as skills, training, education and human capital; research and development; and critical infrastructure;
- The effectiveness of regulations affecting the agriculture sector, including the extent to which regulations promote or retard competition, investment and private sector-led growth;
- Opportunities for enhancing agricultural exports and new market access; and
- The effectiveness and economic benefits of existing incentives for investment and jobs creation in the agriculture sector.

Areas covered in this submission

This submission will cover the following:

- Ensuring food security;
- The competitiveness of the Australian potato industry and its relationship to food and fibre processing and related value chains;
- The contribution of agriculture to regional centres and communities;
- Skills, training, education and human capital, and research and development; and
- Opportunities for enhancing agricultural exports and new market access.

Questions for Consultation

1. Ensuring food security in Australia and globally

There is little doubt that Australia faces enormous opportunities in feeding the world, and that the challenges of finding solutions to world hunger will become increasingly difficult. Collaboration across the food value chain, together with technological innovations has already significantly enhanced the quality and quantity of food production. These contributions include:

- Maximizing the yield potential of seeds under all environmental conditions;
- Keeping crops pest-free and disease-free;
- Preventing the introduction of exotic pests and diseases;
- Maintaining and expanding market access through science based phyto-sanitary regulations
- Enhancing the nutritional value of staple foods;
- Making food accessible and affordable for all people;
- Protecting the integrity of the food value chain through pathogen detection and packaging;
- Early detection of contamination;
- Working directly with farmers to improve agricultural practices;
- Exporting technology and 'know-how';
- Helping producers meet environmental standards; and
- Addressing challenges in a continuously more sustainable and comprehensive way.

The industry is in agreement with Dupont's Four Pillars of Global Food Security to be achieved by 2050:

- *Science is universal but solutions are local due to environmental factors, including climate, soils and pests, as well as cultural traditions and issues surrounding transportation/distribution infrastructures;*
- *Solutions to global food security must be collaborative, reached in concert with primary producers, communities, local businesses, governments and NGOs who know the "facts on the ground," and with global corporations with specialised expertise to help solve specific problems;*
- *Education, training and extension of technology to communities is pivotal; and*
- *Solutions must be sustainable socially and environmentally.*

Australia can increase its food security role in Asia with food consumption anticipated to more than double by 2030. Research from the Economist Intelligence Unit (EIU) projects real per capita food consumption to increase by 79 per cent in developing countries and could more than double in China and South Asia.

It is possible to address the food crisis, if Australia addresses the political, economic, trade, infrastructure and regulatory issues that will also play a critical role in achieving food security. Australia will require sustained growth in agricultural productivity of 1-2 per cent per year for the next two decades but this will require accompanying investment and policy reforms. Innovation will be critical and partnerships between government and industry for R&D must continue to develop.

2. **Increasing the competitiveness of the Australian potato industry and its relationship to food processing and related value chains**

Potatoes are grown, processed and value-added in a highly competitive and globalised sector of the food industry. Technology is constantly changing as growers and companies throughout the supply chain seek greater efficiencies and the sustainable use of natural resources. In doing so, it is imperative that the Australian Potato Industry foster a strong science and technology program to ensure that constraints to production can be overcome and efficiencies along the entire supply chain are captured.

Investment in research and development (R&D) ensures that the Potato Industry remains productive and sustainable into the future through the generation of new knowledge and technology. The industry and associated research agencies have made significant investments in R&D over the last 15 years. Importantly, the outcomes of science must be transformed into practical advice and ‘know how’ that can be adopted by growers in context with their farming practises and systems. Most importantly, the outcomes of research and development must be transferred to the industry "grass roots" to drive innovation and enhance industry productivity and sustainability.

