



POTATO INDUSTRY ANNUAL REPORT 2014/15



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Executive Summary

Due to their versatility and nutritional value, potatoes are inherently popular among many Australian consumers. With a gross value of over \$617 million, the Australian potato industry is an integral part of the wider horticulture industry.

The Australian potato industry entered a new era of investment after Horticulture Innovation Australia Limited (Hort Innovation) was announced as the research and development corporation for horticulture in November 2014, replacing Horticulture Australia Limited. Hort Innovation is now a grower-owned company with a new operating model that is designed to offer increased consultation with levy payers and other stakeholders in the Australian horticulture industry.

During the 2014-15 financial year, more than \$266,000 from the National Fresh Potato Levy and over \$692,000 from the Processed Potato Levy was invested in research and development (R&D) projects, alongside funds from the Australian Government. The investment goes towards increasing the efficiency, innovation and production of Australian potato growing and processing operations so the industry can enjoy a strong and secure future.

This funding was invested in R&D projects that align with the strategic objectives for both the Australian fresh and processing potato industries. These objectives ensure that each investment helps potato growers and processors to not only continue to produce premium, clean and safe potatoes, but also to make the industry more sustainable, meet consumer demands and ultimately increase profitability.

The four underlying objectives for the fresh potato industry are as follows:

- Objective 1:** Increased innovativeness.
- Objective 2:** Increased usage of practical research findings across the industry.
- Objective 3:** Improved communication, enhanced market understanding and skills.
- Objective 4:** More effective advancement of the cause of the industry.

The four underlying objectives for the processed potato industry are as follows:

- Objective 1:** Increased industry competitiveness.
- Objective 2:** Increased usage of practical research findings across the industry.
- Objective 3:** Improved communication and market awareness.
- Objective 4:** More effective advancement of the cause of the industry.

Hort Innovation obtains industry advice for each R&D project funded by the National Potato Levies and, as a result, a robust industry advisory process guides investment. During the 2014-15 financial year, an advisory panel consisting of growers, processors, industry stakeholders and Hort Innovation representatives was in the process of being selected to ensure that R&D project proposals align with the strategic investment priorities for the fresh and processing Australian potato industries.

Ongoing investment in R&D enhances the Australian potato industry's reputation as a producer of premium, clean and safe produce and helps to create opportunities for innovation and growth. Levy-funded projects such as *Potato Grower Success Stories* and the Potato Industry Extension Program played an integral role in communicating practical R&D findings to growers and processors, while consumer research projects such as Potato Tracker provided growers with unique insights into consumer potato purchasing habits to ensure their operations met ongoing consumer trends.

With potato growers and processors facing a range of challenges, including rising production costs and a variable climate, it is essential that their levy contributions, along with funds from the Australian Government and third-party sources, are invested in R&D projects that increase on-farm efficiency, explore new market opportunities and address consumer trends. This will ultimately allow the Australian potato industry to lead the way in farming innovation and increase its profitability into the future.

Strategic investment priorities

The *Australian Fresh Potato Industry Strategic Investment Plan 2012 – 2017* and *Australian Processed Potato Industry Strategic Investment Plan 2012 – 2017* outline the key objectives for levy investment, which aim to create a strong Australian potato industry that is innovative, efficient and profitable in the future.

Four objectives were developed for both the fresh and processing potato industries to drive the performance of the industry as a whole and simultaneously guide R&D investment in the future. While separate objectives apply to both the fresh and processing potato industries, some overlap exists. Below is an outline of the strategic objects for both industries.

Innovating the industry

This objective focuses on developing new and innovative fresh potato products and encouraging growers to prioritise R&D projects based on product innovation. Levy investment in R&D projects that fall under this objective can allow growers to achieve increased innovation and profitability in the industry.

