21 December 2012

Submission for the Introduction of a Statutory Marketing Levy on Sweet Potatoes.

The Australian Sweet Potato Growers Association (ASPG) has provided a levy submission to Horticulture Australia Limited (HAL) that requests the introduction of a national statutory marketing levy on sweet potatoes.

Specifically the submission proposes that a compulsory national ad valorem levy/export charge on sweet potatoes be established for the purposes of marketing and promotion, and that the levy be calculated at a rate of 1% of the sale price of sweet potatoes, to be collected at the first point of sale.

I can advise that the HAL Board noted the ASPG submission as it most recent meeting and we now forward the submission to DAFF for consideration and response by the Australian Government.

In considering the ASPG submission, the Minister should note that:

1) No funding from HAL was provided for the consultation process or for the preparation of the ASPG submission.

2) HAL understands that the Prescribed Industry Body for the current statutory R&D Levy on vegetables, which includes sweet potatoes, has not been party to the most immediate industry consultation and the voting process.

Yours sincerely,

Warwick Scherfl
General Manager – Industry Services

Cc: John Lloyd – HAL
Rodney Wolfenden - ASPG
11 December 2012

Senator the Hon. Joe Ludwig
Minister for Agriculture, Fisheries and Forestry
PO Box 6022
Parliament House
CANBERRA ACT 2600

Dear Minister

Australian Sweetpotato Industry
Proposal for a Marketing Levy

On behalf of Australian Sweetpotato Growers Inc I am pleased to now submit our proposal for the establishment of a levy on Sweetpotatoes to fund essential marketing and promotion activity.

In developing this proposal we have followed the government’s Levy Principles and Guidelines and liaised closely with staff in the Department of Agriculture Fisheries and Forestry.

A ballot of all known Sweetpotato growers (i.e. the potential levy payers) was conducted by the Australian Electoral Commission and the very significant majority of growers (by both grower number and production volume) supported the proposal. Our industry is well-organised, growing strongly and united in its support for a levy-funded marketing and promotion program.

We look forward to your response and trust that after the normal review processes, you will approve this proposal.

If you require any more information or have any questions, please don’t hesitate to contact me.

Yours sincerely

Rodney Wolfenden
CHAIRMAN

s. 47F(1)

CC
John Lloyd – CEO, Horticulture Australia Ltd.
Sweet Potato Levy

Submission to the Minister for Agriculture, Fisheries and Forestry for the establishment of a Levy to fund the marketing of Sweet Potatoes

Australian Sweetpotato Growers Inc

December 2012

Prepared by

Australian Sweetpotato Growers Inc
**Sweet Potato Levy - Submission to establish a levy**

Prepared December 2012

The administrative contact for this submission is Mr Eric Coleman, Secretary, Australian Sweetpotato Growers Inc (ASPG). ASPG is the peak body for the Australian Sweet Potato industry and is proposed as the 'Prescribed Industry Body' for the purposes of this Marketing Levy.

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<thead>
<tr>
<th>Name of Industry Body</th>
<th>Australian Sweetpotato Growers Inc.</th>
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<tbody>
<tr>
<td>Contact</td>
<td>Eric Coleman</td>
</tr>
<tr>
<td>ABN</td>
<td>S. 47F(1)</td>
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<td>Address</td>
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<td>Telephone Number</td>
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<td>E-mail address</td>
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**Abbreviations used in this document**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AEC</td>
<td>Australian Electoral Commission</td>
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<tr>
<td>ASPG</td>
<td>Australian Sweetpotato Growers Inc.</td>
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<tr>
<td>DAFF</td>
<td>Australian Government Department of Agriculture, Fisheries and Forestry</td>
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<td>HAL</td>
<td>Horticulture Australia Ltd</td>
</tr>
<tr>
<td>DAFF - Levies</td>
<td>Formerly 'Levies Revenue Service'</td>
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<tr>
<td>IAC</td>
<td>Industry Advisory Committee</td>
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<td></td>
<td>(An advisory committee established by HAL)</td>
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<tr>
<td>GVP</td>
<td>Gross Value of Production</td>
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<td>M &amp; P</td>
<td>Marketing and Promotion</td>
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<tr>
<td>QDAFF</td>
<td>Queensland Department of Agriculture, Fisheries and Forestry</td>
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<td>R &amp; D</td>
<td>Research and Development</td>
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1. The Proposal

It is proposed that the Minister for Agriculture, Fisheries and Forestry agree to the establishment of a compulsory national Levy/Export Charge calculated at one percent (1%) of the sale price on all Sweet Potato sales, collected at the first point of sale, with that levy to be used for the purposes of marketing and promotion.

If approved, this new levy will give rise to changes in the Primary Industries (Excise) Levies Regulations 1999, Primary Industries (Customs) Charges Regulations 2000 and Primary Industries Levies and Charges Collection Regulations 1991.

Note that no change is proposed to the current multi-commodity 'Vegetable Levy' for Research and Development, which includes Sweet Potatoes.
2. REQUIRED INFORMATION IN RELATION TO THE DETERMINATION OF STATUTORY PRIMARY INDUSTRIES LEVIES

Name of levy (commodity)
Sweet Potato Levy

2.1. New or existing
This submission is for the establishment of a new levy.

2.2. Purpose of the levy
The Sweet Potato Levy will support essential Marketing & Promotion activity, for the benefit of the whole industry.

2.3. Explanation of the type of market failure that the levy addresses
Market failure in the form of the "Free Rider Principle" is causing the under-investment in generic marketing and promotion activities in the Sweet Potato industry in the same way as it does for many other horticultural products. The activities funded by this proposed levy:

- Will benefit the whole industry;
- Would not be undertaken by individual producers or other businesses in the industry;
- Will drive increased consumer demand, to ensure that demand meets market supply trends;
- Will increase sales, improve quality, and stimulate efficiencies throughout the supply chain; and
- Will be funded entirely by the levy and will not require any matching government funding.

Collective action, determined by the industry's national Strategic Marketing Plan for Fresh Sweetpotatoes 2013-16 (Appendix A) and funded through an equitably imposed statutory levy, will capture efficiencies and ensure the benefit generated is equitably shared across all levy payers.

Some larger growers have funded their own limited marketing activities. This marketing has been primarily in the area of pricing policy linked to major chain retail pricing and promotion. This differs from the proposed industry-led generic marketing activity which is aimed at increasing total consumption, for the benefit of all growers.

The lack of a major marketing campaign reduces the returns that growers could otherwise realise and weakens Sweet Potato sales against the variety of like/competing vegetables in the marketplace.

The Industry Profile and Strategic Marketing Plan documents (Appendices A & B) show the increasing availability and public interest in processed Sweet Potato products. Critically however, a significant proportion of these processed products (frozen fries and French Fries in retail and food service) are imported. Australian producers are excluded from this market as it is impossible to supply the raw product at a competitive and profitable price. It is argued that a proportion of this imported-processed product is replacing potential sales of fresh Sweet Potatoes. A levy-funded, industry-driven marketing program would aim to reverse that trend.
Beyond the specific example of imported frozen product, the lack of co-ordinated industry-wide marketing activity means that fresh Sweet Potatoes are missing the current growth opportunity being driven by growing consumer interest.

2.4. Size of industry and/or public benefit

The industry produces approximately 75,000 tonnes of Sweet Potato with an estimated Gross Value of Production (GVP) in 2011 of $80 million. The industry’s production has grown considerably over recent years—estimated at more than 1700% over the last 16 years.

Industry peak body, Australian Sweetpotato Growers Inc. believes production will continue to increase and that, if grower returns are to be maintained, the production growth must be matched by increasing demand. The marketing program to be funded by this proposed levy will stimulate that demand.

There are 82 commercial growers (i.e. potential levy payers) all located in regional areas, mostly in Queensland and NSW. Farm size ranges from 10 to 200 hectares, with most in the 15-80 hectare size.

With widespread adoption of outcomes from its levy-funded R&D program, the industry is now able to maintain consistent, year-long supply of high quality Sweet Potatoes to the market.

In its regional growing areas the industry is a significant employer — providing work for between 4,000-5,000 people, in a normal year.

A detailed Industry Profile was prepared for the Board of Horticulture Australia Ltd (HAL) and is provided with this submission as further background (Appendix B)

2.5. Relative efficiency criterion

A compulsory levy is the most efficient way to collect the Sweet Potato industry’s Marketing and Promotion (M&P) funds. It ensures that each grower contributes to activities for the betterment of the industry on an equitable basis. It also ensures that all growers are able to benefit from the M&P of Sweet Potatoes. Small producers are often unable to raise the funds required to carry out marketing activity. And large producers may feel disinclined to do so if they feel that other producers will leverage off or ‘free-ride’ from their activities.

The Henry Tax Review agrees, and noted that

“...intellectual property rights may not be robust enough to ensure that a producer gains all the benefit ... for example it may not be possible to patent or copyright an idea or technique that is not embodied in a machine or software. By collecting a levy from all producers in an industry, it is possible to ensure that all producers share both the costs and the benefits.”

While these comments relate to R&D, they are just as applicable in the funding of M&P.

A voluntary levy mechanism is not as efficient as it would allow some growers to opt-out and thus ‘free-ride’ on the payments of those that do contribute.

The proposed method for collection of the Sweet Potato Levy would be via its application to the sale price at the first point of sale. This is the well-tried and accepted method used for the existing Vegetable Levy (R&D) to which Sweet Potato growers contribute. Modelling this new levy on the imposition and collection mechanism used by the Vegetable Levy (R&D) will help minimise the administrative costs to agents, wholesalers and retail chains.

As an industry with a relatively small number of growers; who have a similarly small number of wholesale market agents handling their produce the levy accounting and collection process should be cost-efficient and relatively simple.
2.6. Industry consultation process

A broad consensus of support for this levy proposal was achieved in the formal ballot conducted by the Australian Electoral Commission (AEC). However the issue of the need for M&P and how it should be funded has been discussed by ASPG and growers for some years. Some key points were:

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<tr>
<td>August 2008 – General Meeting of ASPG members</td>
<td>Motion was moved and carried to employ a consultant to present at the next meeting and give details on the levy structure and possible strategies for the association to develop a promotion levy.</td>
</tr>
<tr>
<td>December 2009 – General Meeting of ASPG members</td>
<td>Consultant gave a presentation about the horticulture levy system and process in Australia. There was a unanimous agreement to take this concept forward as the next major ASPG project.</td>
</tr>
<tr>
<td>October 2010 – ASPG Management Committee Meeting</td>
<td>A sub-committee was formed with the task of investigating the feasibility of developing a promotions levy for Sweetpotato.</td>
</tr>
<tr>
<td>November 2011 – General Meeting of ASPG members</td>
<td>A report was given discussing the development of a position paper and the process involved in the association implementing a promotion levy to support ongoing market growth in the industry examples from other industries were discussed.</td>
</tr>
<tr>
<td>April 2012 – ASPG Annual General Meeting</td>
<td>A motion was debated and developed and read as follows; “That a new marketing levy of 1% is supported that will coexist with the current R&amp;D levy of 0.5%”. Motion was moved by and seconded by Dean Akers and carried unanimously.</td>
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As part of this formal levy process and in accordance with the government’s Levy Principles and Guidelines, ASPG has:

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| 24 September 2012 | Mailed to all known Sweet Potato growers:  
  - Details of the levy proposal (Appendix C)  
  - A separate “Questions and Answers” document (Appendix D)  
  - Covering letter from the President, ASPG. (Appendix E)  
  - Flyer, promoting the forthcoming regional grower consultation meetings (Appendix F) |
| Week commencing 8 October 2012 | Presented details of the Marketing Plan and levy proposal to two well-attended grower meetings in Cudgen (NSW) and Bundaberg (QLD). Copies of the presentation used, the meeting reports and the attendance registers are provided (Appendices G to K respectively). |
| Week commencing 25 October 2012 | All known growers were personally phoned by a member of the Executive Committee of ASPG to:  
  - Ensure they had received the information pack (from ASPG) and ballot materials (from the Australian Electoral Commission [AEC]).  
  - Ask if they had any questions  
  - Encourage them to participate in the ballot. |
3. **INTRODUCTION & BACKGROUND**

This proposal has been prepared by ASPG on behalf of Australian Sweet Potato growers. ASPG is a member focussed non-profit incorporated association and has represented the interests of its members, and all Sweet Potato growers, since 2007.

It is confidently estimated that those growers who are ASPG members are responsible for 80-90% of national Sweet Potato production.

ASPG funds its own operations via a number of non-statutory levy sources, including a voluntary levy on all Sweet Potato seed sales.

ASPG hereby submits this levy proposal for consideration by the Minister and the Australian Government.

**ASPG would like to highlight:**

- **The very strong grower support for the proposal as evidenced in the results of the ballot conducted by the Australian Electoral Commission (AEC).**
- **The importance of an early approval by the Minister so that demand can be stimulated to meet strongly increasing production – thus avoiding unnecessary pressure on grower profitability.**
- **As this proposal is for a levy to fund marketing and promotion, no matching government contribution is required.**
- **That, as the industry’s recognised peak body with strong and close links to growers/levy payers, ASPG is the logical and most appropriate organisation to be recognised as the Prescribed Industry Body/Eligible Industry Body for this levy.**

**Structure of this submission**

There are 6 parts to this submission:

- **Section 1** articulates the levy increase proposal.
- **Section 2** details the formal information required in relation to statutory primary industry levies.
- **Section 3** provides an introduction to the proposal; important background to the reason for the levy proposal and the process followed.
- **Section 4** addresses in detail the 11 Levy Principles contained in the ‘Levy Principles and Guidelines’ issued by the Department of Agriculture, Fisheries and Forestry.
- **Section 5** covers important additional information in relation to the recognition of ASPG as the Prescribed Industry Body/Eligible Industry Body; the appointment of a Sweet Potato Industry Advisory Committee (IAC); and the maintenance of the existing Vegetable Levy for R&D.
- **Section 6** provides some concluding comments.
- **Section 7** contains a series of Appendices provided for further information and reference.
3.1. Increasing production – Opportunity and Risk

Sweet Potato production has grown strongly for at least the 16 years that ASPG has records. This growth has been the result of:

- Significant changes in on-farm practices, driven by R&D, and resulting in a consistent supply of high quality product.
- Strong growth of the Bundaberg region as an ideal location for Sweet Potato production.
- The growing popularity of Sweet Potatoes among consumers; and
- Recognition by retailers of the opportunities Sweet Potatoes provide for increased sales.

Demand and supply have grown in tandem and the profitability for growers has been reasonable.

![National Sweet Potato Production](image)

However consumer and market research shows that there is still significant opportunity for consumption growth. For example:

1. There are large groups in the community who either do not buy Sweet Potato at all or buy infrequently. With the right promotion their purchase frequency can be increased.

2. Many younger families are unfamiliar with Sweet Potatoes and not sure of how to prepare them or include them in the family menu. With the right promotion, they can be tempted to include Sweet Potato more often.

So:

1. If just another 5% of Australia’s 8,648 million households could be convinced to buy 1 kg of Sweetpotato 3 times per year the total consumption increase would be 1,297 tonnes – worth $1.38 million to growers at current wholesale prices.

2. If the two-thirds of buyers who buy just twice a year could be convinced to make the national average purchase (1.3kg) just once more in a year the additional consumption would be 7,420 tonnes – worth $7.87 million to growers at current wholesale prices.
3. From other fruit and vegetable industries there is much experience to show that if consumer demand is stimulated, retailers will respond with increased orders, competitive pricing and their own promotion strategies. Conversely, if the industry's total production increases without a matching increase in demand, the oversupply will be damaging, right along the supply chain. Grower profitability will suffer.

ASPG and its growers know this situation is avoidable and see the implementation of a strong M&P program as a significant part of the solution. With appropriate promotion there is no reason why the industry should not continue to grow and prosper.

More detail and background on the marketing program is available in the industry's national Strategic Marketing Plan for Fresh Sweetpotatoes 2013-16 (Appendix A).

3.2. Public Benefit – Sweet potatoes and health

Like almost all fruits and vegetables, Sweet Potatoes have specific nutritional benefits, valuable for human health and wellbeing. At this point it is important to remind ourselves that Sweet Potatoes are not just another potato (Solanum tuberosum). While they are distantly related, the Sweet Potato (Ipomoea batatas) is a quite different vegetable – requiring different growing conditions and practices and delivering a quite different taste and human nutrition profile. Some highlights are:

✓ Sweet Potato is one of the ‘average’ calorie starch foods. The tuber, however, contains no saturated fats or cholesterol; but is rich source of dietary fibre, anti-oxidants, vitamins, and minerals.

✓ Its calorie content mainly comes from starch, a complex carbohydrate. Starch raises the blood sugar levels slowly in comparison to simple sugars and therefore, recommended as a healthy food supplement even in diabetes.

✓ Sweet Potato is an excellent source of flavonoid phenolic compounds such as beta-carotene and Vitamin A (100 g tuber provides 14,187 IU of vitamin A and 8,509 mcg of B-carotene). The value is one of the highest among root vegetables category. These compounds are powerful natural antioxidants. Vitamin A is also required by the body to maintain integrity of healthy mucus membranes and skin. It is also a vital nutrient for vision. Consumption of vegetables and fruits rich in flavonoids helps to protect from lung and oral cavity cancers.

✓ Sweet Potatoes are packed with many essential vitamins such as pantothenic acid (vitamin B-5), pyridoxine (vitamin B-6), and thiamin (vitamin B-1), niacin, and riboflavin. These vitamins are essential in the sense that the body requires them from external sources to replenish. These vitamins function as co-factors for various enzymes during metabolism.