As quoted by the Australian Academy of Technological Sciences and Engineering (ATSE*) in* the report Food And Fibre Australia’s Opportunities March 2014*; “To be globally competitive, Australia must stay ahead of the pack in innovation. This means the agricultural innovation system must be focused, coordinated and well-resourced to enable Australia’s world-class research to be translated into innovative Australian agribusiness with a focus on value-add. There are opportunities to reinvigorate components of Australia’s agricultural innovation system, including investing in knowledge creation, enabling uptake by industry and facilitating essential workforce development.”*

Critically policies must be developed that enable businesses within the supply chain of the potato industry to invest in new technology and infrastructure to capture efficiencies and build better businesses. For example, overseas technology has shown dramatic improvements in the cool storage of potatoes largely driven by energy savings and efficiencies yet the adoption of this postharvest technology in Australia has been limited. There are opportunities to better inform industry of such technology through targeted knowledge transfer but also through the provision of incentives to businesses ensuring rapid adoption and improvement in production.

3. **Enhancing agriculture/horticulture’s contribution to regional centres and communities**

Agriculture is a key industry in many rural and regional areas across Australia (ABARES 2013d). The agriculture sector employs only a small proportion of the national workforce

(2.2 per cent), but it is a critically important source of employment in rural and regional communities.

While direct employment in the agriculture and broader food processing sectors is a key part of regional communities, it is also the source of income supporting many other jobs in related industries and other sectors including retail, food outlets, and health and education services. However, many small rural townships with an agricultural base are experiencing population declines. Improved productivity in the agricultural sector and long term farm consolidation, corporatisation and vertical integration have contributed to a reduction in population in some areas.

Regional Australia is the epicentre of the Australian Potato Industry. It is home to the majority of primary processing plants, potato-growing businesses and many of the associated service industries and businesses involved in the industry.

Case in Point

The manufacturing sector in Australia faces significant cost imposts, particularly in the food and agricultural processing sector. Key challenges include the high and rising costs of labour and energy which are compromising the profitability of Australia's value-added primary production. In the past twelve months the industry has faced unprecedented challenges.

- ***Closure of McCain Foods processing plant, Penola***

The closure of the Safries/McCain processing plant in December 2013 was unexpected and sudden. Fifty-nine direct employees lost their jobs. Fourteen large-scale potato producers, providing 100,000 tonnes to McCain Foods, have been left with uncertainty concerning freight costs and future contracts. At writing, neither of these issues had been resolved. Some of these producers will not have contracts renewed. The flow-on effects to the region with a population of just 1,300 people has been considerable with an obvious increase in unemployment.

The processing sector in the Limestone Coast alone is worth approximately $35 million at farm gate. Australia-wide, the processing sector is worth $150 million at farm gate. Australia has one of the highest raw material costs in the world, which is unsustainable in the long term and continuously rising input costs, such as labour and electricity, coupled with a surplus capacity, contributed to the closure decision.

Imports of cheaper processed potatoes have risen from 10,000 tonnes in 2002 to a decade-high of 130,000 tonnes at the end of 2012. More and more imported processed product from New Zealand and Europe is hitting the supermarket shelves, fast food outlets, restaurants and catering trade at the expense of processed home-grown potatoes. This has reduced recently with movement of the Australian dollar. The industry requires Federal and State Government support to address the structural issues in order for the potato industry to be more competitive in doing business.

- ***Water Allocation Planning in the Mallee Prescribed Wells Area***

Following adoption of the revised Mallee Water Allocation Plan in 2012, potato producers in Zones 10A and Parilla Red in the South Australian Mallee region have had water allocations reduced by up to 40% while potato producers in Zone 11A have had water allocations reduced by up to 50% from previous years. The revised water allocation has resulted in limited crop development in 2013/2014 and subsequent years, and does not provide sufficient flexibility for climatic variations. The reduction in allocations is extreme, sudden and not justified by the current or likely long term resource condition (salinity or water pressure levels).

The Mallee community exists because of private investment and expansion of horticultural production in the region. This region produces 41% of the state's potato production and is the largest contributor to the state's production of fresh washed potatoes (80%).

