

From our discussions with growers and with members of the wider community, we are reminded that we are truly part of a global market.

This offers us

- Challenges,
- Greater risks, and
- The possibility of further opportunity.

We know the global market is highly competitive. We are keenly aware that we are placed at some distance from many marketers. The knowledge we have tells us that valued-added products in the right markets can generate much greater returns than undifferentiated product. Time and time again, our product has to compete with low-cost production in countries much closer to the bigger markets.

Today, I want to take a look at the future. What could it hold for us?

Let's go forward 10 or 12 years.

- The potato industry is vibrant, full of energetic, enthusiastic people developing added-value businesses. Growers are well rewarded for their efforts.

You may smile, even laugh. But our dreams should be our vision. They should be our strategic direction.

As we look 10-or-so years on, we find:

- Potatoes enjoying a renaissance. Their role in a healthy diet and lifestyle is widely accepted.
- Healthy French Fries regaining popularity – a nutritious product with the aroma, warmth, texture and taste of today's chips.
- Niche processing plants are producing high value, nutritious, potato-based products that are convenient to prepare and taste great.
- Some processing plants extract key nutrients, particularly from potato skins, for use as ingredients in healthy new foods and drinks we can only imagine today. This results from product groups, researchers and Government combining to drive innovation.
- Mashed potatoes feature in high-end restaurants and in cafés. Food writers sing the praises of the nourishing, filling qualities of this luxury food. Also, foodies concede that healthy comfort foods never fade from fashion.
- The fitness industry has renamed the baked potato as 'rocket fuel'. Elite athletes and fitness fanatics use them to power performance.
- Interest in using potatoes as a bio-fuel is mounting.

You think I'm an idiot? Well, think about this: when there was first talk of bottling water and selling it, what did you think? Where are water sales now?

We seem to have gone from a nation that took the supply of a pure drop for granted to hearing daily from the media about water concerns.

Can we also consider this? How many years ago was it that shoppers buying potatoes were faced with a 20 kg Hessian bag of dirty spuds of an unknown variety? Now, a huge variety of potatoes are offered in a range of pack sizes,

washed and unwashed, and labelled with cooking instructions. This is in stark contrast to the criticism published by *Cuisine* magazine in 2002.

*Cuisine* magazine has recognised the changes we've made. Earlier this year, they listed the potato industry as number 21 in the top 100 foods, drinks, places, people and things from within New Zealand that they love. They liked the way we are presenting potatoes to the consumer.

A little vision, some major innovation, a change in packaging and we'll be on the road to realising our dreams. Now I want to talk about some of the possibilities that could enable us to realise a more vibrant future.

Later today, the Potato Promotion Committee will present the results of a consumer survey looking at what influences potato purchases. We will discover some really interesting points. But we must be aware that the real success of any survey or research is a return to the growers. Both the Product Group and individual growers need to act on the information from the project to ensure those returns.

Capturing value for growers is one of the aims of a large research project that kicked off in 2003. The project is called Vital Vegetables®.

What is Vital Vegetables®? Well, it is a trans-Tasman collaboration to produce the complete vegetable: fresh, flavoursome and functional. 'Vital Vegetables®' is a NZ\$22 million, trans-Tasman research and development project. This project has two aims:

- Firstly, to develop fresh, flavoursome and functional vegetables and vegetable products that command a price premium in the market, and
- Secondly, to capture value for growers.

I think that we all know that nutrition, taste, freshness, convenience and price are the key elements found to drive consumers buying fruit and vegetables. The 'Vital Vegetables®' team confirmed this in a market survey and has used these factors to drive the project.

Research is already underway to develop vegetables enriched in vitamins, minerals, antioxidants, dietary fibre and other components that are good for us. These 'Vital Vegetables®' will have enhanced attributes in protection against cancer, heart and age-related disease. They will be fresh, flavoursome and keep well. And they will provide growers with better returns.

Partners in Vital Vegetables® are:

- Vegfed,
- Ausveg,
- Horticulture Australia Ltd, and
- the Foundation for Research Science and Technology.

The research providers are:

- Crop & Food Research here in New Zealand, and
- Australia's Department of Primary Industries, which is based in Melbourne.

'Vital Vegetables®' is largely funded by the Australian and New Zealand Governments. Previously, there has been some funding from the vegetable industries in both countries. Commitment to the project by the New Zealand vegetable industry is currently under review. Over the next month, all product group research and development committees will be approached to make a financial commitment to the project.

Recently, I spent some time at Crop & Food Research in Palmerston North and heard the scientists talk about their work. Their work is innovative, covering several vegetables, including potatoes, and we could see the first product this spring – a broccoli cultivar with a compound known to have anticancer properties.

As members of the Potato Product Group, we need to make sure that the Vital Vegetables® project includes work on potatoes. As a Group, we should also push the need for growers to realise better returns. Our willingness to be involved with research is a key to our future viability and I believe that the Potato Product Group should play a role in funding this research.

We need to be involved in partnerships that encourage activity which identifies and differentiates our products in a very beneficial way. We need to have robust quality products in the marketplace. Again, research and innovation is needed. We need to be aware there can be no illusions. This will not be without its risks and challenges.

Our need to know the activities of similar product groups around the world has never been more compelling. The Potato Product Group is taking a collaborative

approach to research and innovation. This is demonstrated by our support of the establishment of the Vegetable Research and Innovation Board under the HortNZ umbrella. The Board was established earlier this year. Its purpose is to develop a strategic approach to research and innovation investment. It aims to maximise leveraged investment, ensure growers get value for money and that the horticulture industry reaches its future goals.

The sound base to work from that we have here in New Zealand should never be underestimated. We need to remind ourselves, as at 31 March 2006, the farm gate value for potato production was \$111 million. As growers, you show willingness; the innovation you demonstrate is astounding.

In other activity, after 12 years of negotiation, Taiwan finally accepted the prospect of our potatoes into their marketplace. Work to open up Korea is ongoing and not without frustration. And, while we wish those involved in these negotiations well and support them where we can, we must ask: if the energy and money consumed in these activities is able to deliver the best return for the New Zealand grower.

Perhaps greater prospects could be yielded from different activities. Let's be under no illusion – the grower always needs to be a significant beneficiary of the investments we make. Conversely, however, can we be too precious in our positioning?

The need to make the best of what we have will always be upon us. The willingness to be flexible and knowing that things change quickly truly paves the road ahead.

One thing that I must say – I know that by your presence here today you are concerned about your industry. You do have a passion and, although it be at different levels, the willingness to commit is absolutely undeniable.

We need to be aware that, here in New Zealand, we have delivered some startling success stories and that we should remind ourselves often of this.

Can I wish you well? And, above all, I hope you have enjoyed the Conference thus far and indeed today. I hope that it will be a worthwhile investment of your time.

Thank you.