✓ Sweet potato provides good amount of vital minerals such as iron, calcium, magnesium, manganese, and potassium that are very essential for enzyme, protein, and carbohydrate metabolism.
4. ADDRESSING THE 11 LEVY PRINCIPLES

As required, the following information is provided in relation to the Australian Government’s 11 Levy Principles (dated January 2009 and current as at 4 September 2011) contained in the Levy Principles and Guidelines.

4.1. Levy Principle 1

The proposed levy must relate to a function for which there is a market failure.

Market failure exists for the Sweet Potato industry in that, without a compulsory levy, the industry is not able to generate the revenue to fund essential M&P activities as identified in the industry’s Strategic Marketing Plan to drive consumer demand.

The proposed levy will be applied equitably to all growers.

The activities funded by the proposed levy:

- Benefit the whole industry;
- Would not be undertaken by individual producers or other businesses in the industry;
- Increase sales, improve quality and drive efficiencies in the supply chain; and
- Have health and nutritional benefit to the Australian community.

Collective action, determined by an industry-adopted Strategic Marketing Plan (see Appendix A) and funded through an equitably imposed statutory levy, will capture efficiencies and ensure the benefit generated is equitably shared across all levy payers.
4.2. Levy Principle 2

A request for a levy must be supported by industry bodies representing, wherever possible, all existing and/or potential levy payers, the relevant levy beneficiaries and other interested and/or affected parties.

The initiator shall demonstrate that all reasonable attempts have been made to inform all relevant parties of the proposal and that they have had the opportunity to comment on the proposed levy.

A levy may be initiated by the government, in the public interest, in consultation with the industries involved.

Support by industry body

ASPG is the Sweet Potato industry peak body representing both its Members and all Sweetpotato growers (see 'Objects' in the ASPG Constitution – Appendix M)

ASPG has 53 financial members. Combined, ASPG members are responsible for 80-90% of national Sweet Potato production.

ASPG has taken full responsibility for this levy consultation and proposal process. It has been funded from ASPG’s own resources.

Since August 2008, the Management Committee of ASPG have discussed and progressed consultation on this levy proposal. In April 2012, at the Annual General Meeting of ASPG the following resolution was proposed and passed, unanimously:

“That a new marketing levy of 1% is supported that will coexist with the current R&D levy of 0.5%”

In addition, on a number of occasions since 2008, the need for M&P and the suggestion of a levy to fund that activity was raised by ASPG with growers. This is detailed earlier in the schedule on page 6.

The Management Committee of ASPG unanimously supports this levy submission.

Building the prospective levy payer database (the 'Voting Register')

ASPG went to considerable lengths to build the most extensive list of Sweet Potato growers (i.e. potential levy payers) possible. The process involved:

- Access to the ASPG membership database, which generated an initial list of 53 growers;
- Cross-check this list with the database held by Fairybower Farms, Australia’s only supplier of ‘virus free’ planting material (i.e. Sweet Potato roots). This list contained 85 names in NSW, Qld, SA and WA which, after further analysis, left 24 growers to be individually contacted, to check that they are current commercial growers.
- Cross-check with the QDAFF staff member who managed that department’s planting material program from 2007-2010, to identify any further growers.
- Cross-check with QDAFF staff in Bundaberg and Mareeba.
- Cross-check with a recent staff member of the WA Department of Agriculture and Food. This generated the names of two more commercial growers.
- Contact with NT Department of Primary Industries and Fisheries who advised they knew of, no commercial Sweet Potato growers in the Territory.
- Contact with the only known grower in South Australia who said they knew of no other growers in that State.
- Contact with a past grower in Kununurra, WA, who said he was not growing and knew of no other growers in that region.
- Contact with one known grower in Carnarvon, WA, who provided the details of the one other grower in that district.
- Contact with one known grower WA region who knew of no other growers.
- A major freight provider in NSW provided the names of three additional growers.
- A representative of Lindsay Rural, provided the name of another NSW grower.

**Informing all parties of the proposal**

A managed and staged consultation process was undertaken, involving:

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<tr>
<td>24 September 2012</td>
<td>Mailed to all known Sweet Potato growers:</td>
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<tr>
<td></td>
<td>• Details of the levy proposal (Appendix C)</td>
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<td>• A separate 'Questions and Answers' document (Appendix D)</td>
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<td>• Flyer, promoting the forthcoming regional grower consultation meetings</td>
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<td>(Appendix F)</td>
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<tr>
<td>3 October 2012</td>
<td>Extended Interview on ABC's 'Queensland Country Hour' with Rodney</td>
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<td>Wolfenden, President ASPG. Covered details of levy proposal, grower</td>
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<td>meetings and the ballot. Podcast available at</td>
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<td><a href="http://www.abc.net.au/rural/qld/content/2012/10/s3602985.htm">http://www.abc.net.au/rural/qld/content/2012/10/s3602985.htm</a></td>
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<tr>
<td>Week commencing 1 October</td>
<td>Advertising and publicity of the regional grower meetings. See Appendix</td>
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<td>2012</td>
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<tr>
<td>Week commencing 8 October</td>
<td>Presented details of the Marketing Plan and levy proposal to two well-</td>
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<td>2012</td>
<td>attended grower meetings in Cudgen (NSW) and Bundaberg (Qld).</td>
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<td>registers are provided (Appendices G to L respectively).</td>
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<tr>
<td>Week commencing 29 October</td>
<td>All known growers were personally phoned by a member of the Executive</td>
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<td>2012</td>
<td>Committee of ASPG to:</td>
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<td>• Ensure they had received the information pack (from ASPG) and ballot</td>
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<td>materials (from the Australian Electoral Commission (AEC)).</td>
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<td>• Ask if they had any questions</td>
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<td>• Encourage them to participate in the ballot.</td>
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In addition all growers were provided with the phone, email and postal contact details of the Levy Proposal Manager, in case they had questions or wanted more information. None contacted the Manager.
Support by the potential levy payers and levy beneficiaries

The levy proposal is supported by a significant majority of levy payers, as evidenced through the formal levy ballot conducted by the AEC in October/November 2012.

The ballot was conducted on a “one vote per producer (business entity)” basis as allowed under the Levy Principles and Guidelines. It was decided that a ballot based on “the amount of levy paid or payable” was not practical due to the commercial confidentiality of production information.

For the ballot:

- ASPG identified 85 potential levy payers and these formed the Voting Register as required under the levy guidelines. A Statutory Declaration “verifying the accuracy of the voting register as a list of all potential and existing levy payers” is provided (Appendix N);
- Voting Rules for the ballot were drafted, reviewed by DAFF personnel, finalised and then provided to the AEC (see Appendix O);
- Ballot wording (see the Ballot Form provided as Appendix P) and the wording for the Voter Declaration (See Voter Declaration provided as Appendix Q) were both reviewed by DAFF, finalised and provided to the AEC;
- Ballot papers were posted to all on the Voting Register on 26 October 2012;
- The ballot closed at 12.00 Noon, on 19 November 2012;
- Ballots were counted and the result declared at 1.00pm, 19 November 2012. The count was independently scrutinised (Appendix R – AEC ballot declaration).

The formal ballot result

The ballot showed a significant majority levy payer support for the proposal:

- 68 of the 85 potential voters submitted ballot forms – an 80 per cent participation
- 1 of the 68 votes was rejected, as neither the YES or NO box had been marked.
- 62 voted in favour of the proposal (92.5 per cent of the 67 eligible votes; and 73 percent of all potential voters)
- 5 voted against the proposal (7.5 per cent of the 67 eligible votes and 6 percent of all 85 potential voters)

A copy of the AEC Ballot Declaration of results is provided as Appendix R

Additional ballot information

During the ballot process ASPG became aware of three growers that were listed on the Voting Register, but who had decided to stop growing Sweet Potatoes for sale, other than their via farm stall. Therefore those growers were not entitled to, and did not, participate in the ballot.

Therefore, if their non-qualification were taken into account, and ballot results adjusted, the results would be:

- 68 of the 82 potential voters submitted ballot forms – an 83 per cent participation
- 1 of the 68 votes was rejected, as neither the YES or NO box had been marked.
- 62 voted in favour of the proposal (92.5 per cent of the 67 eligible votes; and 76 percent of all 82 potential voters)
- 5 voted against the proposal (7.5 per cent of the 67 eligible votes and 6 percent of all 82 potential voters)
**Identified major potential levy-payer support**

Sixteen major producers have formally and publicly signified their support for the levy proposal. ASPG confidently estimates that combined, they represent over 70 per cent of Australian Sweet Potato production. They are:

<table>
<thead>
<tr>
<th>Owner/principal</th>
<th>Business name</th>
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<tbody>
<tr>
<td>Australian Sweet Potato Growers Inc</td>
<td>Levy Establishment Submission 2012</td>
</tr>
</tbody>
</table>

**s. 47F(1)**
4.3. Levy Principle 3

The initiator of a levy proposal shall provide an assessment of the extent, nature and source of any opposition to the levy, an analysis of the opposing argument and the reasons why the levy should be imposed despite the argument raised against the levy.

It should be noted that in the formal levy ballot, five (5) growers voted "NO" to the proposal. They represent just 7% of the ballots returned and 6% of all known growers. Beyond this, no specific opposition, formal or otherwise, has been expressed by any grower.

ASPG stands ready to respond fully to any objections that may be lodged with the Minister.

Appendices K and L outline questions and comments raised at grower meetings prior to the ballot.

4.4. Levy Principle 4

The initiator is responsible to provide, as follows:

- an estimate of the amount of levy to be raised to fulfil its proposed function
- a clear plan of how the levy will be utilised, including an assessment of how the plan will benefit the levy payers in an equitable manner
- demonstrated acceptance of the plan by levy payers in a manner consistent with Levy Principle 2.

Amount to be raised

Based on an introduction of the new levy rate on 1 July 2013 (subject of course to Government approval), it is estimated that the levy will raise the following revenue, over the life of the industry’s Marketing Strategic Plan:

<table>
<thead>
<tr>
<th>Year</th>
<th>Estimated full-year GVP $'000</th>
<th>Total levy collected $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>8,000</td>
<td>800</td>
</tr>
<tr>
<td>2014/15</td>
<td>8,000</td>
<td>800</td>
</tr>
<tr>
<td>2015/16</td>
<td>8,000</td>
<td>800</td>
</tr>
</tbody>
</table>

DAFF levy collection costs; the HAL Corporate cost recovery fee and the HAL levy reserve amount would be deducted from these figures to arrive at the amount to be spent on M&P.
Levy utilisation plan

In anticipation of this levy proposal to growers and submission to the Minister, ASPG recently prepared a detailed Strategic Marketing Plan for Fresh Sweetpotatoes 2013-2016 (Appendix A). This plan generally conforms to HAL’s strategic planning requirements.

Preparation of the plan involved extensive review of industry and market data, plus analysis of all currently available market research.

The plan provides a detailed outline of the objectives, strategies and outcomes to be achieved through levy expenditure. It articulates a number of measures that will be used to gauge achievement against the objectives.

Demonstrated acceptance of the plan by levy payers

The Strategic Marketing Plan was reviewed by the ASPG Executive Committee and has been presented to the two well-attended grower meetings as part of the levy consultation process. It is summarised in the information sent to growers prior to the ballot (Appendix C) and the full plan was available to any grower, should they request it.

ASPG is confident that growers representing over 70% of the industry’s production volume have been exposed to the plan and had the opportunity to comment.

4.5. Levy Principle 5

The initiative must provide an outline of how the levy is to be imposed and collected and must be able to demonstrate that there is agreement by a majority of existing/potential levy payers on the levy imposition/collection mechanism or that, despite objections, the proposed mechanism is equitable under the circumstances.

The proposed levy will be imposed and collected at the first point of sale. That is, in exactly the same way as the current ‘Vegetable Levy’ for R&D is imposed (which includes Sweet Potatoes).

This is a proven, efficient and economic method of collection.

The proposed levy is ad-valorem and is to be levied at one percent (1%) of the value of the sale.

4.6. Levy Principle 6

The levy imposition must be equitable between levy payers.

The proposed levy will be applied equitably across all levy payers and on all sales.

The only exemptions are those proposed in the consultation process and declared in the ballot. That is:

"Where a grower sells by direct retail sale (e.g. direct to the consumer by roadside stalls, shed sales, farm gate etc) no levy is payable on such sales."
4.7. **Levy Principle 7**

The imposition of the levy must be related to the inputs, outputs or units of value of production of the industry or some other equitable arrangements linked to the function causing the market failure.

As highlighted above, the levy is applied to the sale value of production output.

4.8. **Levy Principle 8**

The levy collection system must be efficient and practical. It must impose the lowest possible 'red tape' impact on business and must satisfy transparency and accountability requirements.

The levy collection is efficient, practical and currently used for many other horticulture levies, including the Vegetable Levy for R&D, of which Sweet Potatoes are part.

4.9. **Levy Principle 9**

Unless new structures are proposed, the organisation/s that will manage expenditure of levy monies must be consulted prior to the commencement of an industry consultation process.

Sweet Potato is considered a 'horticulture' product for the purposes of levy and related matters. Therefore HAL is the declared 'Industry Services Body' under the *Horticulture Marketing and Research and Development Services Act 2000*.

As such, HAL will be charged with the responsibility of managing the expenditure of the new Sweet Potato levy funds in accordance with both the 2010 Deed of Agreement between the Commonwealth and HAL and HAL's own Constitution.

This arrangement has been in place since the formation of HAL and prior to that, through HAL’s predecessor organisations, the Horticulture Research and Development Corporation and the Australian Horticulture Corporation.

4.10. **Levy Principle 10**

The body managing expenditure of levy monies must be accountable to levy payers and to the government.

HAL is accountable to levy payers under the terms of the Deed of Agreement (mentioned above), its own Constitution and Australian corporate law and regulations.
4.11. Levy Principle 11

The initiator must provide details for future review of the levy, including how and when the levy will be reviewed to determine whether there is an ongoing need for the levy and the continued adequacy of the levy rate and mechanism.

ASPG proposes that the levy (including its imposition, impact, adequacy and rate) be reviewed five (5) years after introduction. Subject to HAL agreement, the review will be conducted by the proposed Sweet Potato Industry Advisory Committee (see reference on p 21) in conjunction with HAL and ASPG. Levy payers will be invited to provide input to the review.

As a normal course, the implementation of the Strategic Plan (which guides levy expenditure) will be reviewed by the IAC and HAL every year.

In addition, levy payers have the opportunity to comment on the plan and the levy at every Annual Levy Payers' Meeting (required under the HAL Constitution). It is intended that each year, there be a dedicated Annual Levy Payers Meeting for this new levy. It will be held in or near Bundaberg, so that the maximum number of levy payers can attend.
5. ADDITIONAL INFORMATION

Consultation with DAFF
ASPG has maintained contact with DAFF right throughout this levy proposal development and consultation process:

- Initial contact and advice of the process was made by phone and email in early November 2011.
- Later that month a group from ASPG met with DAFF staff to discuss levy options and obtain advice on the way forward.
- A comprehensive briefing meeting was held in June 2012.
- Draft copies of the grower information pack were provided to DAFF for information and comment.
- Copies of the draft ballot documents were provided for review and comment.
- Ongoing ad-hoc contact to update DAFF on progress of the proposal, consultation, ballot etc.

Recognition of Australian Sweetpotato Growers Inc (ASPG) as the Prescribed Industry Body / Eligible Industry Body
ASPG proposes that it be recognised as the Prescribed Industry Body/Eligible Industry Body for the purposes of this proposed levy. The organisation has served the interests of Australian Sweet Potato growers since its formation in 2007.

History and membership
ASPG had its origins as an informal grouping of major growers that came together around 9 years ago to provide input to various R&D projects being run at the time through the Queensland Department of Primary Industries. The group worked well together on projects related to chemicals, pest control and productivity.

That positive experience led the growers to form an incorporated association in May 2007 (registered as an incorporated association with the Queensland Office of Fair Trading on 31 May 2007). A copy of the ASPG Constitution is provided as Appendix M.

ASPG is has a lean management structure and is financially robust (see the latest audited Financial Statement provided as Appendix S).

ASPG has 53 financial members, which combined, are responsible for 80-90% of national Sweet Potato production. Such a level of membership (both grower percentage and production volume) and grower participation, is among the highest of all Horticulture industries. Growers pay an annual membership fee.

All growers also pay a small voluntary levy on seed Sweet Potato purchase. This levy goes to fund certain ASPG administration and activities.
ASPG Activity

ASPG is active on a number of fronts. As examples, ASPG:

- Works closely with the Vegetable IAC and HAL on Sweet Potato R&D projects;
- Represents the industry to government and stakeholders; and undertakes activities to advance the interests of the whole industry.
- Has worked collaboratively and productively on Sweet Potato projects with Queensland DAFF (and its predecessor departments) for many years.
- Works in partnership with the Australian Centre for International Agricultural Research on a number of aid-related projects on Sweet Potato production.
- Has close links with the Louisiana State University. LSU is the premier institution in the United States working on Sweet Potato breeding, varieties, pests and diseases.
- Has organised grower study tours to major US Sweet Potato growing regions and visiting government and industry organisations

Establishment of a dedicated Industry Advisory Committee (IAC) for the Sweet Potato Levy.

If the proposed Levy is approved, ASPG will work closely with HAL to establish an Industry Advisory Committee (as required under HAL’s Constitution). While subject to further discussion with HAL, it is proposed that the skills mix required on the IAC will include production, supply chain and marketing.

It is envisaged the IAC may be 5 (plus an independent Chairman). If that were the case, no more than 2 (of the 5) would be members of the ASPG Management Committee.