If this water allocation planning legislation is not over-turned, it is anticipated that the following will result:

- Reduction of 300-500ha of production with gross value of $20,000/ha;
- Average annual farm gate loss of $6-10 million;
- Flow-on economic impacts regionally and at a state level;
- Flow-on social impacts regionally and at a state level;
- Loss of potential export capacity;
- Total annual loss to the region of $37m; and
- Net outflow of the community and community services.

The attraction of the next generation of farmers is contingent upon infrastructure and resource allocation in regional areas. Addressing this is a federal and state government challenge. The above examples illustrate the fragility of regional communities almost totally reliant on agricultural competitiveness.

The Southern Mallee is a nationally significant agricultural and horticultural generator but under inequitable and very significantly reduced water allocation, the community will vanish as the industries are reliant on irrigation water. Essential services including health, hospitals, education and policing, together with economic development, community development, tourism, socialisation and liveability will also disappear.

4. Improving the competitiveness of inputs to the value chain

Skills, training, education and human capital, and research and development

Capacity and Capability for innovation

Since 2001, there has been a trend of declining enrolment in higher education qualifications in agricultural science and related fields, contributing to a shortage of qualified professionals in the agriculture sector. A 2012 Report to the Business/Higher Education Round Table concerning Rebuilding the Agricultural Workforce also identified intervention strategies, to be adopted by Australian universities, grouped in the three following broad areas:

- next generation — targeting young people through schools and other activities;
- product development — involving development of the product offerings of
- education providers; and
- industry focussed — based on stronger links with industry.

It is imperative that the Australian potato industry build closer relationships with the Australian universities to ensure that there are qualified professionals working in the industry to develop new technology, foster innovation and drive agribusiness into the future. There will be a potential shortfall of qualified expertise in plant science and technology and as well agribusiness. These skills are required to ensure future innovation as well as providing science based information that is used to secure market access.

An Agricultural Workforce

On the whole, the importance of primary production and agriculture remains inadequately and inappropriately marketed to the general public, state and federal governments and politicians.

In 2013'14, a report, "Workforce Development Plan for the Potato Industry Value Chain" was commissioned by Potatoes South Australia Incorporated, the peak industry body for the nation's largest potato-growing state. This recognised a tightening labour market especially in remote regional areas and that there were virtually no strategies to promote the industry to young people and most businesses operated in a very reactive way to recruitment and skilling, especially for higher skilled positions that were increasingly being filled by skilled migrants.

Key messages from the plan include the need for the following:

- Improved attraction strategies within schools possibly based on an industry specific promotion,;
- More tailored training for entry level personnel;
- Targeted training for both operators and skilled personnel;
- Clearer strategies for retention particularly for managerial level personnel;
- Improved migration solutions to meet skill gaps;
- Maintaining the supply of seasonal workers especially through labour hire companies; and
- Retention and succession planning options.

There was also a recognition that the industry needed to sell itself more to attract the right people at all levels in what is becoming a much more competitive labour market.

The report identified the following actions at **Industry Level**:

Employee Attraction

- Develop a Career Pack for distribution to all State Secondary Schools supported by a DVD on the industry and career opportunities

- Work with the Department of Education and Child Development and Enterprises to include a dedicated Potato Industry Pathway Program in the IPP program for the SACE Stage 1 and Stage 2

- Develop a generic Pre-Employment Program for the Industry comprising core skills and a suite of practical skills that can be offered to students and job seekers

Migration

- Negotiate a Regional Industry Labour Agreement with DIBP (Department of Immigration and Border Protection) to cover major categories of skilled labour required to meet longer term skill shortage areas. This will provide surety for overseas recruitment for specialist occupations and higher skilled managers

- Provide a submission to the Australian Bureau of Statistics on improving the Australian and New Zealand Classification of Occupations (ANZSCO) to better reflect occupations within the Potato Industry

- Investigate the appropriateness of securing an Agreement under the Pacific Seasonal Worker Program with the Commonwealth Government

Training/Education

- Convene a meeting of all relevant RTOs to devise a new delivery and assessment strategy for the industry including an assessment of capability and opportunities to collaborate on delivery and assessment with key industry personnel especially in core and specialist occupational areas

- Investigate cost effective options for Certificate IV Trainer and Assessment Qualifications (TAE) for the industry with a view to building a team of ten accredited industry trainers and assessors.