Establishing competitiveness

The Australian processing potato industry has outlined in its Strategic Investment Plan the steps it must take to increase its competitiveness with the rest of the world. This objective aims to generate opportunities for the industry, allowing it to reach its full potential by addressing productivity barriers, reducing the cost to grow and process potatoes.

Using research to spur development

This objective aims to promote the practical value of industry research programs, encourage growers to implement R&D findings on-farm and communicate research outcomes in a way that growers and processors can easily understand.

Understanding the market

This objective outlines how a greater understanding of the market for fresh and processing potatoes can help the industry achieve its goals by 2017. By benchmarking consumer attitudes towards potatoes on an ongoing basis, there is potential to increase the overall consumption and purchase rate of potatoes.

Flying the industry's flag

The fourth objective of levy investment for the Australian fresh and processing potato industries aims to create greater recognition of the industry as a valuable and iconic member of Australian horticulture. To achieve this goal, investment is encouraged in R&D projects that promote the value of the Australian potato industry and ensure it progresses into the future.

The Bottom Line

The objectives for the fresh potato industry are:

- Increased innovativeness.
- Increased usage of practical research findings across the industry.
- Improved communication, enhanced market understanding and skills.
- More effective advancement of the cause of the industry.

The objectives for the processed potato industry are:

- Increased industry competitiveness.
- Increased usage of practical research findings across the industry.
- Improved communication and market awareness.
- More effective advancement of the cause of the industry.

Industry advice

Hort Innovation obtains industry advice for each R&D project funded by the National Potato Levies. As a result, Hort Innovation employs a transparent and robust industry advisory process to guide R&D investments in the industry.

An advisory panel consisting of growers, processors, industry stakeholders and Hort Innovation representatives will ensure that R&D project proposals align with the strategic investment priorities for the fresh and processing potato industries.

The advisory process ensures each project is evaluated on validity, is assessed on its relevance and has undergone a cost-benefit analysis. The representatives on this panel, which as at June 2016 were yet to be finalised, will ensure that investment continues to build on industry values and strategy.

concept proposal that analyses consumers’ potato purchasing trends aligns with the ‘Improved communication, enhanced market understanding and skills’ objective for the fresh potato industry and would be considered by the advisory panel.

If the concept is approved by the advisory panel, it is then put to tender. The tender process allows service providers, industry members and other stakeholders to submit a tender bid to facilitate the project.

Hort Innovation assesses each tender bid to find the most appropriate service provider to conduct the R&D project and achieve the desired outcome.

Once a bid has been accepted, the service provider then undertakes the project and provides regular progress reports to Hort Innovation.

A thorough process

Growers, processors and industry members are encouraged to submit ideas and concepts for future R&D projects that can help improve or innovate areas of the fresh and/or processing potato industries. These ideas can be submitted through Hort Innovation’s Concept Proposal form (horticulture.com.au/concept-proposal-form).

The Concept Proposal is then considered at an advisory panel meeting. For example, a R&D

The Bottom Line

Each R&D project is considered, investigated and tendered by Hort Innovation through an advisory mechanism, procurement process and thorough consultation with industry.



Summary of ongoing investment

The National Potato Levies form the cornerstone of innovation in the Australian fresh and processing potato industries.

Ongoing investment in the Australian potato industry is achieved through important R&D projects that align with the four strategic investment objectives that drive both the fresh and processing potato industries.

The investment process

In 2014, a new levy investment system was introduced with two pools of different funding priorities.

Pool 1 is funded by grower and processor levies with contributions from the Federal Government. This pool has a one to five year scope and will invest in applied R&D designed to directly benefit growers. This includes pest and disease management and biosecurity matters, with findings communicated to growers through a variety of channels.

Pool 2 has a one to 15 year scope and matches strategic co-investment funds with at least \$20 million, at the pool's maturity, of government seed funds annually. This pool aims to address multi- and cross-industry challenges and opportunities of strategic and long-term importance to Australia's horticulture industries.

Outlined below are examples of Pool 1 R&D investments, categorised by the objectives outlined in the Strategic Investment Plans for the fresh and processing potato industries.