Retention of the existing Vegetable Levy for R&D

Since 1 March 1996 vegetable growers, including Sweet Potato growers, have been liable to pay a statutory levy and export charge of 0.5 per cent on vegetables sold on the fresh domestic market, exported or directed to processing. The levy and charge is collected at first point of sale on certain products (exceptions listed below). There are two components:

- Funds equivalent to the statutory R&D levy and charge is payable to Horticulture Australia Limited (HAL). The current rate is 0.485 per cent of the sale value. The Australian Government provides matching funds for expenditure on R&D;
- Vegetable growers pay a statutory Plant Health Australia (PHA) levy and charge to cover its industries PHA membership fee. The PHA levy and charge rate is 0.015 per cent of the sale value. Any surplus after the PHA fee is paid is directed to HAL for R&D expenditure.

Exceptions of the above levy and charge include the potato, onion, mushroom and processing tomato industries which have their own separate statutory or voluntary levies. Also, levy is not collected on asparagus, garlic, tomatoes sold on the fresh market, melons, seed sprouts or herbs (except parsley and shallots).

The levy raised $7.076 million in 2010-11 for R&D. A significant sum of voluntary contributions is paid to HAL for vegetable R&D purposes which is also matched by the government. In 2010-11, $5.449 million was provided in matching funds for statutory R&D levy expenditure while an additional $3.923 million was provided in matching funds for voluntary R&D levy expenditure.
On 24 November 2008 AUSVEG signed the Emergency Plant Pest Response Deed. An emergency plant pest response levy and charge, set at zero, is in place and will only be activated if a pest or disease outbreak occurs. It would be collected on the same products as would apply to the R&D levy and charge and PHA membership fee.

**ASPG position**

ASPG considers it important that the industry continue to contribute to the existing Vegetable Levy (which funds R&D activity). The Sweet Potato industry has benefited significantly from a number of past and current projects funded via that levy, plus matching Commonwealth contribution.

Additionally, it is the industry’s hope that some future R&D projects can be developed to work in synergy with the Sweet Potato M&P program to be funded via this proposed Sweet Potato Levy.
6. CONCLUSION

The ASPG respectfully requests that the Minister for Agriculture, Fisheries and Forestry agree to the introduction of a new levy on Sweet Potato sales to be used for marketing and promotion activity. Full details of the levy proposal are contained in this document.

➤ Production continues to increase and there are significant opportunities to stimulate increased consumption.
➤ There is a need to enable and empower the industry to promote its product;
➤ Market failure exists, in that smaller growers do not have the resources to undertake promotion activity on the scale required; and larger growers are reluctant to do so, given the potential for 'free riders';
➤ Therefore, the application of a statutory levy is the most equitable and efficient way to fund a strong and effective marketing and promotion program;
➤ The potential levy payers have been fully informed of the levy proposal and had opportunity to raise concerns or objections. No objections have been lodged; and
➤ The potential levy payers have voted, by very strong majority, in support of the proposed levy.
### 7. APPENDICES

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<td>Industry Profile prepared for the Board of HAL in August 2012</td>
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<td>C</td>
<td>Information Brochure mailed to growers – September 2012</td>
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<td>Covering Letter mailed to growers – September 2012</td>
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<td>F</td>
<td>Flyer promoting grower meetings mailed to growers – September 2012</td>
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<tr>
<td>G</td>
<td>Advertising and publicity for the regional grower meetings</td>
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<td>Presentation slides used at grower consultation meetings</td>
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<td>Grower meeting attendance, Bundaberg QLD – October 2012</td>
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<td>J</td>
<td>Grower meeting attendance, Cudgen NSW – October 2012</td>
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<td>Grower meeting notes, Bundaberg QLD – October 2012</td>
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<tr>
<td>L</td>
<td>Grower meeting notes, Cudgen NSW – October 2012</td>
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<td>Australian Sweet Potato Growers Inc Constitution</td>
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<td>N</td>
<td>Statutory Declaration verifying the accuracy of the voting register as a list of all potential and existing levy payers</td>
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<td>Levy ballot Voting Rules</td>
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<tr>
<td>P</td>
<td>Ballot Form</td>
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<td>Q</td>
<td>Voter Declaration</td>
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<td>R</td>
<td>AEC Ballot Declaration</td>
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<tr>
<td>S</td>
<td>ASPG Financial Statement 2010/11</td>
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Situation Review and Strategic Marketing Plan for

Australian Fresh Sweetpotatoes 2013-2016

Prepared for:
Australian Sweet Potato Growers Inc.

August 2012
Acknowledgement

This plan has been prepared with the input of members of the Executive Committee of Australian Sweet Potato Growers Inc. Of particular note is assistance of the ASPG’s Industry Development Manager, Russell McCrystal.

The contribution of all is acknowledged and appreciated.

Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASPG</td>
<td>Australian Sweet Potato Growers Inc (the peak industry body for the Australian Sweetpotato growing industry)</td>
</tr>
<tr>
<td>HAL</td>
<td>Horticulture Australia Limited (a company established to manage the expenditure of horticulture levies, Voluntary Contributions and matching Commonwealth contributions)</td>
</tr>
<tr>
<td>IAC</td>
<td>Industry Advisory Committee (a committee established by ASPG and HAL to provide recommendations on expenditure by HAL on behalf of the Sweetpotato industry)</td>
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<td>MEASUREMENT AND KPI'S</td>
<td>20</td>
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</table>
INTRODUCTION

This Strategic Marketing Plan has been prepared to guide proposed marketing activity for Australian fresh Sweetpotatoes. It also:

- Is an essential part of the communication to Sweet Potato growers about the proposed new Sweet Potato Marketing Levy; and
- Is required as supporting documentation for any submission by Australian Sweet Potato Growers Inc. (ASPG) to the Minister for Agriculture, Fisheries and Forestry on the establishment of the proposed levy.

Validation and refinement of this plan

ASPG has prepared this plan based on currently available information. However it is recognised that some essential consumer and market data still needs to be collected and analysed. It will be noted that the collection and analysis task is an essential first step in this plan. Armed with that additional information, and any other updated data that can be obtained, the Plan will then be reviewed and refined as required. In addition, where possible, additional KPI’s will be set to better measure the impact and outcomes of industry marketing activity.

Whole-of-industry marketing and some comments on ‘market failure’

ASPG is firmly of the view that the industry faces significant market challenges which must be addressed by the whole industry. Production is forecast to continue growing strongly and without the stimulation of increased consumer demand, the prices received by growers (i.e. the proposed levy payers) will be severely threatened, resulting in ‘market failure’. ASPG believes this is avoidable.

Sweetpotatoes are largely perceived (by both consumers and retailers) as a bulk ‘commodity’ vegetable. Yet the increasing consumer and commercial interest in Sweetpotatoes, plus their unique nutritional and recipe qualities mean that there is much potential for increasing profitability - right along the supply chain.

This Plan includes strategies to create a premium positioning for Sweetpotatoes.

A statutory Marketing Levy is considered essential to raise the pool of funds necessary to implement this plan; and to ensure that the investment in marketing is shared equitably by all growers.

Management of the Plan and marketing activity

If growers vote by majority to support the proposed levy (and the Commonwealth government agrees to introduce the levy), Horticulture Australia Limited (HAL) will be the declared ‘Industry Services Body’ charged with the responsibility of managing the expenditure of the Sweetpotato Marketing Levy.

HAL will do that in close consultation with ASPG and taking advice from an Industry Advisory Committee (IAC) to be nominated by ASPG. Specific details of how and by whom marketing activities will be implemented is to be discussed and agreed between ASPG and HAL.
What is a Sweet Potato

For any reader with limited knowledge of Sweetpotatoes it is important to be clear about what a Sweetpotato is - and what it is not. Many consumers and some media and organisations are under the mistaken impression that Sweetpotatoes (Ipomoea batatas) are just another variety of potato (Solanum tuberosum).

While they are distantly related, the Sweetpotato is a quite different vegetable - requiring different growing conditions and practices and delivering a quite different taste and human nutrition profile.

The Sweetpotato Industry and its growers (levy payers) consider themselves to be separate from the Potato Industry and indeed a specialist segment of the broader Vegetable Industry.

An important part of the marketing strategy will be to promote the difference and special qualities of Sweetpotato.
SITUATION ANALYSIS

Production, growers and produce

Production has grown strongly (almost 1,700% over the last 16 years).

![National Sweetpotato Production](chart)

Source: ASPG

Production is heavily concentrated with the Bundaberg region representing 85% of growers and 78% of production. More than 80% of the Bundaberg region production is in the hands of less than 10 growers.

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of producers 2010</th>
<th>Est. % share of national prod'n</th>
</tr>
</thead>
<tbody>
<tr>
<td>Queensland (Bundaberg, Gatton &amp; Rockhampton areas)</td>
<td>58</td>
<td>79</td>
</tr>
<tr>
<td>NSW</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>WA</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>SA</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>82</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: ASPG

Sweetpotato Marketing Plan 2013-2016
Market Volumes and Shares

The 'Veginsights' category profile for Sweetpotato prepared in March 2012 reported that:

- Of Sweetpotatoes produced in Australia in the year to December 2011, 97% went to the Fresh market and the remainder to processing.
- In the Fresh market 81% was Retail, 19% Foodservice and 1% Export.
- Of the retail, 69% was sold through supermarkets and 31% through independent fruit and vegetable outlets.

Nielsen Homescan data reveals a similar split of retail sales, with 68.3% through supermarket chains and 31.7% non-supermarkets.

Pricing

The Veginsights profile, covering sales for the year to December 2011, reports an average price for 'gold' Sweetpotato (i.e. 93% of the market) as $4.02/kg.

It also reports Average Wholesale Price for 2011 for all Sweetpotato as $1.89/kg.
Who's buying; how much; and how often

Nielsen Homescan data to March 2012 reveals:

• 64% of households purchased Sweetpotato in the year

• On average, households purchased 5.5 times/year (with 'Senior Couples' the highest frequency purchasers averaging 6.7 times and 'Young Transitionals' the lowest at 4.7)

• Around 25% of buyers account for 60% of sales. And nearly 60% of Sweetpotato purchasers are classified as low frequency (just 1-4 times in a year).

• Almost 66% of all buyers, buy Sweetpotato just two times per year.

**Implication/Opportunity**

More than one third of all households do not purchase any Sweetpotato. Can they be 'introduced' to Sweetpotato? If just another 5% of Australia’s 8.648 million households could be convinced to buy 1 kg of Sweetpotato 3 times per year the total consumption increase would be 1,297 tonnes - worth $1.38 million to growers at current wholesale prices.

Can the two-thirds of buyers who buy just twice a year be convinced to buy more often? If these buyers could be convinced to make the national average purchase (1.3 kg) just once more in a year the additional consumption would be 7,420 tonnes - worth $7.87 million to growers at current wholesale prices.

From both value and volume perspectives, the household groups representing greatest potential for growth are 'Small Scale Families', 'Young Transitionals' and 'Independent Singles'. With smart marketing Sweetpotato be made more relevant and appealing to their lifestyles and food preparation preferences?

What we don’t know

The Consumer Market

The Nielsen ‘Brandscan’ and ‘Homescan’ reports and the Freshlogic Category Profile information provide a certain degree of valuable information about the Sweetpotato market and purchasers. However, to be able to plan marketing strategy with confidence, the industry must have much more detailed and comprehensive consumer research. Qualitative and quantitative studies of consumer attitudes and usage is needed (both purchasers and non-purchasers). This can then be considered alongside the Nielsen and Freshlogic data to verify and if necessary modify the objectives and strategies proposed in this plan.

Foodservice

There is strong evidence of the increasing use of fresh Sweetpotato in the foodservice industry. Yet the industry knows very little about which segments of this huge and growing industry are using Sweetpotato, how they are using it and what may motivate them to use more.

Research to gather this information is needed.

It will be seen that conducting this consumer and foodservice research and then confirming the Objectives and Strategies is the first priority in this Plan.
The fresh market

The market for fresh Sweetpotatoes has grown strongly, from a fairly small base. ASPG believes part of the reason for this growth has been growers’ constant process of quality improvement – thus ensuring their produce meets the exacting standards of retail chains and is more consistently attractive to purchasers.

In addition it can be presumed that the growth is as a result of a natural process of ‘discovery’ of Sweetpotato by new consumers and their adoption of new recipes and uses. This all at a time when promotion of Sweetpotato has been minimal.

There is some evidence of limited promotion of Sweetpotatoes by the major supermarket chains. However this promotion is very much price related and not specifically designed to stimulate increased or new consumption.

Despite the overall growth, as highlighted in the earlier section, there are still very significant opportunities for further fresh market development.
CURRENT MARKET DEVELOPMENT – PROCESSED

There is much Sweet Potato activity in different processed product markets – some happening through commercial opportunities and new product development. Many of the following examples have been introduced in the past 12-18 months and show the rising consumer interest in Sweet Potato. These new products are not cheaply priced. They often command a price premium and all help to position Sweet potato as a premium and special product.

Some products use local Sweet potato and some are imported. Exploring opportunities for imported product replacement will be on the industry's agenda if funding to carry out the market analysis is available.

Consumer market – Frozen

On the domestic consumer market, McCains currently sell two versions of frozen Sweet potato fries.

In recent weeks a larger 900g consumer pack of both styles has been launched (alongside the original 450g packs). We presume this is in response to the growing popularity of the smaller pack).

Information on both packs notes that the product is grown and packaged in Canada.

Very recently, Birds Eye have launched 'Mini Gems' in a 450g Frozen pack. The labelling identifies the USA as the country of origin.
Consumer – Snack

Major snack producer, The Kettle Chip Company, have recently launched a snack size (90g) pack of Sweet Potato Kettle Chips. Proudly ‘Australian’ Sweetpotatoes is claimed on the pack. This is an interesting and positive development in a fast-moving consumer market. Once again, it highlights increasing consumer interest in Sweetpotato.

Following closely behind, is the Woolworths ‘Macro’ house brand organic Sweet Potato Chips.

Foodservice - Fresh

Restaurants, clubs, catering

Many restaurants, clubs and caterers are introducing Sweetpotato into more of their menus dishes. It is not clear what drives this trend, however the research proposed should provide the explanation(s) and recommendations to stimulate further growth.

Processed Fresh – In-store

Recognising the increasing popularity of Sweetpotato, delicatessens and salad bars are starting to offer imaginative Sweetpotato-based salads.
Processed Fresh – Ingredient

Other areas of the supermarket are seeing the introduction of fresh processed products with Sweetpotato as the main ingredient. Two examples are the:

- *Sweetpotato and Cashew Dip* (200g) from Aldi supplier Deli originals
- Woolworths Home Brand *Sweetpotato & Pumpkin Soup* (300g & 600g)

Foodservice – Frozen

**Mc Cains**

McCains supply frozen Sweet Potato Fries in bulk to foodservice, though there are probably others that do so too. McCains declare that product is grown and packaged in South Africa.
**KFC**

The KFC chain is currently running a special promotion on Sweetpotato Fries. These too are being sourced frozen from overseas—we understand, through McCains.

Australian growers would be keen and have the capacity to supply fresh product to McCains for their local processed product needs. Representations have been made to McCains. But due to the extremely low labour cost in some overseas production, Australian Sweetpotatoes cannot be supplied at a competitive price.

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**Implication/Opportunity**

All this activity in the various processed product markets is lifting the profile of Sweetpotatoes—masking them more 'visible' appealing and contemporary.

It provides a good background against which the Australian industry can market fresh Sweetpotatoes.
STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

The following SWOT summary provides additional background to the Marketing Plan. It is prepared from the marketing perspective.

**Strengths**

✓ Sweetpotatoes produced year-round and available fresh all year. Minimal time stored
✓ Consistently high quality product meeting supermarket chain standards
✓ Specific nutrient profile that is beneficial to human nutrition
✓ Available in retail throughout Australia
✓ More than 33% sold through independent retail. (i.e. Supermarkets not as dominant as in other fruit and veges)
✓ Versatile – can be used year round in many different cooking styles and seasons. Easy to prepare.
✓ Steady production increases in the past are likely to continue

**Weaknesses**

↓ Perceived by retail and consumers as a ‘commodity’ product with little brand identity or specialness.
↓ Consumers and others don’t recognise Sweetpotatoes as different from ordinary potatoes.
↓ No longer a price premium over ordinary potatoes.
↓ Consumers, food media and retail not aware of Sweetpotatoes versatility in cooking and recipes
↓ Consumers, food media and retail not aware of Sweetpotatoes human nutrition qualities
↓ No current marketing or promotion activity
↓ Limited market and consumer information

**Opportunities**

◊ Convince the 30% of households that never purchase Sweetpotatoes to trial
◊ Convince the lower-consumption households to purchase and cook more often
◊ Lift the image and profile of Sweetpotato in the food media
◊ Increase Foodservice innovative use of Sweetpotatoes to lift profile and visibility
◊ Replace imported frozen processed Sweetpotato products with local produce
◊ Inform and educate retailers and others in the supply chain about the qualities of and opportunities for Sweetpotato.

**Threats**

◊ Increased production not met by increased demand – forcing down retail and wholesale prices.
◊ Retailers continue to regard Sweetpotatoes as a commodity and price them accordingly.
◊ Ordinary potatoes continue to segment and develop their market and erode Sweetpotatoes appeal and sales
◊ Increasing interest in ordinary potatoes and other vegetables leads to less space allocated to Sweetpotatoes, particularly in Supermarkets.
OBJECTIVES AND STRATEGIES

The overarching aim of the marketing and promotions program, funded by the Marketing Levy, is to increase both Sweetpotato consumption and grower returns. Therefore two key objectives have been set.

1. **By 31 December 2016, increase overall consumption of Sweetpotatoes to 95,000 tonnes (up 20,000 tonnes from 75,000 in 2011)**
   
   *Note:*
   
   To be measured based on ASPG collected production data.