- Investigate literacy and numeracy training funding options and promote across the industry.

- Advocate for improved funding and promotion for Agricultural Science courses to provide a larger pool of Higher Education graduates over the next five to ten years.

The report identified the following actions at **Enterprise Level**:

Employee Attraction

- Develop and implement an Enterprise Workforce Plan covering attraction, recruitment, induction and employee development.

- Develop a partnership arrangement with local Secondary Schools to provide direct industry observation and work experience programs for students.

- Work with local Secondary Schools to encourage selection of the Primary Industry Pathways program as an option in SACE State 1 and 2

- Recruit under the New Apprenticeship Scheme directly or through Group Training Companies for Trade level positions in the enterprise (e.g. diesel mechanics)

- Devise options for “employee packages” to attract and retain key personnel

- Implement an Induction Program for all new employees that meets the requirements of the Work and safety legislation

Migration

- Identify and quantify priority occupations that the enterprise will require migrant labour for the next three years. Include in an industry submission for a Regional Labour Agreement

Training/Education

- Identify suitable personnel for enterprise trainers and assessors and enrol in an open learning Certificate IV in Training and Assessment

- Identify employees who require skills recognition for key enterprise job roles and program skills assessments with an RTO

- Program Literacy and Numeracy training for key non-English speaking personnel

Upskilling

- Identify personnel who require additional skills to perform higher duties or meet skill gaps and program relevant training as part of the enterprise employee development program

While the agricultural sector continues to have a poor public image with most people having little knowledge about where food is grown and the nature of the industries that grow food, promotion of career pathways will be difficult. The Potato Industry also suffers from this poor image with most high school students largely ignorant about the skills required to produce potatoes and horticulture generally. This results in students de-selecting themselves from career opportunities in production horticulture/agriculture sectors.

Overall, there is little doubt that agriculture/horticulture/agribusiness must be re-positioned as an attractive vocation which involves more than 'just farming'. At the production end, right through the value chain to the consumer, this sector is highly technological and a critically important industry for Australia's economy. The total perception of agriculture must change.

5. Enhancing agricultural exports and new market access

Free Trade Agreements (FTAs)

FTAs assist Australian exporters access new markets and expand trade in existing markets and the recent conclusion of FTAs with Korea (KAFTA) and Japan (JAFTA) are significant achievements for Australian industry, including agriculture.

KOREA

Korea is Australia's fifth largest export market for agricultural, fisheries, forestry and food products valued at $2.27 billion in 2012-13. It will be worth $5 billion between 2015 and 2030 and would boost the economy by around $650 million annually **after 15 years.** Additionally, agricultural exports to Korea would be 73 per cent higher **after 15 years** as a result of the FTA and overall exports to Korea would be 25 percent higher resulting in the creation of more than 1700 jobs.

The elimination of all tariffs across all sectors of the Potato Industry by 2030 is welcomed particularly as producers look to diversification through export. While most Australian primary producers will benefit, including the Potato Industry, the phase in period will not have short term gains. There is a long wait to be on an equal footing with competitors such as USA.

Unfortunately the FTA with the USA has no impact on US farm production subsidies; there was never any commitment by the Americans to avoid deploying subsidised products such as rice, wheat, sugar or pig meat in export initiatives that directly challenged Australian sales in specific markets. Although Australia had complied with US trade liberalisation pressures and virtually eliminated any government support to the local farm sector, the distortions associated with the Farm Bill were never raised in FTA negotiations. Meanwhile, the value of the USA as a trading partner to Australia has slipped despite the FTA.