Increased innovativeness and competitiveness

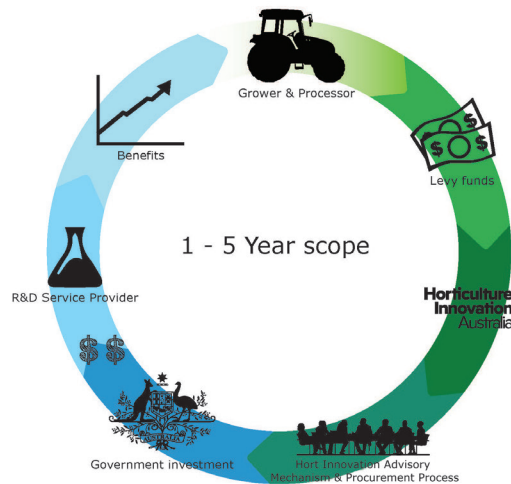
It is imperative for Australian potato growers and processors to continually invest in projects that increase innovation and competitiveness to further the development of the industry as a whole. The Potato Tracker project is a successful example of how potato growers can use research findings to improve the profitability of their business.

During this project, consumer research agency Colmar Brunton tracked Australian shoppers'

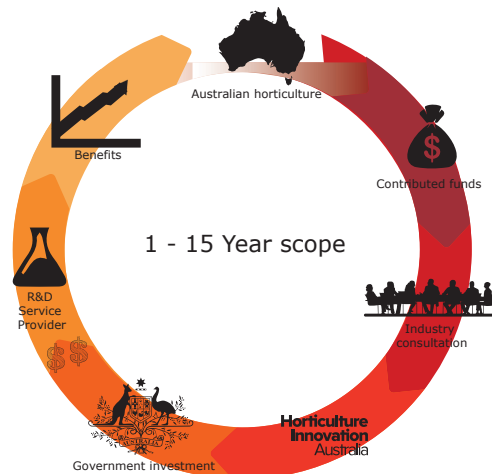
attitudes and behaviours towards potatoes in monthly waves of reports. The findings from Potato Tracker have successfully informed industry of consumer trends, with some using the information to implement new packaging initiatives to better engage the consumer and increase the purchase rate of potatoes.

PT13015: Potato Tracker – consumer and market research for the fresh potato industry

Pool 1



Pool 2





Increased usage of practical research findings across the industry

Potato growers and processors are encouraged to incorporate the practical findings from levy-funded research onto their farms to remain at the forefront of growing and production techniques. The publication, *Potato Grower Success Stories*, was a key output from the Potato Industry Communication Strategy.

Potato Grower Success Stories is an annual publication that profiles six potato growers throughout Australia who are enjoying the tangible benefits of incorporating potato levy-funded R&D into their growing operations. The publication covers a wide range of R&D projects and has received very positive feedback from many readers.

PT12004: Potato Industry Communication Strategy (PICS): management and implementation

Improved communication, enhanced market understanding and skills

For the industry to grow and develop, growers and processors need to be aware of new farming skills and techniques, and have a clear understanding of market needs, to ensure they remain profitable into the future. This requires clear and ongoing communication of R&D in the industry.

The Potato Industry Extension Program was introduced to provide an avenue for potato growers to access the latest R&D information, news and developments to help them remain ahead of the curve. The program organised for a range of industry experts to present at grower meetings in key potato growing and processing areas around the country on a regular basis.

PT11004: Potato Industry Extension Program

More effective advancement of the cause of the industry

To further establish the potato industry as strong and productive, steps must be taken to ensure its advancement into the future. Industry Leadership and Development Missions provide the opportunity for Australian potato growers to visit key international potato growing regions and learn about new techniques and trends that could be applied to their farms in Australia.