2. **By 31 December 2016, increase the average wholesale price (ie grower return) of Sweetpotatoes by 10% compared to the average wholesale price for the 2013 year.**
   
   *Note:*
   
   To be measured based on levy collections.

To achieve these two objectives the Sweetpotato marketing and promotion needs to operate in five different areas - all linked and managed to work together

1. Market Knowledge
2. Targeted Marketing and Promotion
3. Retail Support
4. Foodservice Promotion
5. Industry Information and Communication

The following Objectives and Strategies are proposed. It is important to highlight that these objectives and strategies, and the accompanying Action Plan, must be reviewed and adjusted if required, following the gathering of essential and currently missing information in the "Market Knowledge" area.

1. Market Knowledge

**Objective**

*Establish, maintain and regularly update a suite of information that fully describes the Sweetpotato market and will help in planning and measuring the impact of marketing and promotion activity.*

**Strategies**

1.1 Subscribe to a program of regular monitoring of market size, shares and values. Examples may be the Neilsen ‘Homescan’ and ‘Brandscan’ products and/or the Freshlogic ‘Mealpulse’ product.

   *Note:*
   
   This strategy is very likely to be delivered through the Vegetable R&D Levy’s ‘Consumer Engagement’ program. It may be that the Sweetpotato industry will seek some special enhancement of this reporting, to specifically suit the industry’s marketing and promotion program.

1.2 Conduct comprehensive qualitative and quantitative consumer research on a regular basis.

1.3 Gather supply and market information from the industry’s own internal resources.
2. Consumer - Targeted Marketing and Promotion

Objective

By 31 December, increase household consumption of Sweetpotatoes to 77,000 tonnes.

Note: This is 81% of the 95,000 total market objective (see above) and maintains the household share at the 2011 level of 81% (as measured by the Freshlogic 'VegInsights' project)

Strategies

2.1 Identify priority consumer segments based on the results of 1.1 and 1.2.

2.2 Develop and implement marketing and promotion campaigns.

2.3 Regularly review and measure the impact of the campaigns (including cost benefit) and adjust the marketing and promotion program as appropriate.

3. Retail Information and Support

Objective

Maximise retailer interest in and engagement with the industry’s marketing and promotion program

Strategies

3.1 Develop and implement a program of regular communication with retailers about the Sweetpotato market; the retail opportunities for Sweetpotato; and the industry’s marketing and promotion program.

3.2 Seek and develop specific opportunities for retailer co-participation in the marketing and promotion program.

4. Foodservice - Marketing and Promotion

Objective

By 31 December 2016, increase the Foodservice segment of the total Sweetpotato market to 18,050 tonnes.

Note: This is 19% of the 95,000 total market objective (see above) and maintains the household share at the 2011 level of 19% (as measured by the Freshlogic 'VegInsights' project)

Strategies

4.1 Conduct a simple review of the Foodservice market to identify, quantify and prioritise marketing and promotion opportunities.

4.2 Develop and implement a program to promote the versatility and specialness of Sweetpotato in the Foodservice market.
5. Industry Information and Communication

Objective

Ensure *Sweetpotato* levy-payers and others in the industry are aware of and support the industry’s marketing and promotion program, its impact and the direct benefit to growers.

Strategies

5.1 Develop and implement an ongoing program of communication and grower consultation about the industry’s Marketing and Promotion program.

Note:
Much of this can be achieved through ASPG’s existing communications activities, meetings and grower reporting.
**BUDGET AND TIMETABLE**

It is essential to be prudent when establishing income and expenditure budgets for a newly established levy. To that end, it is proposed that the levy income be based on the industry’s 2011 estimated wholesale value of $80 million.

At the levy rate proposed, this will generate income of $800,000 per year. From this must be deducted:

- The government’s fixed costs for collection of the levy (estimated by DAFF Levis at $52,300 in year 1 and $21,400 each year thereafter);
- An amount as the HAL ‘Corporate Cost Recovery’ fee; and
- The reserve that the HAL Board requires must be held unspent to meet commitments in the event of a levy income downturn.

Therefore a conservative estimate of income available for the program is:

- $321,000 in 2013
- $646,000 in 2014
- $566,000 in 2015
- $526,000 in 2016

*Notes:*

*It is anticipated that levy collection will start mid 2013.*

*The reductions in the total available in 2015 and 2016 reflect the staged introduction of the HAL reserves requirement.*

Naturally, if actual levy income is greater than the $800,000 forecast then the expenditure budget can be adjusted accordingly.

The schedule on the following pages details an estimated budget and timetable for each of the Strategies. It is emphasised that these figures and timing will be thoroughly reviewed and adjusted if required once the proposed new levy is in place.
### Market Knowledge

<table>
<thead>
<tr>
<th>Strategy</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>20,000</td>
<td>20,000</td>
<td>20,000</td>
<td>20,000</td>
<td>This strategy is very likely to be delivered and funded through the Vegetable R&amp;D Levy's 'Consumer Engagement' program. It may be that the Sweetpotato industry will seek some special enhancement of this reporting, to specifically suit the industry's marketing and promotion program, so an allocation has been allowed for this.</td>
</tr>
<tr>
<td>1.2</td>
<td>75,000</td>
<td>0</td>
<td>0</td>
<td>50,000</td>
<td>Major consumer research in Year 1. Update and further analysis in Year 4. It may be possible to fund part or all of this through the Vegetable R&amp;D levy if approved by the Vegetable IAC and HAL.</td>
</tr>
<tr>
<td>1.3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>Does not require specific funding Can be managed from</td>
</tr>
</tbody>
</table>

### Targeted Marketing and Promotion

<table>
<thead>
<tr>
<th>Strategy</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>No cost. To be done by whoever has overall management of the marketing and promotion program.</td>
</tr>
<tr>
<td>2.2</td>
<td>180,000</td>
<td>460,000</td>
<td>420,000</td>
<td>330,000</td>
<td>Small expenditure in Year 1 as most activity in research and getting the program ready. Expenditure in years 2015 1nd 2015 has to drop as HAL reserve requirement increases.</td>
</tr>
<tr>
<td>2.3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>No cost. To be done by whoever has overall management of the marketing and promotion program. Will utilise measurement tools in 1.1, 1.2 and 1.3</td>
</tr>
</tbody>
</table>
### Retail Support

<table>
<thead>
<tr>
<th>Strategy</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Develop and implement a program of regular communication with retailers about the Sweetpotato market; the retail opportunities for Sweetpotato; and the industry’s marketing and promotion program.</td>
<td>5,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>Budget is for resources (ie documents writing and design, printing etc) only. The actual liaison with retailers and groups to be done by the Industry Development manager and/or Manager of the marketing and promotion program.</td>
</tr>
<tr>
<td>3.2 Seek and develop specific opportunities for retailer co-participation in the marketing and promotion program.</td>
<td>0</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>Budget is for the retailer co-promotion. May be supplemented by funds from the consumer program (2.2 above).</td>
</tr>
</tbody>
</table>

### Foodservice Promotion

<table>
<thead>
<tr>
<th>Strategy</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Conduct a simple review of the Foodservice market to identify, quantify and prioritise marketing and promotion opportunities.</td>
<td>20,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>Cost for specialist consultant to undertake the task. It may be possible to fund part or all of this through the Vegetable R&amp;D levy if approved by the Vegetable IAC and HAL.</td>
</tr>
<tr>
<td>4.2 Develop and implement a program to promote the versatility and specialness of Sweetpotato in the Foodservice market.</td>
<td>0</td>
<td>75,000</td>
<td>50,000</td>
<td>50,000</td>
<td>It may be possible to fund part of this through the Vegetable R&amp;D levy if approved by the Vegetable IAC and HAL.</td>
</tr>
</tbody>
</table>

### Industry Information and Communication

<table>
<thead>
<tr>
<th>Strategy</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.2 Develop and implement an ongoing program of communication and grower consultation about the industry’s Marketing and Promotion program.</td>
<td>0</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td>Much of this can be achieved through ASPG’s existing communications activities, meetings and grower reporting. Budget is for a simple annual report for distribution to growers.</td>
</tr>
</tbody>
</table>

| TOTALS | 300,000 | 620,000 | 555,000 | 515,000 |
MEASUREMENT AND KPI’S

Achievement of the objectives in the marketing and promotion program must be measured and reported against an agreed set of Key Performance Indicators (KPI’s). The following are suggested:

1. Market Knowledge

Objective
Establish, maintain and regularly update a suite of information that fully describes the Sweetpotato market and will help in planning and measuring the impact of marketing and promotion activity.

KPI
Information sources and tools as identified in the Strategies for this Objective are established, reports received and adjustments made in the marketing and promotion program as appropriate.

2. Consumer - Targeted Marketing and Promotion

Objective
By 31 December 2016, increase household consumption of Sweetpotatoes to 77,000 tonnes.

KPI
➢ Consumer research undertaken as planned and the information used to guide the marketing and promotion program.
➢ Marketing and promotion activity undertaken as planned and measured.
➢ Household consumption measured on a regular basis and reported against the objective set.

3. Retail Information and Support

Objective
Maximise retailer interest in and engagement with the industry’s marketing and promotion program

KPI
➢ Retailer communication activities undertaken as planned.
➢ Level of retailer interest and participation in the marketing and promotions program increases each year.
4. Foodservice - Marketing and Promotion

Objective
By 31 December 2016, increase the Foodservice segment of the total Sweetpotato market to 18,050 tonnes.

KPI
- Foodservice market review undertaken as planned and the information used to guide the marketing and promotion program.
- Foodservice marketing and promotion activity undertaken as planned and measured.
- Foodservice consumption measured on a regular basis and reported against the objective set.

5. Industry Information and Communication

Objective
Ensure Sweetpotato levy-payers and others in the industry are aware of and support the industry's marketing and promotion program, its impact and the direct benefit to growers.

KPI
Industry communications activities undertaken as planned.
Level of grower interest in and support for the marketing and promotions program increases each year.
Australian Sweetpotato Industry

Prepared for the
Board of Horticulture Australia Limited

by
Australian Sweetpotato Growers Association

August 2012
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This Industry Profile has been prepared for the Board of Horticulture Australia Ltd on the occasion of their visit to Bundaberg, Qld in August 2012.

For more detail on any of the matters covered in this document, please contact:

Rodney Wolfenden  
Chairman

Eric Coleman  
Secretary
Australian Sweetpotato Growers Association Inc

s. 47F(1)

s. 47F(1)
INTRODUCTION

What is a Sweetpotato?

At the outset, it is important to be clear about what a Sweetpotato is - and what it is not. Many consumers and some organisations are under the mistaken impression that Sweetpotatoes (*Ipomoea batatas*) are just another variety of potato (*Solanum tuberosum*).

While they are distantly related, the Sweetpotato is a quite different vegetable — requiring different growing conditions and practices and delivering a quite different taste and human nutrition profile.

It should be noted that the Australian Bureau of Statistics (ABS) collected and separately reported data for Sweetpotatoes in the four years 2005/6 to 2008/9 (see later under Production — ABS data). In all other years Sweetpotatoes are included under 'Other Vegetables'.

Throughout this paper it will be obvious that the Sweetpotato industry and its growers (levy payers) consider themselves to be separate from the Potato industry and indeed a specialist segment of the broader Vegetable Industry.
THE SWEETPOTATO INDUSTRY

Growth and maturity

The Sweetpotato industry is well-structured, profitable and growing strongly. With a determined market focus as its driver the industry has used targeted R&D and effective extension strategies to continually improve its product and thus boost consumer appeal and sales.

Unlike many other vegetable production enterprises, almost all Sweetpotato producers grow only Sweetpotatoes and are therefore deeply committed to the future and growth of their produce and industry.

Production – Volume

ASPG has precise data about Sweetpotato production in the Bundaberg region. The Association confidently estimates that the Bundaberg region grows 75% of total national production. The chart below shows the very significant growth (almost 1,700%) of the total industry over the last 16 years.
Production – Value
Along with production growth, the estimated wholesale GVP of Sweetpotatoes has grown remarkably.

National Sweetpotato Wholesale Value
($million)

At an estimated GVP of $80 million (2011), the Sweetpotato industry represents 5.65% of the total leviable vegetable production ($1,415.3 million in 2010/11).

The ASPG believes production will continue to grow - and that, if grower returns are to be maintained, the production growth must be matched by increasing demand. The Association is keen to develop and implement promotion and marketing programs that will stimulate the new demand needed. Such programs must be industry-wide and the funding shouldered equitably by all growers.

Production – Acreage and productivity
The size of farm ranges from 10 hectares up to 200 hectares of cultivation – with the majority of production enterprises being in the 15 to 80 hectare range.

Over the past ten years the industry has seen both an increase in farm size and a significant increase in marketable yield grown per unit hectare. Average marketable yields have gone from 25,000 kg/ha to 50,000 kg/ha at the same time as production area has increased every year from 1,000 hectares grown nationally to approx 2,000 hectares now.

ASPG is confident that this has been the result of industry adoption of key production technologies extended successfully through levy funded projects. Growers have thus been able to more consistently supply a better quality Sweetpotato, 12 months of the year.
Production – Number of growing enterprises

ASPG data (drawn from industry sources) shows that production enterprises (i.e. levy payers) are located:

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of producers 2010</th>
<th>Est. % share of national prod'n</th>
</tr>
</thead>
<tbody>
<tr>
<td>Queensland (Bundaberg, Gatton &amp; Rockhampton areas)</td>
<td>50</td>
<td>78</td>
</tr>
<tr>
<td>NSW</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>NT</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>WA</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>SA</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Victoria</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>68</td>
<td>100</td>
</tr>
</tbody>
</table>

Notes:

- In the Bundaberg region, more than 90% of production is controlled by less than 10 growers.
- Production in SA and Vic is very small and mainly for roadside, farm-gate sale.

Production – ABS data

As mentioned earlier, ABS reports data for Sweetpotatoes for four recent years. The Association believes this data is inaccurate and that, as a priority under its own Strategic Investment Plan, the industry will collate and analyse accurate production and market data.

For the record, ABS data is reflected in the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Area Sown (ha)</th>
<th>Total Prod'n (tonnes)</th>
<th>No. Of businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005/6</td>
<td>1,573</td>
<td>43,934</td>
<td>148</td>
</tr>
<tr>
<td>2006/7</td>
<td>1,418</td>
<td>49,110</td>
<td>146</td>
</tr>
<tr>
<td>2007/8</td>
<td>1,441</td>
<td>38,407</td>
<td>n/a</td>
</tr>
<tr>
<td>2008/9</td>
<td>1,693</td>
<td>42,460</td>
<td>130</td>
</tr>
</tbody>
</table>
Production – Year-round leading to a market opportunity

Unlike most other vegetables, Sweetpotatoes are a year-round crop, particularly in the industry-dominant Bundaberg region. This full-year production means:

- Consumers are able to confidently purchase Sweetpotatoes all year.
- Retailers, particularly the supermarket chains, can rely on continuous supply of consistent quality
- With a year-long season there is no need to put Sweetpotatoes in cold storage (like many other fruits and vegetables). This results in a fresher, higher quality product available to the market
- Wholesalers (and growers) can confidently negotiate longer-term contracts
- Growers are focused on excellence and profitability in just one crop. They are more inclined to invest in the future of their business.
- The industry peak body, ASPG, enjoys strong grower support as it focuses on its members’ single business interest

These characteristics set Sweetpotatoes apart from most other vegetable lines.

Market Opportunity

Interestingly, consumer research shows purchase and consumption is not consistent throughout the year and there is a definite colder-weather skew. The ASPG believes that, subject to market research confirmation, this represents a significant opportunity for increased sales in the warmer months. As has been shown in other industries (like Mushrooms and Avocados), new consumption can be stimulated through strategic promotion, new recipes and serving suggestions.

Employment

Sweetpotato production is a significant regional employer. ASPG estimates the production sector employs 4,000-5,000 people in a normal year.

Supply Chain

The supply chain for Sweetpotatoes is the same as for most other horticultural produce.

➤ Growers send their produce mostly to agents at the major wholesale markets in each state. Around 45 wholesalers handle Sweetpotatoes (approx 10 each in Sydney, Melbourne and Brisbane and 5 in each of the other capital city markets). However wholesaling is concentrated and in Sydney, Melbourne and Brisbane for example, the vast majority of Sweetpotato is handled by just 3 wholesalers in each market.

➤ A small number of growers sell direct to the major supermarket chains. The chains also buy from the wholesale markets.

➤ Foodservice is likely to be supplied by a combination of wholesalers and specialist providores (who themselves buy from the wholesale markets).

➤ Transport from farm to the wholesale markets is by road freight. As Bundaberg is the major growing region (and a major horticulture region overall), road transport systems are well established. That said, with no reported production in Victoria, South Australia, Western Australia, Tasmania and Northern Territory the road freight can be extensive.
THE MARKET

Domestic purchase and consumption

Very little is known about the consumer market as no comprehensive qualitative and quantitative study has been undertaken under the Vegetable Levy R&D program. This information is seen as critical if the industry is to ensure its product meets consumer expectations and new market opportunities (i.e., increased purchase and consumption) are to be exploited.

There is some valuable information available through a Vegetable Levy funded national consumption study (known as 'Homescan' and 'Scantrack'). This provides good basic information, but needs the qualitative and quantitative studies mentioned earlier, to provide the full picture upon which marketing strategies can be built.

Foodservice

Very little is known about the Foodservice market for Sweetpotato, though it is clear that the produce finds its way into the foodservice trade at all levels.

Foodservice is a vital segment of total consumption and the Association sees understanding the market, volumes, opportunities and barriers as a high priority. This is covered in the industry's draft Strategic Plan (see later).

