



6th September, 2012

Jasmine Tan
Senior Project Officer
Adjudication
Australian Competition & Consumer Commission
23 Marcus Clarke Street
Canberra ACT 2601

Dear Jasmine,

Please see the brief document attached with answers to the questions posed by the ACCC to the VPGC and SEPGA.

If you require any further clarification or have further questions, please do not hesitate contact me.

Sincerely,

Laura Bowles
Executive Officer
VPGC

In relation to SEPGA's application

1. Other than McCain Foods and Safries, are there any potato processors or buyers that SEPGA and its members may seek to supply?

Currently the SEPGA members predominantly supply McCain Foods and Safries. There may be smaller individual buyers of non PBR (Plant Breeder Rights) owned varieties that the members of the SEPGA supply intermittently, but the main buyers of their potatoes are McCain Foods and Safries.

2. A description of any potato growers to whom the Applicants intend to sell their seed potatoes

As far as I am aware the members of the SEPGA either grow their own seed for use on their own properties, or they buy certified seed from seed growers. If there was seed bought and sold between growers, it would be minimal.

3. A description of the market likely to be affected by SEPGA's establishment of the price recommendation for seed potatoes

The inclusion of the seed price recommendation for the SEPGA in the application was to cover the potential sales of seed and discussion of price they may have as a group. There is minimal seed trading within the SEPGA, as the growers are predominantly commercial potato growers, not seed growers.

The market which could be affected by the price discussion is the certified seed market, but the amount and varieties which the SEPGA growers would be trading would have little or no impact on the market at all.

4. Do the Applicants intend to supply any types of potatoes other than processing potatoes and seed potatoes under the proposed arrangements?

Some members of the SEPGA have other smaller markets which they may supply with their over contract potatoes grown for McCain Foods or Safries. These buyers are small fresh or commercial businesses (fish and chip shops, pubs, etc). There may be a few growers within the SEPGA who also grow other varieties for the fresh market. Potential buyers for these varieties are fresh wholesalers, green grocers and some may occasionally supply supermarket chains through merchants.

In relation to each of the applications

1. A description of the process for establishing the price recommendation for seed potatoes

Each year in December, the Seed Potatoes Victoria (SPV) committee gets together to put a 'recommended price list' for certified seed growers to use as a guide for their seed potato sales for the season.

The first step in this process is to get together in district seed groups, to which all certified seed growers in the area are invited, and discuss an appropriate price increase, or decrease in some cases. This discussion takes into account the previous years fresh market, commercial market and seed market sales, the trends in the industry and the future viability of seed growers. The discussions generally

end in a vote around an average price increase/decrease, where each member of SPV at the meeting (proxy/absentee votes also accepted) gets a say. The results from each district are then taken back to the SPV committee and tabled for discussion. The SPV committee then have their own discussion around the district results and comments, the current market and other factors involved in the decision on seed price. The committee has a vote which results in a figure for increase or decrease. The price list is then distributed amongst all members, buyers, merchants and other interested parties. I have attached an example price list below;

YEAR 2009 RECOMMENDED MINIMUM PRICES

SIZE RANGE	ATLANTIC (1)						AUSTRALIAN BREEDER VARIETIES SUBJECT TO ROYALTY					
	Bags			Bins			Bags			Bins		
	Net	GST	Invoice Price Incl. of GST	Net	GST	Invoice Price Incl. of GST	Net	GST	Invoice Price Incl. of GST	Net	GST	Invoice Price of 0
35 mm - 55 mm	990.00	99.00	1,089.00	965.00	96.50	1,061.50	1,030.00	103.00	1,133.00	1,015.00	101.50	1,116.50
35 mm - 60 mm	860.00	86.00	946.00	835.00	83.50	918.50	910.00	91.00	1,001.00	890.00	89.00	979.00
35 mm - 65 mm	770.00	77.00	847.00	745.00	74.50	819.50	815.00	81.50	896.50	795.00	79.50	874.50
35 mm - 70 mm	705.00	70.50	775.50	680.00	68.00	748.00	755.00	75.50	830.50	730.00	73.00	803.00
35 mm - 75 mm	670.00	67.00	737.00	645.00	64.50	709.50	725.00	72.50	797.50	690.00	69.00	759.00
55 mm - 65 mm	595.00	59.50	654.50	575.00	57.50	632.50	650.00	65.00	715.00	325.00	32.50	357.50
55 mm - 70 mm	530.00	53.00	583.00	505.00	50.50	555.50	585.00	58.50	643.50	555.00	55.50	610.50

- (1) Excludes Atlantic seed sold on forward order. Forward order contracts should be endorsed by both buyer and seller prior to September 1 in the year prior to supply.
- (2) Russet Burbank on contract arrangements is linked to the McCain Foods (Aust) Ltd factory prices
- (3) Some varieties attract royalties. Prior to purchasing, please ask the grower if plant right exist for your chosen variety.

2. The public benefits and detriments expected to result from establishing a price recommendation for seed potatoes

Before the price recommendation list was established, there was a lot of confusion amongst seed potato growers and buyers as to what a fair price for seed would be. In some cases, the price on one side of the State was significantly higher than that on the other side of the State, which led to market instability. The establishment of the recommended price for the season allowed all seed growers and buyers to have some idea of what they could expect to receive/pay for the crop of seed potatoes for that season. This allowed buyers and growers to plan ahead and gave the market confidence. The price list is also used by other companies as an indication of how the industry is going and what price they can hope to achieve for their product.

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