In 2014, a group of potato growers travelled to the United States and Canada on a two-week mission, which allowed them to analyse the production systems of their international counterparts and learn from some of the industry's largest and most innovative producers. The growers forged strong networking connections and learnt about emerging R&D. Upon their return, participants shared their new-found knowledge with their colleagues to ensure the wider industry could benefit from these findings.

PT13704: 2014 Potato Industry Study Tour

The Bottom Line

The Australian potato industry had an estimated annual gross value of production of almost \$620 million in 2014-15.

During the 2014-15 financial year, more than \$266,000 of funds from the National Fresh Potato Levy and the Australian Government were invested in R&D projects. The Processed Potato Levy Fund generated more than \$692,000 in matched project investment in the same year.

Case study: Potato Tracker

The Potato Tracker consumer research project, conducted by market research agency Colmar Brunton, successfully provided a detailed insight into the mindset of consumers when purchasing potatoes. During a 12-month period, a new wave of research was released each month to help potato growers around the country better understand consumer attitudes when purchasing fresh potatoes, and ultimately provide them with an opportunity to identify market opportunities for their businesses.

Each month, Colmar Brunton researchers quizzed a sample of potato purchasing consumers and ranked their drivers and barriers to purchase, as well as the perceived price to value ratios of potatoes, preferred cooking methods, ability to recall different varieties and country of origin considerations.

While the results varied from month to month, the Potato Tracker project gave growers the opportunity to tailor their products to better meet consumer desires and expectations. The report revealed a range of potato purchasing trends that, if capitalised on, could give growers an edge in expanding their businesses.

Identifying new opportunities

Packaging alterations were regularly recommended throughout the Potato Tracker project, as this was predicted to help growers tailor their product





offerings to educate and inform consumers and ultimately increase the consumption of potatoes. The research indicated that extra information, such as serving sizes on labels, could greatly increase the purchase rate of potatoes and help consumers to better gauge the optimal amount of potatoes needed per meal.

The report also suggested that growers could encourage or remind the main purchaser from each household of how potatoes can be used in other cuisines. For instance, during the colder months of the year, growers could explore pre-packaged options such as cubed potatoes to be included in soups.

Other findings from the report indicated that there was a gap in consumer knowledge of potato varieties and nutritional value. As a result, a large portion of potato purchasers indicated that they wanted more information about the suitability of different varieties to different cooking styles.

Multiple waves of research found that the main perceived barrier to buying more potatoes was that Australians believed they 'consumed enough for their needs'. The report suggested that growers could overcome this barrier by altering packaging to promote individual varieties, as well as providing recipe ideas and potentially encouraging new meal occasions to eat potatoes.

The results from this project will continue to help Australia's potato growers enhance their profitability and simultaneously deliver high quality, fresh produce to potato lovers across the nation. The results can be found at ausveg.com.au/potatoes/potato-consumer-research.htm.

Information

This project was funded by Horticulture Innovation Australia Limited using the Fresh Potato Levy and funds from the Australian Government.

PT13015: Potato Tracker – Consumer and market research for the fresh potato industry

The Bottom Line

The main focus of Potato Tracker was to track consumer purchasing habits of potatoes, with the aim of giving potato growers the tools to tailor their products to meet consumer demands and trends.

Financial summary

	2014/15		
	Fresh	Processed	Total
Opening balance	\$326,826	\$248,609	\$575,436
Levies from growers (net of collection costs)	\$205,829	\$732,343	\$938,172
Commonwealth funds	\$158,522	\$394,383	\$552,904
Other income	\$13,108	\$17,090	\$30,198
	\$377,459	\$1,143,815	\$1,521,274
Project funding	\$266,716	\$692,343	\$959,059
Consultation with and advice from growers	\$15,964	\$2,684	\$18,648
Service delivery	\$34,363	\$93,739	\$128,101
	\$317,043	\$788,765	\$1,105,808
Levy contribution to across industry activity	\$6,972	\$13,038	\$20,011
Closing balance	\$380,270	\$590,621	\$970,891
Levy collection costs	\$16,492	\$38,482	\$54,974