McCains

McCains supply frozen Sweet Potato Fries in bulk to foodservice, though there are probably others that do so too. McCains declare that product is grown and packaged in South Africa.
The KFC chain is currently running a special promotion on Sweetpotato Fries. These too are being sourced frozen from overseas – we understand, through McCains.

Australian growers would be keen and have the capacity to supply fresh product to McCains for their local processed product needs. Representations have been made to McCains. But due to the extremely low labour cost in some overseas production, Australian Sweetpotatoes cannot be supplied at a competitive price.

**Processed - Frozen**

On the domestic consumer market, McCains currently sell two versions of frozen Sweetpotato fries. In recent weeks a larger 900g consumer pack of both styles has been launched (alongside the original 450g packs). We presume this is in response to the growing popularity of the smaller pack).

Information on both packs notes that the product is grown and packaged in Canada. This seems strange given that they declare the Foodservice product comes from South Africa.

Exploring opportunities for imported product replacement would be on the industry’s agenda if funding to carry out the market analysis were available.
Processed - Snack

Major snack producer, The Kettle Chip Company, have recently launched a snack size (90g) pack of Sweetpotato Kettle Chips. Proudly 'Australian' Sweetpotatoes is claimed on the pack. This is an interesting and positive development in a fast-moving consumer market. Once again, it highlights increasing consumer interest in Sweetpotato.

Processed Fresh

There is a small market in processed fresh product – mainly for salad preparation and other similar foodservice and catering uses. These processors are buying Australian fresh produce direct from the wholesale markets or specialist providores.

Processed Fresh – In-store

Recognising the increasing popularity of Sweetpotato, delicatessens and salad bars are starting to offer offering imaginative Sweetpotato-based salads.
Processed Fresh – Ingredient

Other areas of the supermarket are seeing the introduction of fresh processed products with Sweetpotato as the main ingredient. Two examples are the:

- Sweetpotato and Cashew Dip (200g) from Aldi supplier Deli originals
- Woolworths Home Brand Sweetpotato & Pumpkin Soup (300g & 600g)

Export/Import

ABS Data for 2010 shows:

- Approximately 350 tonnes of fresh Sweetpotato were exported, primarily to the United Arab Emirates and Singapore
- Approximately 150 tonnes of Sweetpotato were imported. This is very likely to be the frozen, processed product for the consumer retail and foodservice markets
ASPG had its origins as an informal grouping of major growers that came together around 8 years ago to provide input to various R&D projects being run at the time through the Queensland Department of Primary Industries. The group worked well together on projects related to chemicals, pest control and productivity.

That positive experience led the growers to form an incorporated association in May 2007. The Association has worked closely with the Vegetable IAC and HAL on Sweetpotato R&D projects; represents the industry to government and stakeholders; and undertakes activities to advance the interests of the whole industry.

ASPG has 55 financial members, which is 81% of the estimated 68 growers nationally. Those 55 members represent in excess of 90% of national Sweetpotato production. Such a level of membership (both grower percentage and production volume) and grower participation is probably the highest of all Horticulture industries (after Mushrooms). Growers pay an annual membership fee.

Notably, growers also pay a small voluntary levy on seed Sweetpotato purchase. This levy goes to fund certain ASPG activities.

ASPG's objectives, as set-out in its Constitution, are:

1. Identify the key issues that may affect the profitability and sustainability of the Australian Sweetpotato industry and members of the Association.
2. Provide Sweetpotato industry leadership on key issues that may impact on members' ability to profitably produce Sweetpotatoes in Australia.
3. Be recognised nationally and internationally as the peak representative body and primary contact for the Australian Sweetpotato Industry.
4. To represent the Australian Sweetpotato industry in the development and implementation of government policies and initiatives that affect the industry.

Important role in R&D extension

ASPG has played a central role in the effective extension R&D project outcomes. Through communications, workshops and a dedicated Industry Development Manager, growers have adopted research-driven practices that have improved quality; lifted productivity and led to better pest and disease management. The Association sees this as an important continuing role.

The ASPG is well-respected by growers, DAFF Queensland, Bundaberg Fruit and Vegetable Growers (BFVG) and industry suppliers. It is considered professional and very cost-efficient.
CURRENT LEVY SITUATION AND THE R&D PROGRAM

The Vegetable R&D Levy

The Vegetable Levy was introduced in April 1996. Sweetpotatoes are included as a 'vegetable' under the Vegetable levy legislation and management. As such, all sales at the first point of sale after production are leviable at the rate of 0.5% of the wholesale sale value.

As with all other products under the Vegetable levy, the levy is collected at the first point of sale (predominantly by a wholesale or retail chain). Levy collection is overseen by DAFF Levies (a division of the Department of Agriculture, Fisheries and Forestry).

Vegetable Industry Advisory Committee (IAC) and Horticulture Australia Ltd (HAL)

Under the Deed of Agreement between Horticulture Australia Ltd (HAL) and the Commonwealth, the Vegetable levy funds collected are transferred to HAL for management and expenditure in accordance with HAL’s Strategic Plan and the Strategic Investment Plan of the Australian Vegetable industry. All Vegetable R&D levies are matched by the Commonwealth, at the time of expenditure, subject to the funding ‘cap’ determined by the Commonwealth.

The Vegetable Industry Advisory Committee (IAC) considers proposals and priorities and provides recommendations to the HAL Board on expenditure of the Vegetable Levy and matching funding. Members of the Vegetable IAC are recommended by the Vegetable peak industry body, AUSVEG, and appointed by the Board of HAL. There are no representatives of the Sweetpotato industry on the Vegetable IAC; and only one on one of the 3 IAC sub-committees.

New Vegetable R&D Strategic Investment Plan

The Vegetable industry, through AUSVEG, has recently developed a new Strategic Investment Plan which has been approved by the HAL Board. A ‘White Paper’ was distributed as part of the industry consultation process and the consultant developing the plan has had some discussions with the Chairman and Industry Development Manager of ASPG.

Because it must cater to so many products, varieties, regions and the wide range of businesses involved, a whole-of-Vegetable-industry Strategic Investment Plan may not be able to address the specific and pressing needs of any one segment, like Sweetpotatoes. Furthermore, ASPG would argue that specific Sweetpotato levy payer input to the proposed new Vegetable industry Strategic Investment Plan has been very limited.

Therefore, following discussion with HAL senior management, ASPG is developing a separate R&D Strategic Investment Plan for Sweetpotatoes. This plan will be aligned with the new Vegetable Strategic Investment Plan and will highlight the specific needs and priorities of the Sweetpotato industry.

It is expected that the Vegetable IAC will take the Sweetpotato R&D Strategic Investment Plan into account when making its project and expenditure recommendations to the HAL Board.
Sweetpotatoes' levy contribution

Based on industry data of average wholesale prices and the production estimates reported earlier, it is calculated that Sweetpotatoes contribution to the Vegetable Levy, since introduction is:

<table>
<thead>
<tr>
<th>Year</th>
<th>Levies Generated ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>50,000</td>
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<tr>
<td>1997</td>
<td>100,000</td>
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<td>1998</td>
<td>150,000</td>
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<td>1999</td>
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<td>2000</td>
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<td>2001</td>
<td>300,000</td>
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<tr>
<td>2002</td>
<td>350,000</td>
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<tr>
<td>2003</td>
<td>400,000</td>
</tr>
<tr>
<td>2004</td>
<td>450,000</td>
</tr>
</tbody>
</table>

The total levy contributed by Sweetpotatoes since 1996 (introduction of the Vegetable Levy), when matched with Commonwealth funds, comes to approximately $5.660 million.

It is understood that the LRS collection costs and HAL's corporate fees must be deducted from this amount.

Specific Sweetpotato R&D

Looking back over all R&D projects funded since the Vegetable Levy was introduced, those that are specifically relevant to Sweetpotatoes total approximately $2.2 million. Note that this is the matched funding amount.

Comparing this with the funds generated ($5.660 million, see above); and even taking into account that there are a small number of whole-industry projects that benefit Sweetpotatoes, it seems that Sweetpotato levy payers are not deriving fair or equitable benefit from the Vegetable R&D levy.
SWEETPOTATO INDUSTRY STRATEGIC PLAN

In 2010 ASPG drafted its own Strategic Plan for the Sweetpotato industry. It is fair to say this plan is a 'work in progress', however considerable thought and industry input has gone into its development and structure. The Plan has three key areas:

1. Improving consumer demand for Sweetpotatoes
   This includes:
   • Undertaking comprehensive market and consumer research and then;
   • Developing and implementing a marketing/promotion program; and
   • Measurement of results and return on investment

2. Improving industry competitiveness
   This includes:
   • Targeted R&D to address identified priorities; and
   • Effective extension of the R&D outcomes to ensure rapid uptake by industry; and measurement of the return on investment.

3. Industry leadership and management capability
   Which includes:
   • Building a solid database of industry information to aid decision-making.
   • Ensuring ASPG has the engagement and input of industry leaders;
   • Building ASPG capacity to effectively represent the industry;
   • Ensuring ASPG is included in industry and across-industry forums and issues.

Further consultation and finalising the development of this Plan is a high priority for the Association. It is considered essential and integral to the industry's continued growth and profitability. However securing adequate funding for the task remains an issue. It is thought unlikely that finalising the plan would be funded under the Vegetable Levy mechanism.
FOR GROWTH AND PROFITABILITY THE INDUSTRY NEEDS...

Size and value – Strong growth calls for increased market demand
As shown earlier, Sweetpotato production is significant and growing strongly. This growth is expected to continue – but must be matched with increasing consumer demand, if grower profitability is to be maintained.

ASPG strongly believe a concerted national, levy-funded promotion and marketing program is essential to support the industry’s growth. That program would be underpinned by sound consumer and market research.

ASPG is currently exploring options for the introduction of a formal Marketing Levy.

R&D must be targeted to the Sweetpotato industry’s needs
Sweetpotato growers are contributing in excess of $400,000 (unmatched) per year to the Vegetable Levy. Yet the value of projects that directly benefit the Sweetpotato industry falls far short of its contribution. ASPG believes it is important that the levies paid by Sweetpotato growers are more directly aligned to the industry's specific needs and the direct benefit of Sweetpotato levy payers.

Sweetpotato industry PIB - Management of the industry's own affairs
Since its formation, ASPG has grown and matured to strongly represent the Sweetpotato industry. It is a formally incorporated association with outstandingly high grower membership and support; a record of success in projects and programs; and a keen and dedicated Executive.

There is every reason for ASPG to take a stronger role as the industry’s peak body.
THE WAY FORWARD

ASPG believes that to address the three issues raised above; and position the industry for a growth and profit-driven future, changes in the Levy structure and mechanism are needed. Specifically, that means:

➢ Work to achieve a more equitable allocation of the R&D levies paid by Sweetpotato growers to projects and activities that directly benefit the Sweetpotato industry.

➢ A formal proposal by ASPG in consultation with its growers, of a new Marketing Levy on Sweetpotatoes. The consultation, ballot and proposal process would be handled in strict accordance with the government's current Levy Principles and Guidelines.
There are big opportunities for growth in Sweetpotato sales. More and more Australian consumers are realising that our Sweetpotatoes are delicious, versatile, and a wonderful part of their weekly menu. Yet there’s much more room to grow:

- More than 30% of all households don’t buy Sweetpotatoes at all. Imagine the extra sales if we could convince them to?
- Almost two-thirds of buyers, only buy 1-4 times a year. What would happen if we could get them to buy just a few more times?
- Young people and young families are hardly buying any Sweetpotatoes. Think of the extra sales if they purchased more often.

To take advantage of these and many other opportunities we MUST promote our product using a professional, properly targeted, campaign. A campaign that will lift total consumption, and therefore grow your sales and your profits.

**ASPG is proposing a 1% levy to fund the marketing and promotion campaign.**

We aim to increase sales by 20,000 tonnes in 5 years. That’s an increase in sales, of more than $21 million (at today’s wholesale prices).

**Who benefits?**

All Sweetpotato growers, large or small, will benefit. The promotion activity will be run nationally and appeal across-the-board. So no matter whether your Sweetpotatoes are sold in supermarkets or a fruit and vegetable store; in a big city or small town, you will share in the benefit.

**The levy details**

ASPG is proposing a levy rate of 1% of the value of sales at wholesale. Based on an estimated wholesale value of around $80 million, the levy will generate $800,000. That’s enough to mount a solid, Australia-wide promotional campaign.

The levy will be collected at the first point of sale — usually a wholesale market agent or retail chain.

**What marketing and promotion will we do?**

With the assistance of a marketing specialist, ASPG has put together a detailed plan to guide the marketing and promotion effort. There are five key elements:

1. **Market Knowledge**
   - Gathering the best possible consumer and market information. This means that marketing and promotion activities will be aimed directly at the greatest sales growth opportunities — with maximum appeal.

2. **Targeted Promotion**
   - National advertising, publicity, and public relations targeted to specific large groups of consumers to get them to buy and eat more Sweetpotatoes, more often.
Voting on the levy – When and How

A formal Yes or No ballot will be held on this proposal for a Marketing Levy. Every Sweetpotato grower is entitled to vote.

The ballot will be conducted by the Australian Electoral Commission.

- Ballot papers posted to all growers: Friday 26 October 2012
- Your vote must be completed and returned by: 12 Noon, Monday 19 November 2012
- Votes will be counted and the result declared on: Monday 19 November 2012

All growers are urged to vote, but voting is not compulsory.

If you want to check that you are on the voting register, contact Richard de Vos at de Vos Consulting now (see contact details below)

Leading growers support the proposed levy

We strongly support the proposed new Marketing Levy. If you want to talk to us about it, just call.

- Dean Akers
- Eric Coleman
- Dave Fisher
- Duane Joyce
- Rodney Wolfsen
- Darren Zunker

For more information:

For more information about the levy or the ballot, please contact ASPG's ballot manager:
**PROPOSED SWEETPOTATO MARKETING & PROMOTION LEVY**

**Questions and Answers**

Here are the answers to some questions you may have about the proposed Levy. If would like more information, contact the levy ballot managers by email on

<table>
<thead>
<tr>
<th>QUESTION</th>
<th>ANSWER</th>
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</thead>
<tbody>
<tr>
<td>How did this idea for a separate Marketing Levy start?</td>
<td>Australian Sweetpotato Growers Inc (ASPG) and leading growers have discussed the need for a concerted marketing campaign for Sweetpotatoes for a number of years. The idea has been raised, and supported, at the last four general meetings of the association. With that indication of support, ASPG has begun the levy consultation and proposal process.</td>
</tr>
<tr>
<td>Why do we think a levy is needed?</td>
<td>Sweetpotatoes production (and sales) have grown strongly for at least 10 years and there is every indication that production will continue to rise in the future. While consumers are buying more Sweetpotatoes, there are still very significant areas for growth. &gt; Many households do not buy Sweetpotato at all. &gt; Often they are seen as a winter vegetable, yet they are very suited to recipes and menus all year round. &gt; Younger couples and young families are very low consumers of Sweetpotatoes. To stimulate increased consumption (and thus increased purchases) a strong, targeted marketing and promotion program is needed. With no increase in sales, the expected greater production will lead to oversupply and that will drive down grower prices and profits.</td>
</tr>
<tr>
<td>Exactly what is to be levied?</td>
<td>All Sweetpotatoes sold to wholesale or direct to retail; or for processing or to the foodservice industry; or as ingredients to other products. This includes any Sweetpotatoes sold for export.</td>
</tr>
<tr>
<td>What about if I sell from my farm, direct to consumers.</td>
<td>If a grower sells direct to consumers (say via a roadside stall or shed sales) then those sales are exempt from the levy. ASPG believes it would be unfair to levy those sales.</td>
</tr>
<tr>
<td>What if I process my Sweetpotatoes on-farm?</td>
<td>If a grower processes Sweetpotatoes on-farm (i.e. adding-value), the levy amount payable is the equivalent to what would have been paid if the produce was sold straight to market, without processing. That is, the grower does not pay levy on the value added to the produce through processing.</td>
</tr>
<tr>
<td>What is the rate of levy proposed? How much will it raise?</td>
<td>The rate proposed is one percent (1%) of the sale price from the grower to the first purchaser (e.g. wholesale agent, retail chain etc). It is estimated that the levy will raise around $800,000 per year. This is enough to mount a strong marketing and promotion program.</td>
</tr>
<tr>
<td>Who votes on the levy?</td>
<td>Every growing enterprise that sells Sweetpotatoes to the market is entitled to vote in the ballot for the levy. Each growing enterprise has one vote.</td>
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<td>-----------------------</td>
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</tr>
<tr>
<td>Who conducts the ballot?</td>
<td>The ballot is conducted by the Australian Electoral Commission in accordance with strict requirements laid down by the Commonwealth government.</td>
</tr>
<tr>
<td>Who collects the levy?</td>
<td>Wholesalers, retailers and others who purchase the Sweetpotatoes from growers are the 'levy collectors'. They will do this in exactly the same way (with the same accounting requirements) as they currently do for many other horticultural products.</td>
</tr>
<tr>
<td>Who checks to make sure the levy is collected and everyone is paying?</td>
<td>A division of the Commonwealth Department of Agriculture Fisheries and Forestry has this role. They carry this out, efficiently and effectively, for many other fruits and vegetables. They have inspectors who check the central markets, growers markets, direct sales to retailers etc.</td>
</tr>
<tr>
<td>Who decides how the levy is spent?</td>
<td>Horticulture Australia Ltd (HAL), a company specially established for this purpose by the Commonwealth government and horticulture industries is responsible for managing expenditure of the levy. They do this according to strict accounting procedures and government guidelines. Growers, through ASPG, will set up a committee, known as the Industry Advisory Committee (IAC), which will advise HAL on the how the levy should be spent. The Committee will comprise group of leading growers plus 2 or 3 others with specialist skills in marketing, promotion and retailing. The IAC will consider market and consumer research; review proposals from marketing agencies; take advice from HAL professionals and any others they want to consult; and then recommend how and where the funds should be spent. Importantly also, the Committee must measure the impact of the programs run and calculate the return on investment. The Committee are your representatives, working for you.</td>
</tr>
<tr>
<td>Is the levy permanent?</td>
<td>No. The Commonwealth government requires the industry to review the levy and its impact and formally decide if it should continue. That will happen 5 years after commencement and growers will be given every opportunity to have their say in the review.</td>
</tr>
<tr>
<td>My wholesaler or agent does marketing for me doesn’t he?</td>
<td>Wholesalers or agents have a very important role getting the best possible deal and price for your produce. And generally what they are doing is competing with other wholesalers selling other growers' Sweetpotatoes. It's not the wholesalers' job to grow the whole market. A wholesaler will not undertake national consumer promotion to increase total consumption. What wholesalers can do is support the national campaign and promote it with their customers, the retailers. After all, if total sales of Sweetpotatoes increase, wholesalers and retailers benefit too.</td>
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</table>
| What about Retailers? Where do they come in? | Retailer involvement is vital. An important part of the promotion and marketing program will be encouraging retailers to support the promotion, in-store. They can feature Sweetpotatoes when they are being promoted in the media; do tastings; put up posters etc; and run all sorts of in-store promotions.
### Proposed Sweetpotato Marketing Levy
#### Questions & Answers

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
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<tbody>
<tr>
<td>What's it going to cost to manage all this?</td>
<td>There is a cost to manage this marketing program. We must pay to have good advice and good management, so that our levy money is spent very wisely. A negotiated amount is paid to HAL. It is a set proportion of the program expenditure and this is determined depending upon the amount of marketing expertise and management required. It's the same arrangement for all the industries. The other administrative cost is a charge by Levies Revenue Service for collection and policing the levy. This too is a set formula applied to all industries.</td>
</tr>
<tr>
<td>What happens with the existing Vegetable R&amp;D Levy?</td>
<td>All Sweetpotato sales attract the Vegetable R&amp;D levy which is set at half of one percent (0.5%) of the value of sales. ASPG works hard to ensure Sweetpotato growers get good value from this levy. The Vegetable R&amp;D Levy will continue to apply to Sweetpotatoes</td>
</tr>
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</table>
21 September 2012

An open letter to all Sweetpotato growers
from the Chairman of Australian Sweetpotato Growers Inc.