There have been publicised reports concerning Korea's elimination of a 304% tariff on 'chipping' potatoes. The current tariff on potatoes across all sectors is approximately 30%. Korea has set a global World Trade Organisation (WTO) quota of approximately 20,000 tonnes on all imported potatoes and only if this quota is exceeded, could a tariff of 304% be imposed. In 2012 Australia exported 11,000 tonnes worth $10million and faced the 30% tariff.

The most significant outcome for the industry concerns the export of potatoes for processing. Seasonal and immediate tariff elimination has been negotiated for the December-April period, the nation's peak supply time. This puts the industry on equal footing with the USA for five months annually. The current WTO quota system will be removed for potatoes for chipping for these months and they will enter duty-free. This is welcomed but limited compared with USA.

JAPAN

Japan is the nation's second-biggest export market currently restricted by high tariffs in the USA.

Tariffs will be lifted on Australian wool, cotton, lamb and beer exported to Japan. Japan has agreed for the first time to also reduce tariff barriers on Australian beef and dairy in a deal worth $2.8 billion to the industry over 20 years.

However, as much as this is welcomed, the Australian Potato Industry will receive no benefit as potato imports to Japan are limited by market access due to domestic protection policies. Despite the industry negotiating directly with the Department of Agriculture and key importers in Japan, an Australian exporting plan will wait for up to 10 years. USA has the import market cornered.

While FTAs will help Australian exporters access new markets and expand trade in existing markets, the non-immediate elimination of all tariffs will result in snail-pace advancements in 'free' trade. On top of this, in agriculture and horticulture, free trade agreements do not mean permanent market access.

The conclusion of FTAs with China and Indonesia, potentially large markets for the Australian industry are eagerly anticipated.

Biosecurity

Australia's competitive advantage in international trade is the upholding of a 'clean, green reputation. While frequently uncompetitive on price, quality remains our point of difference and this must be protected at all cost.

Case in Point

Currently the potato industry faces pressure from New Zealand concerning the importation of fresh potatoes for processing. Potatoes South Australia, AUSVEG and individual producers were witnesses at a Senate Committee Inquiry in October 2012. The Senate Rural and Regional Affairs and Transport Committee handed down its final report on 31 March recommending that bans on imports of New Zealand potatoes be upheld. In summary, the Committee has backed industry concerns to protect Australia's $.6 billion industry. Lobbying by the industry has produced a positive outcome in the short term.

New Zealand potato imports were banned in 2008 following the detection of Zebra Chip disease complex which has caused in excess of $120 million damage to the New Zealand industry and equally devastating losses in North America. However, in 2009, the Department of Agriculture conducted a Pest Risk Assessment (PRA) recommending the resumption of potato imports. (New Zealand asserts market access rights under the Closer Economic Relationship free trade agreement).

The Australian Potato Industry faces catastrophic yield losses of as much as 50% if approval of market access for New Zealand potatoes by the Federal Government's Department of Agriculture proceeds. The disease reduces yield and results in a downgrading of quality due to distinct discolouration in the shape of brown/black stripes and ultimately, death of the plant.

The key industry recommendations supported by the Senate Committee are:

- The Government create a single, independent, statutory authority responsible for quarantine and biosecurity policy and operations;
- The Government ensure that Australia's import risk analysis process is consultative, scientifically based, politically independent and transparent;
- Stakeholders' risk perceptions should be incorporated into risk criteria used to analyse the consequences of a given import risk;
- The Department of Agriculture should improve the way it communicates risk (and the risk assessment process) to stakeholders; and
- A formal Import Risk Analysis (IRA) for fresh potatoes for processing from New Zealand is conducted.

These recommendations to Government are not applicable to potatoes only but to other fresh produce imports.

Potatoes South Australia and the industry will work with the Department of Agriculture and Committee Members to ensure that the Australian potato industry is protected; it is of critical importance to our national economy.

