

Optimising opportunities

Terry Olsen's Speech for HortNZ conference 2007

Just 12 months on from the last time we were at conference, I stand astonished at the changes in the world, the effect they have had on us and the impact they are likely to have on us as primary producers.

My discussions with many of you have been about issues like the high value of the New Zealand dollar, increases in interest rates, the jump in the proposed milk payout to dairy farmers and land-use. There's also been talk about the Australian drought, biofuel plantings in South America and world grain supplies dropping to the lowest in 30 years.

Often these changes reflect a natural cycle and, in the past, we have experienced this. But, I think at least some of the changes we have seen maybe structural. And, the world we do business in will continue to change.

Interestingly, it is about 30 years since the last great "bull market" in grain. When supply is low and demand high, then prices are impacted. Recent newspaper reports talk about the era of cheap food being over and the price of food relative to average incomes not coming down in our lifetimes. Now that's worth thinking about, especially when it comes to potatoes.

The supply of potatoes grown in New Zealand is in growers hands. In fact, I believe everyone along the value chain: growers, industry groups, strategic planners, researchers, processors, exporters, if we have the willingness to unite then, we can all benefit. We must make the most of the opportunities that come our way.

There is a lot of good work going on, on behalf of potato growers. Later today, Glenda Gourley - a consultant to the Potato Promotions Groups - is going to talk of the group's activities. This group, I believe, is punching well above its weight. It's

made up of hard working people who are innovative and successful and we would do well to support their efforts.

An example of the Promotion Group's innovation is their involvement in the 'Chips' programme and its successful efforts in reducing the fat content in chips. The Chip Group includes several chip manufacturers and the National Heart Foundation. It is great to have this health-focused organisation assisting with the promotion of healthy ways to prepare chips.

This past financial year the Chip Group received \$350,000 from the Government to extend its activities. This is an excellent achievement and will help establish industry standards for independent chip outlets. These are likely to best practice frying techniques, chip total fat, portion size and staff training.

Its an exciting initiative and signals the level of commitment that both the industry and government have to improving the nutrient profile of chips. New Zealand is more proactive than most other countries with this. Its got to be good for the Government's health vote spend and for all of us who enjoy a few chips now and again that's got to be good for our health.

A promotion that has got to be good for our bottom lines... is coming. Next year, 2008, is the International Year of the Potato.

I hear from Glenda that there are many events planned to highlight potatoes and how they can be served in new, exciting ways. I encourage you to be innovative like Glenda and her team.

When food writers launch potato recipe books, potato stories and columns appear in your newspapers and magazines use these to market your potatoes. As campaigns, like *5+ A Day*, focus on potatoes find a way to do your bit. Maybe talking at your local primary or pre-school or promoting healthy eating and the place of potatoes to local service groups.

I must congratulate Glenda on the potato feature in the May issue of Cuisine magazine. Twenty six pages on potatoes and potato eating trends and several more snippets with related gems of information. This is thanks to Glenda's networking efforts with food writers.

Don't just ride the coat-tails of the Promotions Group, you can fly high with a little effort. I urge you to be actively involved. Find a way to make a difference in your patch, diversify your marketing in 2008.

Partnerships

Its not just on the promotions front that we can all benefit from working with others. Last year we had the priviledge of Albert Wada, from the United Potato Growers of America, attend our conference. This year, we are delighted to welcome Dr David Firman, of Cambridge University Farm, and Buzz Shahan from United Potato Growers to our conference.

We face many similar problems, for example competition for the presence of potato on the dinner plate, a market demanding raw materials for healthy, tasty and convenient foods. Some of us are troubled by the same pests and diseases so there a many fronts on which we can collaborate to help overcome these hurdles. And these collaborations can take place without harming our competitive advantage. We must be mindful of the future and work together to ensure it is good to us.

This past year, I have been privileged to travel to the United States and South Africa and to learn about how other potato industries are getting along.