Marketing and Promotion - essential to grow our business

Fellow growers,

I am writing to you to explain why the Australian Sweet Potato Growers Inc (ASPG) is recommending Australian Sweetpotato Growers adopt a comprehensive marketing and promotion program, with the program to be funded via a new Marketing Levy.

The Sweetpotato market has grown strongly in recent years as consumers have discovered (or re-discovered) our fantastic product. However the retail market for fresh vegetables is intensely competitive as we see new produce, packaging and promotions almost every week. To hold our place on the shopping lists of consumers and in the retail store, Sweetpotatoes must be appealing and visible.

We need to promote, if we want to continue to grow.

There is powerful evidence that we can grow our market. Here are some examples:

- More than 1/3 of all Australian households did not buy any Sweetpotato in the last 12 months. Imagine what will happen if we convince just some of them to become regular purchasers.
- Almost 60% of all households that purchase Sweetpotatoes only buy 1-4 times a year. Here is another massive opportunity to drive increased purchase frequency and thus lift sales.
- Our highest volume consumers are the 'Senior Couples' group. Lowest are 'Young people under 35' and 'Young families with children 6-11 years'. With innovative promotion and recipe ideas we can make our Sweetpotatoes more appealing to these low-consumption groups. They eat more means we sell more.
- In recent months Sweetpotatoes are featuring and very popular in other food categories. The launch of frozen Sweetpotato fries and 'gems', two brands of Sweetpotato chips and Sweetpotato based fresh soups and dips are all examples. Yes, some of these are imported, but what it shows is a wave of growing consumer interest in Sweetpotato. Interest that we can build on in the 'fresh' market.

To take advantage and grow our market will take a smart, professional marketing and promotion campaign. Other produce groups (like Mushrooms, Bananas, Avocados, Macadamias and Mangoes) do it very successfully – and so can we.

It's all about growing the pie – so we all get a bigger slice.

Your association (ASPG) is proposing the introduction of a levy (really an investment) to fund the marketing and promotion program. An investment of just 1% of the wholesale price will fund a solid campaign based on sound consumer research and proven strategies.

With this letter is some information about the proposed levy. Shortly you will receive formal ballot papers so you can vote on the proposal. Every grower should exercise their right to vote.

I urge you to carefully consider this opportunity and then vote 'YES'.

Yours sincerely,

Rodney Wolfenden
CHAIRMAN

s. 47F(1)
Special notice for all sweetpotato growers

KEEP THE DATE!

All sweetpotato growers are invited to attend meetings to hear about the Australian Sweetpotato Growers Association’s proposal for a levy to fund important promotion and marketing of sweetpotato. Come along to find out:

- Why your Association feels the levy is needed and important
- How much levy is proposed and how it will be collected
- How it will be spent and who makes the decision
- How the ‘return on investment’ will be measured

And......
We want to hear your questions, comments and feedback!

Meeting Details;

**Cudgen Meeting:**
Where: Cudgen Leagues Club
Date: Tuesday 9th October
Time: 6:30 pm
Refreshments: Light refreshments & finger food

**Bundaberg Meeting:**
Where: Old Bundy Tavern
Date: Friday 12th October
Time: 6:30 pm
Refreshments: Light refreshments & finger food

RSVP to Sweetpotato Development Manager, Russell McCrystal on s. 47F(1) or s. 47F(1)
Come along to hear about the Australian Sweetpotato Growers Association’s proposal for a levy to fund important promotion and marketing for sweetpotato.

FIND OUT:
Why your association feels the levy is important.
How much levy is proposed and how it will be collected.
How it will be spent and who makes the decisions.

AND...
We want to hear your questions, comments and feedback!

Where: Cudgen Leagues Club
(Ormein Bay Rd, Kingscliff)
Date: Tuesday 9th October
Time: From 6:30pm
RSVP to Sweetpotato Industry Development Manager, Russell McCrystal, on...

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RSVP. In Sweetpotato Industry Development Manager, Russell McCrystal, on...

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Tweed Daily
Sweet potato vote

Marketing: A promotion levy

The sweet potato industry for a marketing levy on sweet potatoes is planning to vote on a proposed levy to secure the future of the industry.

The industry, represented by the Australian Sweet Potato Association (ASPA) and the Rural Industry and Marketing and Sales Committee, is planning a vote for the levy.

The levy is expected to generate annual revenue of $1 million for the industry.

"We feel that one of the most important steps in securing the future of the industry is to establish a fund that can be used to promote and market sweet potatoes," said Mr. Smith, the industry's chairperson.

"By voting yes, we are committing ourselves to ensuring that sweet potatoes are marketed effectively," Mr. Smith added.

Leaf blight, a major issue for sweet potato growers, is expected to be one of the key issues discussed during the vote.

"We are calling on all sweet potato farmers to vote yes so that we can implement effective strategies to combat leaf blight," Mr. Smith said.

The vote is expected to take place in early November.

---

Bundy top in muster

UCD Gardening received a huge vote on the back for its innovative mobile collection of sweet potatoes to the Bundaberg region for the 2023-2024 fiscal year.

"We are thrilled to receive such strong support from the Bundaberg region," said Mr. Thompson, the UCD Gardening manager.

"This shows the overwhelming demand for sweet potatoes in the Bundaberg area, which is reflected in the high number of votes received.

"We are grateful to all the voters who participated in this process, and we look forward to continuing to supply high-quality sweet potatoes to the Bundaberg region in the future."
Sweetpotato Marketing Levy

AIM: Improve grower returns!
HOW: By increasing consumer demand and influencing price!

Why ASPG feels a new marketing levy is required?

- Production will continue to rise in the future!
- If grower returns are to be maintained, the production growth must be matched by increasing consumer demand!

National Sweetpotato Production (tonnes)
There are still very significant areas for growth!

Total AUS | Sweet Potato Grocery Frequency Distribution
MAT to 17.03.2012 vs YA | Nielsen Homescan

Low Freq. Buyers

<table>
<thead>
<tr>
<th>% Buyers</th>
<th>% Value</th>
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</thead>
<tbody>
<tr>
<td>Low Freq. Buyers</td>
<td>Medium (Average) Buyers</td>
</tr>
<tr>
<td># of Sweet Potato Purchase Occasions</td>
<td></td>
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</tbody>
</table>

Consumer insights help us target our campaign!

Figure: Consumer research found consumer associated benefits with the low GI of sweetpotato!
How such a levy will be spent!

- Information is KING!
- Evaluation & Research will be key in developing the right Marketing Plan
- A small component of the required market evaluation & consumer research ASPG has managed to acquire to date includes:
  - Neilson Homescan data – Market size and trends
  - Neilson Deep Dive – identifying key consumer groups & their purchasing frequency
  - Fresh logic – Market structure identifying volume and share through the supply chain
  - QLD DAFF - consumer behavior studies to identify key barriers to purchasing

- When the time comes for ASPG to invest levy dollars into Implementing a marketing campaign we will be aiming to change consumer behavior!!

---

Evaluation and research is critical to long term success

Recommended methods of research and evaluation by budget

<table>
<thead>
<tr>
<th>Budget Range</th>
<th>Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $30,000</td>
<td>PR evaluation/tracking, Random calling of stores eg. is POS up?</td>
</tr>
<tr>
<td>&lt; $100,000</td>
<td>Merchandising Agency reports and analysis, Tracking Study (pre/post)</td>
</tr>
<tr>
<td>&lt; $500,000</td>
<td>Web tracking/metrics, Econometrics Analysis (min media spend $250,000)</td>
</tr>
<tr>
<td>&gt; $500,000</td>
<td>Web tracking/metrics, Econometrics Analysis (min media spend $250,000)</td>
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</tbody>
</table>

- AC Nielsen Homescan
- Scan data
- Analyse competitions eg. Entries
What can a marketing campaign provide?

Potential activities by budget include:

<table>
<thead>
<tr>
<th>Budget ($000)</th>
<th>PR Campaign</th>
<th>POS developed and distribution</th>
<th>Sampling program</th>
<th>Social Media</th>
<th>Website development</th>
<th>Consumer competitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>$&lt; 30,000</td>
<td>Media releases, Recipe development and photography</td>
<td>Same as $&lt; 30,000</td>
<td>Same as $&lt; 30,000</td>
<td>Facebook, Twitter, Forums, key words, SEM.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$&lt; 100,000</td>
<td>Media releases, Recipe development and photography</td>
<td>Same as $&lt; 100,000</td>
<td>Same as $&lt; 100,000</td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>Same as $&lt; 500,000</td>
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<td></td>
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</table>

What rate of levy is proposed?

<table>
<thead>
<tr>
<th>INCOME</th>
<th>MARKETING &amp; PROMOTION (ASPG)</th>
<th>RESEARCH &amp; DEVELOPMENT (AUSVEG)</th>
<th>COMBINED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levies received ($80 Million)</td>
<td>1% rate $800,000.00</td>
<td>0.5% rate $400,000.00</td>
<td>1.5% rate $1,200,000.00</td>
</tr>
<tr>
<td>Commonwealth contributions</td>
<td>-</td>
<td>$400,000.00</td>
<td>$400,000.00</td>
</tr>
<tr>
<td>Other contributions (VC on seed at 0.18c kg)</td>
<td>$50,000.00</td>
<td>-</td>
<td>$50,000.00</td>
</tr>
<tr>
<td>TOTAL INCOME</td>
<td>$850,000.00</td>
<td>$800,000.00</td>
<td>$1,650,000.00</td>
</tr>
</tbody>
</table>

Seymour, G MIA CEO (2012) states, "Minimum business spend on M&P is generally at 4% of gross annual turnover".
How is this process being guided?

The consultation, ballot and proposal process is being handled in strict accordance with the Australian governments current levy Principles & Guidelines

How do growers get to Vote?

- Ballot process
  - A formal ‘YES’ or ‘NO’ ballot will be held
  - Every sweetpotato grower is entitled to vote
  - All growers are urged to vote, but voting is not compulsory
- Who runs the Ballot
  - The ballot will be conducted by the Australian Electoral Commission
  - The ASPG has engaged with De Vos Consulting to manage the ballot

The ballot will be conducted by the Australian Electoral Commission

Ballot papers posted to all growers .................. Friday 26 October 2012
Your vote must be completed and returned by ......... 12 Noon, Monday 19 November 2012
Votes will be counted and the result declared on ...... Monday 19 November 2012

MAKE SURE YOU ARE ON THE VOTING REGISTER - Check with John Maltby here tonight!
How will the levy expenditure be managed & the benefit measured?

- Horticulture Australia Ltd (HAL)
  - Responsible for overseeing expenditure of the levy
  - Done in strict accounting procedures & government guidelines

- An Industry Advisory Committee (IAC)
  - Advises HAL on how levy is to be spent
  - Committee made up of sweetpotato growers
  - Up to 2 or 3 others with special expertise in promotion, wholesaling and retailing are also usually included
  - Committee's role is to develop marketing plan
  - Committee will also measure impact of programs and calculate return on investment

When and how will the ballot result will be announced?

- AEC will contact Richard De Vos
- Richard De Vos will advise ASPG
- ASPG will advise growers through the mail and over email

What happens next if the ballot result is positive?

- Levy proposal submission
  - ASPG will prepare a formal levy proposal document to be submitted to the HAL board of directors as soon as possible after the ballot is declared
  - The HAL board reviews the submission and will then submit the proposal on behalf of the ASPG to the Federal Minister for Agriculture, Fisheries & Forestry, The Hon. Joe Ludwig for his consideration
Market intelligence & promotion costs

• Mushrooms invest on Marketing 3,333,333.33 annually
• Bananas invest on Marketing 3,333,332.33 annually
• Apple & Pear invest on Marketing 3,333,333.33 annually
• Avocado invest on Marketing 2,222,222.22 annually

Seymour, G MIA CEM (2022) states, Minimum business spend on M&P is generally at 3% of gross annual turnover.
Mushroom Story

- Invested ₪111 million per annum on average over ten years to shift consumption from 2.1 to 3.2 kg per person per annum
- Mushroom industry just doubled their marketing levy to ₪3 million per annum. They saw this as vital to continue increasing consumer demand
- Just enough to place advertisements on TV ₪ times through the calendar year

Banana Story

- Banana industry collects ₪3.2 million per annum for marketing
- Recently bananas ran a marketing campaign which returned a net value growth to industry of ₪111 million
- The campaign successfully increased the number of purchasing occasions by ₪111 with its target audience
- The campaign cost ₪11 million
<table>
<thead>
<tr>
<th>Name</th>
<th>Business Name</th>
<th>Signature</th>
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s. 47F(1)
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<thead>
<tr>
<th>Name</th>
<th>Business Name</th>
<th>Signature</th>
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<td>s. 47F(1)</td>
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Sweet Potato Marketing Levy Proposal
Cucumber Growers Meeting
Attendance Register
Tuesday 9 October 2012

Name  Business Name  Signature

S. 47F(1)
Sweetpotato Marketing Levy Proposal

Bundaberg Growers Meeting – Friday 12 October 2012

Questions and Issues Raised

The meeting was opened by the chairman of ASPG Rodney Wolfenden who set out the objectives of the night’s meeting. Dean Akers executive officer ASPG then spoke on the levy development proposal giving the mushroom industry as an example ending by saying ‘we growers need to control our own destiny’. Executive officers Darren Zunker and Duane Joyce then spoke on their support of the proposal. ASPG developmental officer Russell McCrystal gave a presentation outlining the opportunities for growth and profit shown by market research, the levy details, the marketing and promotion that could be done, how the money was to be managed and the current vegetable R&D levy.

The ASPG chairman Rodney Wolfenden spoke on the importance of growers taking a long term view of their industry and outlined how the levy if successful would be reviewed every five years. The chairman then went around the room asking each grower in turn what they thought of the proposal, their support or not and if there were any questions they wished to ask.