Breakdown of levy expenditure 2014/15

Objective 1. Increased innovativeness/competitiveness

Project Number	Project Title	Service Provider	Funding
MT09067	Managing the nematode threat	Tasmanian Institute of Agriculture (TIA) - University of Tas	\$-9,390
PT09027	Improving management of white-fringed weevils in potatoes	Tasmanian Institute of Agriculture (TIA) - University of Tas	\$31,998
PT09039	APRP2 program	University of Ballarat	\$292,554
PT13006	A Scoping Study of Potato Virus Y in Potato	Western Australian Agriculture Authority (WAAA)	\$3,500
PT13009	Heritage Potato Collection	The Dept of Economic Development, Jobs, Transport & Resources	\$10,400
PT13010	Seed Potato Certification Review	AUSVEG Ltd	\$38,720

Objective 2. Increased usage of practical research findings across the industry

Project Number	Project Title	Service Provider	Funding
MT07055	Facilitating the communication and development of the Tasmanian Vegetable Industry (continuation of VG00070)	University of Tasmania	\$-6,939
PT11004	Potato Industry Extension Program	AUSVEG Ltd	\$164,740
PT11701	Potato International Networking	AUSVEG Ltd	\$3,238
PT12004	Potato Industry Communication Strategy (PICS): management and implementation	AUSVEG Ltd	\$165,268
PT12019	Potatoes Australia (continuation of PT09014)	AUSVEG Ltd	\$167,439
PT13013	A review of knowledge gaps and compilation of R and D outputs from the Australian Potato Research Programs	Horticulture Australia Ltd	\$25,791
PT13704	2014 Potato Industry Study Tour	AUSVEG Ltd	\$-3,260
PT14800	Industry Annual Report - 2013-14	Horticulture Australia Ltd	\$14,857

Objective 3. Improved communication, enhanced market understanding and skills/market awareness

Project Number	Project Title	Service Provider	Funding
MT12028	OHMA Operational Support 2012 to 2015	Horticulture Australia Ltd	\$703
MT12029	Horticultural Market Access Manager 2012 - 2015	Langley Consulting	\$407
MT14027	Horticultural Market Access Manager 2014 - 2015	Lawrence Consulting	\$2,000
PT13015	Potato Tracker - consumer and market research for the fresh potato industry	Colmar Brunton	\$39,920

Objective 4. More effective advancement of the cause of the industry

Project Number	Project Title	Service Provider	Funding
PT14702	International Potato Group Meeting China 2015	AUSVEG Ltd	\$17,113

Total Levy Project Expenditure excluding Consultation

\$959,059

Total Levy Project Expenditure including Consultation

\$977,707



Minor use permits

Permit Number	Permit Description (pesticide/crop/pest)	Previous Reference	Date Issued	Expiry Date	States
PER12612 v2	Alpha-cypermethrin/Potato/Garden weevils	PER12612	29/6/2011	30/4/2021	Tas, WA
PER14722	Abamectin/Vegetables including potato/ Tomato red spider mite	N/A	17/2/2015	30/9/2020	All States (Ex Vic)
PER14765 v2	Hexythiazox/Vegetables including potato/ Tomato red mite	PER14765	21/2/2015	31/3/2018	All States (Ex Vic)
PER80344	Chlorpyrifos/Potato/African black beetle, Wingless grasshopper, Redlegged earth mite	PER10283	2/1/2015	30/9/2020	All States (Ex Vic)

Please note: The permit information listed above is current as of 1 June 2016.
The *Potato Industry Annual Report 2014/15* references the Hort Innovation project listed below:
PT15009 Minor use permits for the potato industry

All efforts have been made to provide the most current, complete and accurate information on these permits, however it is recommended that you confirm the details of these permits at the following APVMA website:
apvma.gov.au/permits/search.php.



