

# MEDIA RELEASE

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## POTATO PROCESSING INDUSTRY COULD BE IN RUINS WITHIN YEARS

The South Australian potato processing industry is facing yet another hurdle in what is already a highly competitive market. The sector is worth approximately \$100 million at farm gate.

On a regular visit to the South East region of South Australia, Robbie Davis, CEO of Potatoes South Australia Incorporated, met with growers who supply potatoes to multinational processing companies.

Many of these growers have faced substantial cuts to their supply quotas (some have been completely abandoned) and their future remains uncertain.

New draft contracts, currently being discussed by growers leave little room for negotiation and have been all but accepted by the New Zealand industry. Andrew Widdison, Chair of the South East Potato Growers Association (SEPGA) and a Board member of Potatoes South Australia, stated that, "We are being squeezed out of the market. A contract to cover all growers in Australia and New Zealand is untenable".

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.

"South Australia produces some of the best potatoes in the world and yet the industry will soon be on its knees", said Ms Davis. "It's facing increasingly difficult times exacerbated by a strong Australian dollar, and long term prospects along the whole value chain are far from favourable", she added.

Growers supplying potatoes for processing into crisps are not faring any better. They too are facing cuts or have not had contracts renewed.

In South Australia, potatoes represent the largest horticulture contribution to gross food revenue (approximately \$440 million) and the state is the nation's largest potato producer. Nationally the potato industry is valued at close to \$1/2 billion.

The South Australian industry is liaising with the government at both state and federal levels.

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