Only four months on and considerable value has been realised from the trip to South Africa. As a result of the relationship built between ourselves, Australia, the British Potato Council and the South Africans, Glenda has been able to access resources worth thousands of dollars and she will discuss this later.

Our friendship with our international peers has given our Research and Innovation manager, Sonia Whiteman, access to research reports. In addition, discussions are

underway about opportunities for collaborative research projects. These will allow us to leverage our limited research funds against the significant budgets of our overseas colleagues. Further, the formation of a partnership between industry groups has increased communications between our respective researchers.

Our investment in research is an investment in our future. The innovations that come from research and smart partnerships to take new products to the market can be seen in the likes of the Speirs Group's joint venture with Massey University's Riddet Centre in Palmerston North

The centre, in partnership with the Palmerston North-based investment company, has developed an emulsion-based micro-encapsulation technology that allows the active ingredients of Omega 3 in fish oil to be incorporated into foods at very high levels without the smell and taste of fish. A new company, Speirs Nutritionals, is investing \$2.7 million in a manufacturing facility, at Marton in the central North Island, to produce Omega 3 emulsions for sale to food manufacturers in Asia, Australia and New Zealand. Licensing arrangements will be sort with partners in Europe and America to manufacture and sell the emulsion to other food and dietary supplement producers.

Our Potato Product Group is a contributor to the Vegetable Research and Innovation Board. This Board was established a year ago and has representatives from our group, the Fresh and Process Vegetables, Tomatoes, the Asparagus Council and Onions New Zealand. The value of establishing this Board has been realised. It has, on behalf of the Product Groups, formed a partnership with Crop & Food Research, and with a team approach, has secured funding for the Future Vegetables research programme. Some of you may recall Sonia speaking about this last year and she has reported on it in the Grower. Future Vegetables represents a significant long-term commitment by the government to R&D for the vegetable industry netting \$37 Million of funds for eight years of research. Potatoes are one of the four key crops underpinning this programme and to give you a taste of things to come scientists aim to develop, among other things, a healthy French fry that is low in fat

and has a low Glycaemic Index. Foods with low Glycemic Index, or low GI, make people feel fuller for longer after eating them.

In truth, Crop & Food Research is regularly introducing its latest developments to potatoes. Its business staff recently called for expressions of interest in a smooth dark-purple skinned potato with attractive purple tones throughout the flesh. Some of you may know it as Crop 33. This purple spud may capture the attention of the health-conscious consumer and chefs and gourmet cooks looking for unique, easy-to-use vegetables.

Sound foundation

We have a sound foundation to build on. At the year ending June 30, 2006, the total value of domestic and export potatoes was \$373 million. Processed potato exports, which are largely frozen products continue to increase. The Potato Product Group has worked hard to deliver key outputs such as:

- The pest and disease handbook.
- The new website which is being launched later this morning.
- Partnering with Crop & Food Research, Ballance and MAF SFF to achieve the commercialisation of the Potato Calculator both here and internationally.
- The review and improvements in the Seed Certification scheme.
- Access for New Zealand potatoes to Taiwan and Korea, Well almost in Korea's case.

The Product Group considers the high level of support in the recent levy referendum that you, the growers, are pleased with the work we are doing but we will not be resting on our laurels. We must never underestimate the benefits of a good foundation and we must look after it. We must be wary of threats to our industry like competition for land-use and resources. We should be mindful of environmental and climate changes and need to be considerate of the younger generation's attitudes.

The Product Group has developed a strategic vision and is working on actions to deliver. I am meeting with groups of young growers around the country to ensure that they have buy-in to the process as they are our future.

Working together we can make the most of the investments we are making in promotion and R&D. I look forward to the year ahead and seeing each and every one of you becoming involved in these activities.

Finally, I wish to acknowledge all that's done on our behalf by the HortNZ staff, our industry partners, the Product Group members and those growers who give their time to help facilitate our activities. Thank you. We would not be where we are without you.

I wish you well for an enjoyable Product Group day, today, and for the forthcoming HortNZ conference. And, I encourage you all to be actively involved.

Thank you.