Adherence to enforced global standards and the cementing of relationships between industry associations and stakeholders, and the Department of Agriculture's Biosecurity Australia through collaboration and communication is welcomed.

The development of market access is a priority for expanding the market potential of the Australian potato industry. Importantly trade must be facilitated using good science and technology particularly in relation to phyto-sanitary conditions associated with trade. This ensures robust conditions for trade as well as ensuring that product is produced and delivered which meets the expectations and requirements of the end users. For example, seed potatoes have the requirement of coming from fields that been soil tested for the presence of potato cyst nematode (PCN) for both domestic and export trade. There are opportunities to advance the technology used to test for PCN with a DNA-based diagnostic which is used in other countries such as Scotland. Such technology would increase the high throughput capacity for soil testing and reduce the cost for producers in Australia.

Conclusions

Through consultation with primary production stakeholders, the White Paper will outline a clear strategy to improve the competitiveness and profitability of the agribusiness sector, boosting its contribution to trade and economic growth, and building capacity to drive greater productivity through innovation.

Australian agricultural and food producers are well accustomed to operating in a highly dynamic and competitive global economy. However looking ahead, this environment will only become more dynamic and competitive. Greater awareness and coordination will be required from all stakeholders to maximise the value of production.

In addition to renewed investment in R&D to support on farm productivity, better access to global markets, ready access to investment capital, more efficient logistics infrastructure, more affordable production inputs, and more innovative and differentiated product and processes will help underpin a globally, environmentally and socially sustainable primary production sector for the long term.

At the top of the list is biosecurity. Our image and sustained reputation will be our competitive advantage but only if we can maintain it and work with the Government to market it well and build competitiveness in the markets into which we desperately need access.

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Supporting infromation to this submission

Potatoes South Australia

Potatoes South Australia is supported and guided by a skills-based Board of seven industry and independent directors covering all sectors.

The Board members are:

- Gary O'Neill (Deputy Chair), General Manager-Farms, Mitolo Group
- Andrew Widdison, Chair South East Potato Growers Association (processing)
- James Wandel, Kangaroo Island seed grower
- Paul White, General Manager Zerella Holdings Pty Ltd
- Jeffrey Jackson, CEO Moraitis Group
- Mark Geraghty, General Manager, EPAC Salary Solutions Pty Ltd
- Ross Trimboli, Director, GTS Farms Pty Ltd

The Association appointed an Independent Chair, Brian Cunningham, in July 2013.

The vision of the Association is:

"To be a whole-of-value chain, financially-independent, relevant and highly effective representative organisation focused on growing demand, competitiveness, sustainability and profitability for all stakeholders in the potato industry."

Objectives

Potatoes South Australia has five main objectives:

1. It will manage issues on behalf of the industry. It will advocate for stakeholders and lobby at regional, state and federal levels as appropriate, and provide advice to government. It will represent its members with respect to legislative change;

2. It will identify and support relevant research, development and extension needs. There will be collaboration with research bodies, identification of funding opportunities and the formation of strong affiliations with like-minded organisations in Australia and internationally;

3. It will reposition the potato and offer it as a more sophisticated healthy food to the increasingly discerning consumer. It will increase demand, particularly in the fresh market by supporting consumer and other stakeholder education and promotion, and by dispelling current negative perception;

4. It will represent all stakeholders along the value chain. It will collaborate and affiliate with relevant regional, state and federal industry organisations and provide access to information; and

5. It will improve industry competitiveness and sustainability through the development of an appropriately skilled workforce and export culture.

All activities of the Association are guided by these core objectives and Objective 5 clearly dovetails with the purpose of the White Paper to provide a platform for enhancing the contribution of agriculture/horticulture to economic growth, employment creation and national prosperity through increased innovation, productivity, foreign and domestic investment and international trade.

ViCSPA

A Board of 8 consisting of 4 seed growers and 4 with industry, business or horticultural experience, plus an independent chair provide policy direction for ViCSPA.