<table>
<thead>
<tr>
<th>Grower</th>
<th>Response?</th>
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<tbody>
<tr>
<td>1.</td>
<td>s. 47F(1) All for the proposal, happy that the chairman had touched on the issue of “unity”; need grower unity for the proposal to be successful.</td>
</tr>
<tr>
<td>2.</td>
<td>No concerns with the proposal; good for the future.</td>
</tr>
<tr>
<td>3.</td>
<td>Asked what the mushroom levy was? Answer – 4%.</td>
</tr>
<tr>
<td>4.</td>
<td>Unity was the key, must be united for proposal to work.</td>
</tr>
<tr>
<td>5.</td>
<td>Proposal sounds good.</td>
</tr>
<tr>
<td>6.</td>
<td>All for it however as a grower of reds wants to make sure that the red variety gets a price of the pie (any increase in sales/price). The chairman suggested that any change in consumer behaviour from promotion should pull all varieties forward.</td>
</tr>
<tr>
<td>7.</td>
<td>All for it.</td>
</tr>
<tr>
<td>8.</td>
<td>Huge scope in sweetpotatoes if promote.</td>
</tr>
<tr>
<td>9.</td>
<td>All for it; felt all his questions were covered in the presentations (why growers did not ask many questions)</td>
</tr>
<tr>
<td>10.</td>
<td>Asked if all levy promotion campaigns started at 1%? Answer – No levy promotion yet in any vegetable apart from mushrooms which has a price per kg of spore (in place for 20 to 30 years as a voluntary levy)</td>
</tr>
</tbody>
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### Questions and Issues Raised

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<tbody>
<tr>
<td>11.</td>
<td>s. 47F(1) All good.</td>
</tr>
<tr>
<td>12.</td>
<td>Good way for industry to go ahead</td>
</tr>
<tr>
<td>13.</td>
<td>I like it; is next step that is important i.e. need to see where the money is going.</td>
</tr>
<tr>
<td>14.</td>
<td>All for it; hope money goes into right part of advertising e.g. hope can teach buyers that you can store and use sweetpotatoes of all different sizes. Need to educated consumer taste does not change with size and time.</td>
</tr>
<tr>
<td>15.</td>
<td>Agree with everything s. 47F(1) has said.</td>
</tr>
<tr>
<td>16.</td>
<td>I am a red grower agree with everything s. 47F(1) said in that Reds need to get a go not just gold's. Good on the industry for pushing the levy.</td>
</tr>
<tr>
<td>17.</td>
<td>Agree with the levy. Asked once goes through can the money be used in other ways other than marketing e.g. if a threat form something else appears? Answer - assumed it could be done however there were many other avenues for addressing possible threats e.g. the R&amp;D levy (it would depend on the particular situation).</td>
</tr>
<tr>
<td>18.</td>
<td>Need to get the levy through now. Asked can a freeze be put on the levy in the future if things are good i.e. can we stop collecting for awhile? Answer - requirement to review the levy every five years if want a change to this would probably have to repeat the current process used to try and develop a levy.</td>
</tr>
<tr>
<td>19.</td>
<td>All for it. Agrees with getting increase in sales in all size categories.</td>
</tr>
<tr>
<td>20.</td>
<td>Have to do it. Maybe can educate consumers size grades may not be important.</td>
</tr>
<tr>
<td>22.</td>
<td>All good, 10 out of 10.</td>
</tr>
<tr>
<td>23.</td>
<td>All for it.</td>
</tr>
<tr>
<td>24.</td>
<td>All for it agree with s. 47F(1) in relation to sizes.</td>
</tr>
<tr>
<td>Question/Issue</td>
<td>Who asked? (If known)</td>
</tr>
<tr>
<td>----------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>1. Have any targets been set in relation to increases in demand and price for the promotion campaign</td>
<td></td>
</tr>
<tr>
<td>2. Why has the levy been set at 1%</td>
<td></td>
</tr>
<tr>
<td>3. How many votes does each grower have e.g. if three in the family is it three votes</td>
<td></td>
</tr>
<tr>
<td>4. Do you have to be a member of ASPG to vote</td>
<td></td>
</tr>
<tr>
<td>5. Will the electoral commission be able to complete the count in the time frame outlined</td>
<td></td>
</tr>
<tr>
<td>6. Will Horticulture Australia take a fee for their role</td>
<td></td>
</tr>
<tr>
<td>7. Has the banana levy process been successful</td>
<td></td>
</tr>
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## Questions and Issues Raised

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>8</td>
<td>Have there been any failures in getting a levy up</td>
<td>Example was given of the watermelon industry and why it failed</td>
</tr>
<tr>
<td>9</td>
<td>What percentage of votes in the affirmative is required</td>
<td>Around 75%</td>
</tr>
<tr>
<td>10</td>
<td>If a grower votes No to the proposal will he still have to pay</td>
<td>Yes it will be a statutory levy</td>
</tr>
<tr>
<td>11</td>
<td>Will Organic growers have to pay</td>
<td>All Sweetpotato growers will have to pay with some exemptions e.g. shed or roadside stall sales</td>
</tr>
<tr>
<td>12</td>
<td>Can the money be turned to uses other than promotion</td>
<td>Yes and example was given of Apple &amp; Pears</td>
</tr>
<tr>
<td>13</td>
<td>General question on imports and its possible effect on Australian growers</td>
<td>If we are united as a grower organisation we will have a better chance to influence government decisions</td>
</tr>
<tr>
<td>14</td>
<td>If a large company in say five years time starts to grow sweetpotatoes they will be able to take advantage of five years of our levies</td>
<td>True but then they would have to start paying the levy also. It would also be very difficult for a company to plant large areas quickly if they did not have access to 'seed'</td>
</tr>
<tr>
<td>15</td>
<td>We are already paying an R&amp;D levy why can’t we use that</td>
<td>R&amp;D levy is a completely separate process</td>
</tr>
<tr>
<td>16</td>
<td>How often will we be measuring success of the program</td>
<td>We will be continually collecting data on consumer behaviour etc</td>
</tr>
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</table>

Growers were then individually asked to state pros and cons of the night's meeting.
## Questions and Issues Raised

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<tr>
<td>1.</td>
<td>Concern with administration costs of the program using HAL</td>
</tr>
<tr>
<td>2.</td>
<td>When do you make the decision to set program success benchmarks? Once we have the vote need money to do research to get benchmarks</td>
</tr>
<tr>
<td>3.</td>
<td>We face the prospect of getting left behind if we don’t open the gate of promotion</td>
</tr>
<tr>
<td>4.</td>
<td>Strike hit the nail on the head if we want to see our children prosper in the industry we need to develop the industry. Have looked at other crops but can see no better crop for Cudgen than sweetpotatoes</td>
</tr>
<tr>
<td>5.</td>
<td>Concern with administration costs</td>
</tr>
<tr>
<td>6.</td>
<td>Have to go for it; only five years and we review it</td>
</tr>
<tr>
<td>7.</td>
<td>We need to push the product via promotion</td>
</tr>
<tr>
<td>8.</td>
<td>I am convinced we need the levy for promotion</td>
</tr>
<tr>
<td>9.</td>
<td>This is our chance to grow the industry</td>
</tr>
<tr>
<td>10.</td>
<td>Concerned about growers who have not come to the meeting they will just have to rely on handouts for information</td>
</tr>
<tr>
<td>11.</td>
<td>All good</td>
</tr>
<tr>
<td>12.</td>
<td>All good</td>
</tr>
<tr>
<td>13.</td>
<td>When will we start targeting promotion</td>
</tr>
<tr>
<td>14.</td>
<td>I am for it, will go with the big three on the other side of the room</td>
</tr>
<tr>
<td>15.</td>
<td>Not sure how organic growers will benefit, we will need marketing specific to organics</td>
</tr>
</tbody>
</table>
CONSTITUTION

1 Interpretation
(1) In these rules—
Act means the Associations Incorporation Act 1981.
present—
   (a) at a management committee meeting, see rule 23(6); or
   (b) at a general meeting, see rule 37(2).
(2) A word or expression that is not defined in these model rules, but is defined in the Act has, if the context permits, the meaning given by the Act.

2 Name
The name of the incorporated association is Australian Sweetpotato Growers Inc. (the association).

3 Objects
The objects of the association are—
- Identify key issues that may effect the members of the ASPG.
- Provide sweetpotato industry leadership on key issues that may impact on members ability to produce sweetpotatoes in Australia.
- Be recognised as a national and international point of contact for the Australian sweetpotato industry.
- To represent the Australian sweetpotato industry interests in development and implementation of government policies that effect the Australian sweetpotato industry.

4 Powers
(1) The association has the powers of an individual.
(2) The association may, for example—
   (a) enter into contracts; and
   (b) acquire, hold, deal with and dispose of property; and
   (c) make charges for services and facilities it supplies; and
   (d) do other things necessary or convenient to be done in carrying out its affairs.
(3) The association may take over the funds and other assets and liabilities of the present unincorporated association known as the ASPG (the unincorporated association).
(4) The association may also issue secured and unsecured notes, debentures and debenture stock for the association.

5 Classes of members
(1) The membership of the association consists of ordinary members, and any of the following classes of members—associate members and honorary members
(2) The number of ordinary members is unlimited.
Australian Sweetpotato Growers Inc.

CONSTITUTION

6 Automatic membership
A person who, on the day the association is incorporated, was a member of the unincorporated association and who, on or before a day fixed by the management committee, agrees in writing to become a member of the incorporated association, must be admitted by the management committee—

(a) to the equivalent class of membership of the association as the member held in the unincorporated association; or
(b) if there is no equivalent class of membership—as an ordinary member.

7 New membership
(1) An applicant for membership of the association must be proposed by 1 member of the association (the proposer) and seconded by another member (the seconder).
(2) An application for membership must be—

(a) in writing; and
(b) signed by the applicant and the applicants proposer and seconder; and
(c) in the form decided by the management committee.

8 Membership fees
(1) The membership fee for each ordinary membership and for each other class of membership (if any)—

(a) is the amount decided by the members from time to time at a general meeting; and
(b) is payable when, and in the way, the management committee decides.
(2) A member of the incorporated association who, before becoming a member, has paid the members annual subscription for membership of the unincorporated association on or before a day fixed by the management committee, is not liable to pay a further amount of annual subscription for the period before the day fixed by the management committee as the day on which the next annual subscription is payable.

9 Admission and rejection of new members
(1) The management committee must consider an application for membership at the next committee meeting held after it receives—

(a) the application for membership; and
(b) the appropriate membership fee for the application.
(2) The management committee must ensure that, as soon as possible after the person applies to become a member of the association, and before the management committee considers the persons application, the person is advised—

(a) whether or not the association has public liability insurance; and
(b) if the association has public liability insurance—the amount of the insurance.
(3) The management committee must decide at the meeting whether to accept or reject the application.
(4) If a majority of the members of the management committee present at the meeting vote to accept the applicant as a member, the applicant must be accepted as a member for the class of membership applied for.
(5) The secretary of the association must, as soon as practicable after the management committee decides to accept or reject an application, give the applicant a written notice of the decision.
10 When membership ends

(1) A member may resign from the association by giving a written notice of resignation to the secretary.

(2) The resignation takes effect at—

(a) the time the notice is received by the secretary; or

(b) if a later time is stated in the notice—the later time.

(3) The management committee may terminate a member's membership if the member—

(a) is convicted of an indictable offence; or

(b) does not comply with any of the provisions of these rules; or

(c) has membership fees in arrears for at least 2 months; or

(d) conducts himself or herself in a way considered to be injurious or prejudicial to the character or interests of the association.

(4) Before the management committee terminates a member's membership, the committee must give the member a full and fair opportunity to show why the membership should not be terminated.

(5) If, after considering all representations made by the member, the management committee decides to terminate the membership, the secretary of the committee must give the member a written notice of the decision.

11 Appeal against rejection or termination of membership

(1) A person whose application for membership has been rejected, or whose membership has been terminated, may give the secretary written notice of the person's intention to appeal against the decision.

(2) A notice of intention to appeal must be given to the secretary within 1 month after the person receives written notice of the decision.

(3) If the secretary receives a notice of intention to appeal, the secretary must, within 1 month after receiving the notice, call a general meeting to decide the appeal.

12 General meeting to decide appeal

(1) The general meeting to decide an appeal must be held within 3 months after the secretary receives the notice of intention to appeal.

(2) At the meeting, the applicant must be given a full and fair opportunity to show why the application should not be rejected or the membership should not be terminated.

(3) Also, the management committee and the members of the committee who rejected the application or terminated the membership must be given a full and fair opportunity to show why the application should be rejected or the membership should be terminated.

(4) An appeal must be decided by a majority vote of the members present and eligible to vote at the meeting.

(5) If a person whose application for membership has been rejected does not appeal against the decision within 1 month after receiving written notice of the decision, or the person appeals but the appeal is unsuccessful, the secretary must, as soon as practicable, refund the membership fee paid by the person.
Australian Sweetpotato Growers Inc.

CONSTITUTION

13 Register of members
(1) The management committee must keep a register of members of the association.
(2) The register must include the following particulars for each member—
   (a) the full name of the member;
   (b) the postal or residential address of the member;
   (c) the date of admission as a member;
   (d) the date of death or time of resignation of the member;
   (e) details about the termination or reinstatement of membership;
   (f) any other particulars the management committee or the members at a general meeting
      decide.
(3) The register must be open for inspection by members of the association at all reasonable
    times.
(4) A member must contact the secretary to arrange an inspection of the register.
(5) However, the management committee may, on the application of a member of the
    association, withhold information about the member (other than the members full name) from
    the register available for inspection if the management committee has reasonable grounds for
    believing the disclosure of the information would put the member at risk of harm.

14 Prohibition on use of information on register of members
(1) A member of the association must not—
   (a) use information obtained from the register of members of the association to contact, or
      send material to, another member of the association for the purpose of advertising for
      political, religious, charitable or commercial purposes; or
   (b) disclose information obtained from the register to someone else, knowing that the
      information is likely to be used to contact, or send material to, another member of the
      association for the purpose of advertising for political, religious, charitable or commercial
      purposes.
(2) Subrule (1) does not apply if the use or disclosure of the information is approved by the
    association.

15 Appointment or election of secretary
(1) The secretary must be an individual residing in Queensland, or in another State but not
    more than 65km from the Queensland border, who is—
    (a) a member of the association elected by the association as secretary; or
    (b) any of the following persons appointed by the management committee as secretary—
       (i) a member of the associations management committee;
       (ii) another member of the association;
       (iii) another person.
(2) If the association has not elected an interim officer as secretary for the association before
    its incorporation, the members of the management committee must ensure a secretary is
    appointed or elected for the association within 1 month after incorporation.
(3) If a vacancy happens in the office of secretary, the members of the management committee
    must ensure a secretary is appointed or elected for the association within 1 month after the
    vacancy happens.
(4) If the management committee appoints a person mentioned in subrule (1)(b)(ii) as
    secretary, other than to fill a casual vacancy on the management committee, the person does
    not become a member of the management committee.
(5) However, if the management committee appoints a person mentioned in subrule (1)(b)(ii) as secretary to fill a casual vacancy on the management committee, the person becomes a member of the management committee.

(6) If the management committee appoints a person mentioned in subrule (1)(b)(iii) as secretary, the person does not become a member of the management committee.

(7) In this rule—casual vacancy, on a management committee, means a vacancy that happens when an elected member of the management committee resigns, dies or otherwise stops holding office.

16 Removal of secretary
(1) The management committee of the association may at any time remove a person appointed by the committee as the secretary.

(2) If the management committee removes a secretary who is a person mentioned in rule 15(1)(b)(i), the person remains a member of the management committee.

(3) If the management committee removes a secretary who is a person mentioned in rule 15(1)(b)(ii) and who has been appointed to a casual vacancy on the management committee under rule 15(5), the person remains a member of the management committee.

17 Functions of secretary
The secretary's functions include, but are not limited to—
(a) calling meetings of the association, including preparing notices of a meeting and of the business to be conducted at the meeting in consultation with the president of the association; and
(b) keeping minutes of each meeting; and
(c) keeping copies of all correspondence and other documents relating to the association; and
(d) maintaining the register of members of the association.

18 Membership of management committee
(1) The management committee of the association consists of a president, treasurer, and any other members the association members elect at a general meeting. The management committee will comprise at least 2 representatives from Bundaberg production region, at least 1 from Cudgen production region and at least 1 member that represents minor production regions. If sufficient association members are not available to fill these positions then the president, treasurer and secretary can fill these positions.

(2) A member of the management committee, other than a secretary appointed by the management committee under rule 15(1)(b)(iii), must be a member of the association.

(3) At each annual general meeting of the association, the members of the management committee must retire from office, but are eligible, on nomination, for re-election.

(4) A member of the association may be appointed to a casual vacancy on the management committee under rule 21.
Australian Sweetpotato Growers Inc.

CONSTITUTION

19 Electing the management committee
(1) A member of the management committee may only be elected as follows—
   (a) any 2 members of the association may nominate another member (the candidate) to
      serve as a member of the management committee;
   (b) the nomination must be—
      (i) in writing; and
      (ii) signed by the candidate and the members who nominated him or her; and
      (iii) given to the secretary at least 14 days before the annual general meeting at which
      the election is to be held;
   (c) each member of the association present and eligible to vote at the annual general
      meeting may vote for 1 candidate for each vacant position on the management committee;
   (d) if, at the start of the meeting, there are not enough candidates nominated, nominations
      may be taken from the floor of the meeting.
(2) A person may be a candidate only if the person—
   (a) is an adult; and
   (b) is not ineligible to be elected as a member under section 61A of the Act.
(3) A list of the candidates names in alphabetical order, with the names of the members who
    nominated each candidate, must be posted in a conspicuous place in the office or usual place
    of meeting of the association for at least 7 days immediately preceding the annual general
    meeting.
(4) If required by the management committee, balloting lists must be prepared containing the
    names of the candidates in alphabetical order.
(5) The management committee must ensure that, before a candidate is elected as a member
    of the management committee, the candidate is advised—
       (a) whether or not the association has public liability insurance; and
       (b) if the association has public liability insurance—the amount of the insurance.

20 Resignation, removal or vacation of office of management committee member
(1) A member of the management committee may resign from the committee by giving
    written notice of resignation to the secretary.
(2) The resignation takes effect at—
   (a) the time the notice is received by the secretary; or
   (b) if a later time is stated in the notice—the later time.
(3) A member may be removed from office at a general meeting of the association if a
    majority of the members present and eligible to vote at the meeting vote in favour of
    removing the member.
(4) Before a vote of members is taken about removing the member from office, the member
    must be given a full and fair opportunity to show cause why he or she should not be removed
    from office.
(5) A member has no right of appeal against the members removal from office under this rule.
(6) A member immediately vacates the office of member in the circumstances mentioned in
    section 64(2) of the Act.
Australian Sweetpotato Growers Inc.

CONSTITUTION

21 Vacancies on management committee
(1) If a casual vacancy happens on the management committee, the continuing members of the committee may appoint another member of the association to fill the vacancy until the next annual general meeting.
(2) The continuing members of the management committee may act despite a casual vacancy on the management committee.
(3) However, if the number of committee members is less than the number fixed under rule 24(1) as a quorum of the management committee, the continuing members may act only to—
   (a) increase the number of management committee members to the number required for a quorum; or
   (b) call a general meeting of the association.

