

Presentation to Horticulture NZ

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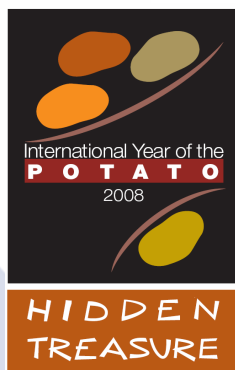


The Australian Potato Industry

Can it survive and thrive ?



The United Nations International year of the Potato



Potatoes

Snapshot

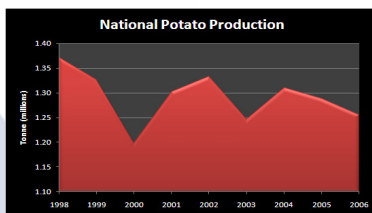
- Potatoes are Australia's largest vegetable crop, accounting for 17.4% of total vegetable production with a gross value of \$465.1m in 2006
- Potato production is slowly but steadily falling
- AUSVEG Ltd estimates that annual per capita consumption of potatoes has fallen to 62 kg in recent years
- Potato growers are raising productivity with yields trending upwards
- Supplying domestic markets has been the main focus of potato growers
- Exports are important but there is little growth and the search for export markets is underway although hindered by trade barriers
- Trade pressures are growing in the processing area with imports of frozen potatoes trending strongly upwards



Background

The Australian Potato (Fresh, Processing and seed) industry

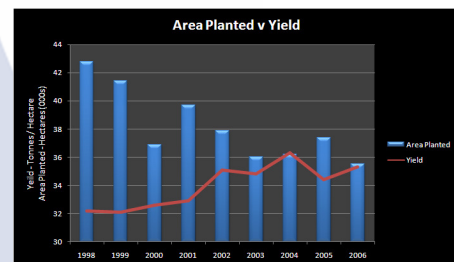
Total Production
2006 1.25millionTonnes



Source: Australian Bureau of Statistics



Average Yield by potato producers



Source: Australian Bureau of Statistics



Market Segments

- The use of potatoes is varied and within Australia the industry can be broadly split into 4 unique segments:
- Fresh Market** – This refers to potatoes sold for fresh market consumption, traditionally through supermarkets, wholesalers and green grocers. The primary types of potatoes that fall under this category are Sebago, Coliban, Nadine Desiree and Ruby Lou. Niche varieties like Purple Congo and Kipler are grown in small quantities.
- Processed Frozen** – This refers to potatoes sold primarily as frozen chips, though other varieties such as potato gems have recently been introduced. The main types of potatoes used for this segment are Russet Burbank, Ranger Russet, Kennebec and Shepody.
- Processed Crisps** – This refers to potatoes processed and sold as potato chips. The main varieties of potatoes used for crisping are Atlantic, Denali, Trent and Kennebec and the crisping companies own varieties.
- Seed Potatoes** – Potatoes grown as seed for processing and fresh market use. This segment supports the other three segments with approximately 10% of total production.

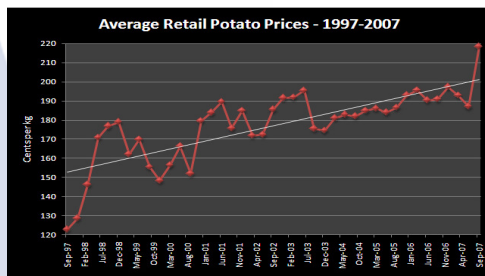
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Market Access

- Domestic markets are free and there are no restrictions on potato production except in Western Australia where potato production is regulated.
- Imports of fresh and seed potatoes are free to enter Australia. There is a small tariff of 5% (4% for developing country status) on dried potatoes and some processed potatoes. This is subject to the usual bio-security conditions.
- Potato growers' ability to develop export markets is quite difficult. Access to some important foreign markets is still restricted by tariffs and quotas.
- Even under negotiated free trade agreements such as the Australia – Thailand FTA, tariff and quotas remain at high levels and in place until the year 2020 on seed, fresh and frozen potatoes.

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Average Retail Pricing

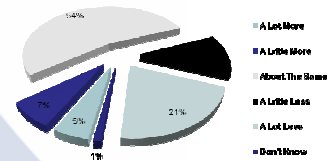


Source: Australian Bureau of Statistics

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Understanding Australian Consumers

EATING MORE OR LESS FRESH POTATOES THAN FIVE YEARS AGO



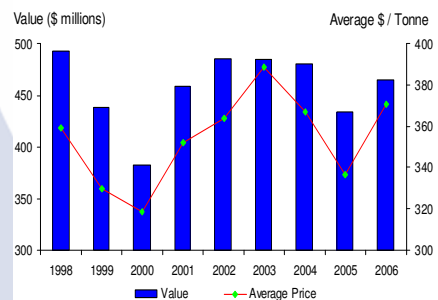
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Marketing

- Fresh Potato IAC Marketing project
- HAL funding process for the introduction of a marketing levy
- Industry acceptance
- Nutritional focus
- Process takes between 1 year and 18 months

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Value of Production



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**Thanks to Horticulture NZ for inviting me
over to speak about the Australian
Potato Industry**

Any Questions



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