- Kay Spierings, (Independent Chair)
- Wayne Tymensen, Certified Seed Grower and crisping potato grower based in Coralyn, Victoria
- Ben Dowling, Certified seed grower Mount Gambier South Australia
- Con Powell, Certified seed grower Ballarat Victoria
- Ken Labbett, Certified seed grower Ballarat Victoria
- David Antrobus, Technical specialist with Syngenta, Ballarat Victoria
- Jackie Maughan, Grazier and former plant heath diagnostician, Kinglake Victoria
- Charlie Martel, Solicitor, Darnum Victoria
- Liz Mann, Industry development officer with processing tomato industry, Tatura Victoria

The Authority exists because of its Vision:

> *The Vision of ViCSPA is to increase the profitability of the Australian potato industry through the production of high quality potatoes.*

Similarly, the business that the Authority is engaged in is explained by its Mission:

> *The Mission of ViCSPA is to be the premier organisation providing cost efficient and effective technical and administrative services for the production of high quality potatoes.*

Industry statistics		2011/12
	A. Value of Potatoes ($M AUD)	
NSW	Horticulture - Vegetables for human consumption - Potatoes - Value ($)	26.3
Vic.	Horticulture - Vegetables for human consumption - Potatoes - Value ($)	116.3
Qld	Horticulture - Vegetables for human consumption - Potatoes - Value ($)	42.8
SA	Horticulture - Vegetables for human consumption - Potatoes - Value ($)	261.8
WA	Horticulture - Vegetables for human consumption - Potatoes - Value ($)	50.3
Tas.	Horticulture - Vegetables for human consumption - Potatoes - Value ($)	128.0
	TOTAL	**625.6**
ABS Cat #7121.0 - Agricultural Commodities, Australia, 2011-12		

B. Area planted to Potatoes (Ha)		**2011/12**
NSW	Vegetables for human consumption - Potatoes - Area (ha) (h)	4,044.6
Vic.	Vegetables for human consumption - Potatoes - Area (ha) (h)	8,188.5
Qld	Vegetables for human consumption - Potatoes - Area (ha) (h)	3,153.1
SA	Vegetables for human consumption - Potatoes - Area (ha) (h)	9,812.6
WA	Vegetables for human consumption - Potatoes - Area (ha) (h)	1,877.5
Tas.	Vegetables for human consumption - Potatoes - Area (ha) (h)	6,593.3
	TOTAL	**33,669.5**
ABS Cat #7503.0 - Value of Agricultural Commodities Produced, Australia, 2011-12		

A. Production of potatoes (Tonnes)		2011/12
NSW	Vegetables for human consumption - Potatoes - Production (t) (h)	66,077.9
Vic.	Vegetables for human consumption - Potatoes - Production (t) (h)	295,878.2
Qld	Vegetables for human consumption - Potatoes - Production (t) (h)	90,967.2
SA	Vegetables for human consumption - Potatoes - Production (t) (h)	384,203.5
WA	Vegetables for human consumption - Potatoes - Production (t) (h)	89,537.4
Tas.	Vegetables for human consumption - Potatoes - Production (t) (h)	361,521.3
	TOTAL	**1,288,185.6**
ABS Cat #7503.0 - Value of Agricultural Commodities Produced, Australia, 2011-12		

D. Yield (T/Ha)		2011/12
NSW	Vegetables for human consumption - Potatoes - Yield (t/ha) (h)	16.3
Vic.	Vegetables for human consumption - Potatoes - Yield (t/ha) (h)	36.1
Qld	Vegetables for human consumption - Potatoes - Yield (t/ha) (h)	28.9
SA	Vegetables for human consumption - Potatoes - Yield (t/ha) (h)	39.2
WA	Vegetables for human consumption - Potatoes - Yield (t/ha) (h)	47.7
Tas.	Vegetables for human consumption - Potatoes - Yield (t/ha) (h)	54.8
ABS Cat #7503.0 - Value of Agricultural Commodities Produced, Australia, 2011-12		