22 Functions of management committee
(1) Subject to these rules or a resolution of the members of the association carried at a general meeting, the management committee has the general control and management of the administration of the affairs, property and funds of the association.
(2) The management committee has authority to interpret the meaning of these rules and any matter relating to the association on which the rules are silent, but any interpretation must have regard to the Act, including any regulation made under the Act.

Note—
The Act prevails if the associations rules are inconsistent with the Act—see section 1B of the Act.
(3) The management committee may exercise the powers of the association—
   (a) to borrow, raise or secure the payment of amounts in a way the members of the association decide; and
   (b) to secure the amounts mentioned in paragraph (a) or the payment or performance of any debt, liability, contract, guarantee or other engagement incurred or to be entered into by the association in any way, including by the issue of debentures (perpetual or otherwise) charged upon the whole or part of the associations property, both present and future; and
   (c) to purchase, redeem or pay off any securities issued; and
   (d) to borrow amounts from members and pay interest on the amounts borrowed; and
   (e) to mortgage or charge the whole or part of its property; and
   (f) to issue debentures and other securities, whether outright or as security for any debt, liability or obligation of the association; and
   (g) to provide and pay off any securities issued; and
   (h) to invest in a way the members of the association may from time to time decide.
(4) For subrule (3)(d), the rate of interest must not be more than the current rate being charged for overdrawn accounts on money lent (regardless of the term of the loan) by—
   (a) the financial institution for the association; or
   (b) if there is more than 1 financial institution for the association—the financial institution nominated by the management committee.
CONSTITUTION

23 Meetings of management committee
(1) Subject to this rule, the management committee may meet and conduct its proceedings as it considers appropriate.
(2) The management committee must meet at least once every 4 months to exercise its functions.
(3) The management committee must decide how a meeting is to be called.
(4) Notice of a meeting is to be given in the way decided by the management committee.
(5) The management committee may hold meetings, or permit a committee member to take part in its meetings, by using any technology that reasonably allows the member to hear and take part in discussions as they happen.
(6) A committee member who participates in the meeting as mentioned in subrule (5) is taken to be present at the meeting.
(7) A question arising at a committee meeting is to be decided by a majority vote of members of the committee present at the meeting and, if the votes are equal, the question is decided in the negative.
(8) A member of the management committee must not vote on a question about a contract or proposed contract with the association if the member has an interest in the contract or proposed contract and, if the member does vote, the members vote must not be counted.
(9) The president is to preside as chairperson at a management committee meeting.
(10) If there is no president or if the president is not present within 10 minutes after the time fixed for a management committee meeting, the members may choose 1 of their number to preside as chairperson at the meeting.

24 Quorum for, and adjournment of, management committee meeting
(1) At a management committee meeting, more than 50% of the members elected to the committee as at the close of the last general meeting of the members form a quorum.
(2) If there is no quorum within 30 minutes after the time fixed for a management committee meeting called on the request of members of the committee, the meeting lapses.
(3) If there is no quorum within 30 minutes after the time fixed for a management committee meeting called other than on the request of the members of the committee—
   (a) the meeting is to be adjourned for at least 1 day; and
   (b) the members of the management committee who are present are to decide the day, time and place of the adjourned meeting.
(4) If, at an adjourned meeting mentioned in subrule (3), there is no quorum within 30 minutes after the time fixed for the meeting, the meeting lapses.

25 Special meeting of management committee
(1) If the secretary receives a written request signed by at least 33% of the members of the management committee, the secretary must call a special meeting of the committee by giving each member of the committee notice of the meeting within 14 days after the secretary receives the request.
(2) If the secretary is unable or unwilling to call the special meeting, the president must call the meeting.
(3) A request for a special meeting must state—
   (a) why the special meeting is called; and
   (b) the business to be conducted at the meeting.
(4) A notice of a special meeting must state—
   (a) the day, time and place of the meeting; and
   (b) the business to be conducted at the meeting.
Australian Sweetpotato Growers Inc.

CONSTITUTION

(5) A special meeting of the management committee must be held within 14 days after notice of the meeting is given to the members of the management committee.

26 Minutes of management committee meetings
(1) The secretary must ensure full and accurate minutes of all questions, matters, resolutions and other proceedings of each management committee meeting are entered in a minute book.
(2) To ensure the accuracy of the minutes, the minutes of each management committee meeting must be signed by the chairperson of the meeting, or the chairperson of the next management committee meeting, verifying their accuracy.

27 Appointment of subcommittees
(1) The management committee may appoint a subcommittee consisting of members of the association considered appropriate by the committee to help with the conduct of the associations operations.
(2) A member of the subcommittee who is not a member of the management committee is not entitled to vote at a management committee meeting.
(3) A subcommittee may elect a chairperson of its meetings.
(4) If a chairperson is not elected, or if the chairperson is not present within 10 minutes after the time fixed for a meeting, the members present may choose 1 of their number to be chairperson of the meeting.
(5) A subcommittee may meet and adjourn as it considers appropriate.
(6) A question arising at a subcommittee meeting is to be decided by a majority vote of the members present at the meeting and, if the votes are equal, the question is decided in the negative.

28 Acts not affected by defects or disqualifications
(1) An act performed by the management committee, a subcommittee or a person acting as a member of the management committee is taken to have been validly performed.
(2) Subrule (1) applies even if the act was performed when—
   (a) there was a defect in the appointment of a member of the management committee, subcommittee or person acting as a member of the management committee; or
   (b) a management committee member, subcommittee member or person acting as a member of the management committee was disqualified from being a member.

29 Resolutions of management committee without meeting
(1) A written resolution signed by each member of the management committee is as valid and effectual as if it had been passed at a committee meeting that was properly called and held.
(2) A resolution mentioned in subrule (1) may consist of several documents in like form, each signed by 1 or more members of the committee.

30 First annual general meeting
The first annual general meeting must be held within 6 months after the end date of the association's first reportable financial year.

31 Subsequent annual general meetings
Each subsequent annual general meeting must be held—
   (a) at least once each year; and
   (b) within 6 months after the end date of the association's reportable financial year.
Australian Sweetpotato Growers Inc.

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32 Business to be conducted at annual general meeting of level 1 incorporated associations and particular level 2 and 3 incorporated associations

(1) This rule applies only if the association is—
   (a) a level 1 incorporated association; or
   (b) a level 2 incorporated association to which section 59 of the Act applies; or
   (c) a level 3 incorporated association to which section 59 of the Act applies.

(2) The following business must be conducted at each annual general meeting of the association—
   (a) receiving the association's financial statement, and audit report, for the last reportable financial year;
   (b) presenting the financial statement and audit report to the meeting for adoption;
   (c) electing members of the management committee;
   (d) for a level 1 incorporated association—appointing an auditor or an accountant for the present financial year;
   (e) for a level 2 incorporated association, or a level 3 incorporated association, to which section 59 of the Act applies—appointing an auditor, an accountant or an approved person for the present financial year.

33 Business to be conducted at annual general meeting of other level 2 incorporated associations

(1) This rule applies only if the association is a level 2 incorporated association to which section 59A of the Act applies.

(2) The following business must be conducted at each annual general meeting of the association—
   (a) receiving the association's financial statement, and signed statement, for the last reportable financial year;
   (b) presenting the financial statement and signed statement to the meeting for adoption;
   (c) electing members of the management committee;
   (d) appointing an auditor, an accountant or an approved person for the present financial year.

34 Business to be conducted at annual general meeting of other level 3 incorporated associations

(1) This rule applies only if the association is a level 3 incorporated association to which section 59B of the Act applies.

(2) The following business must be conducted at each annual general meeting of the association—
   (a) receiving the association's financial statement, and signed statement, for the last reportable financial year;
   (b) presenting the financial statement and signed statement to the meeting for adoption;
   (c) electing members of the management committee.
35 Notice of general meeting
(1) The secretary may call a general meeting of the association.
(2) The secretary must give at least 14 days notice of the meeting to each member of the association.
(3) If the secretary is unable or unwilling to call the meeting, the president must call the meeting.
(4) The management committee may decide the way in which the notice must be given.
(5) However, notice of the following meetings must be given in writing—
   (a) a meeting called to hear and decide the appeal of a person against the management committee's decision—
      (i) to reject the person's application for membership of the association; or
      (ii) to terminate the person's membership of the association;
   (b) a meeting called to hear and decide a proposed special resolution of the association.
(6) A notice of a general meeting must state the business to be conducted at the meeting.

36 Quorum for, and adjournment of, general meeting
(1) The quorum for a general meeting is at least the number of members elected or appointed to the management committee at the close of the association's last general meeting plus 1.
(2) However, if all members of the association are members of the management committee, the quorum is the total number of members less 1.
(3) No business may be conducted at a general meeting unless there is a quorum of members when the meeting proceeds to business.
(4) If there is no quorum within 30 minutes after the time fixed for a general meeting called on the request of members of the management committee or the association, the meeting lapses.
(5) If there is no quorum within 30 minutes after the time fixed for a general meeting called other than on the request of members of the management committee or the association—
   (a) the meeting is to be adjourned for at least 7 days; and
   (b) the management committee is to decide the day, time and place of the adjourned meeting.
(6) The chairperson may, with the consent of any meeting at which there is a quorum, and must if directed by the meeting, adjourn the meeting from time to time and from place to place.
(7) If a meeting is adjourned under subrule (6), only the business left unfinished at the meeting from which the adjournment took place may be conducted at the adjourned meeting.
(8) The secretary is not required to give the members notice of an adjournment or of the business to be conducted at an adjourned meeting unless a meeting is adjourned for at least 30 days.
(9) If a meeting is adjourned for at least 30 days, notice of the adjourned meeting must be given in the same way notice is given for an original meeting.
37 Procedure at general meeting
(1) A member may take part and vote in a general meeting in person, by proxy, by attorney or by using any technology that reasonably allows the member to hear and take part in discussions as they happen.
(2) A member who participates in a meeting as mentioned in subrule (1) is taken to be present at the meeting.
(3) At each general meeting—
   (a) the president is to preside as chairperson; and
   (b) if there is no president or if the president is not present within 15 minutes after the time fixed for the meeting or is unwilling to act, the members present must elect 1 of their number to be chairperson of the meeting; and
   (c) the chairperson must conduct the meeting in a proper and orderly way.

38 Voting at general meeting
(1) At a general meeting, each question, matter or resolution, other than a special resolution, must be decided by a majority of votes of the members present.
(2) Each member present and eligible to vote is entitled to 1 vote only and, if the votes are equal, the chairperson has a casting vote as well as a primary vote.
(3) A member is not entitled to vote at a general meeting if the member's annual subscription is in arrears at the date of the meeting.
(4) The method of voting is to be decided by the management committee.
(5) However, if at least 20% of the members present demand a secret ballot, voting must be by secret ballot.
(6) If a secret ballot is held, the chairperson must appoint 2 members to conduct the secret ballot in the way the chairperson decides.
(7) The result of a secret ballot as declared by the chairperson is taken to be a resolution of the meeting at which the ballot was held.

39 Special general meeting
(1) The secretary must call a special general meeting by giving each member of the association notice of the meeting within 14 days after—
   (a) being directed to call the meeting by the management committee; or
   (b) being given a written request signed by—
      (i) at least 33% of the number of members of the management committee when the request is signed; or
      (ii) at least the number of ordinary members of the association equal to double the number of members of the association on the management committee when the request is signed plus 1; or
   (c) being given a written notice of an intention to appeal against the decision of the management committee—
      (i) to reject an application for membership; or
      (ii) to terminate a person's membership.
(2) A request mentioned in subrule (1)(b) must state—
   (a) why the special general meeting is being called; and
   (b) the business to be conducted at the meeting.
Australian Sweetpotato Growers Inc.

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(3) A special general meeting must be held within 3 months after the secretary—
(a) is directed to call the meeting by the management committee; or
(b) is given the written request mentioned in subrule (1)(b); or
(c) is given the written notice of an intention to appeal mentioned in subrule (1)(c).

(4) If the secretary is unable or unwilling to call the special meeting, the president must call the meeting.

40 Proxies
(1) An instrument appointing a proxy must be in writing and be in the following or similar form—

[Name of association]:
I, of , being
a member of the association, appoint
of
as my proxy to vote for me on my behalf at the (annual) general meeting of the association, to be held on the day of

and at any adjournment of the meeting.
Signed this day of .

(2) The instrument appointing a proxy must—
(a) if the appointor is an individual—be signed by the appointor or the appointor's attorney properly authorised in writing; or
(b) if the appointor is a corporation—
(i) be under seal; or
(ii) be signed by a properly authorised officer or attorney of the corporation.

(3) A proxy may be a member of the association or another person.

(4) The instrument appointing a proxy is taken to confer authority to demand or join in demanding a secret ballot.

(5) Each instrument appointing a proxy must be given to the secretary before the start of the meeting or adjourned meeting at which the person named in the instrument proposes to vote.

(6) Unless otherwise instructed by the appointor, the proxy may vote as the proxy considers appropriate.

(7) If a member wants a proxy to vote for or against a resolution, the instrument appointing the proxy must be in the following or similar form—

[Name of association]:
I, of , being
a member of the association, appoint
of
as my proxy to vote for me on my behalf at the (annual) general meeting of the association, to be held on the day of

and at any adjournment of the meeting.
Signed this day of .

This form is to be used *in favour of/* against [strike out whichever is not wanted] the following resolutions—

[List relevant resolutions]
Australian Sweetpotato Growers Inc.

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41 Minutes of general meetings
(1) The secretary must ensure full and accurate minutes of all questions, matters, resolutions and other proceedings of each general meeting are entered in a minute book.
(2) To ensure the accuracy of the minutes—
   (a) the minutes of each general meeting must be signed by the chairperson of the meeting, or the chairperson of the next general meeting, verifying their accuracy; and
   (b) the minutes of each annual general meeting must be signed by the chairperson of the meeting, or the chairperson of the next meeting of the association that is a general meeting or annual general meeting, verifying their accuracy.
(3) If asked by a member of the association, the secretary must, within 28 days after the request is made—
   (a) make the minute book for a particular general meeting available for inspection by the member at a mutually agreed time and place; and
   (b) give the member copies of the minutes of the meeting.
(4) The association may require the member to pay the reasonable costs of providing copies of the minutes.

42 By-laws
(1) The management committee may make, amend or repeal by-laws, not inconsistent with these rules, for the internal management of the association.
(2) A by-law may be set aside by a vote of members at a general meeting of the association.

43 Alteration of rules
(1) Subject to the Act, these rules may be amended, repealed or added to by a special resolution carried at a general meeting.
(2) However an amendment, repeal or addition is valid only if it is registered by the chief executive.

44 Common seal
(1) The management committee must ensure the association has a common seal.
(2) The common seal must be—
   (a) kept securely by the management committee; and
   (b) used only under the authority of the management committee.
(3) Each instrument to which the seal is attached must be signed by a member of the management committee and countersigned by—
   (a) the secretary; or
   (b) another member of the management committee; or
   (c) someone authorised by the management committee.

45 Funds and accounts
(1) The funds of the association must be kept in an account in the name of the association in a financial institution decided by the management committee.
(2) Records and accounts must be kept in the English language showing full and accurate particulars of the financial affairs of the association.
(3) All amounts must be deposited in the financial institution account as soon as practicable after receipt.
(4) A payment by the association of $100 or more must be made by cheque or electronic funds transfer.
Australian Sweetpotato Growers Inc.

CONSTITUTION

(5) If a payment of $100 or more is made by cheque, the cheque must be signed by any 2 of the following—
(a) the president;
(b) the secretary;
(c) the treasurer;
(d) any 1 of 3 other members of the association who have been authorised by the management committee to sign cheques issued by the association.
(6) However, 1 of the persons who signs the cheque must be the president, the secretary or the treasurer.
(7) Cheques, other than cheques for wages, allowances or petty cash recoupment, must be crossed not negotiable.
(8) A petty cash account must be kept on the imprest system, and the management committee must decide the amount of petty cash to be kept in the account.
(9) All expenditure must be approved or ratified at a management committee meeting.

46 General financial matters
(1) On behalf of the management committee, the treasurer must, as soon as practicable after the end date of each financial year, ensure a financial statement for its last reportable financial year is prepared.
(2) The income and property of the association must be used solely in promoting the association's objects and exercising the association's powers.

47 Documents
The management committee must ensure the safe custody of books, documents, instruments of title and securities of the association.

48 Financial year
The end date of the association's financial year is 30th June in each year.

49 Distribution of surplus assets to another entity
(1) This rule applies if the association—
(a) is wound-up under part 10 of the Act; and
(b) has surplus assets.
(2) The surplus assets must not be distributed among the members of the association.
(3) The surplus assets must be given to another entity—
(a) having objects similar to the association's objects; and
(b) the rules of which prohibit the distribution of the entity's income and assets to its members.
(4) In this rule—surplus assets see section 92(3) of the Act..
Commonwealth of Australia

STATUTORY DECLARATION

Statutory Declarations Act 1959

I, Eric Allan Coleman, of Queensland, make the following declaration under the Statutory Declarations Act 1959:

Australian Sweetpotato Growers Inc provided a list of potential payers of the proposed Sweet Potato Levy to the Australian Electoral Commission on 18 October 2012 as the Voting Register for the purposes of a ballot on a proposal for the establishment of a Sweet Potato Levy.

At that time it was the most up-to-date and comprehensive list of potential levy payers known to me.

I understand that a person who intentionally makes a false statement in a statutory declaration is guilty of an offence under section 11 of the Statutory Declarations Act 1959, and I believe that the statements in this declaration are true in every particular.

Declared atBeenleigh on 29th day of November 2012

Before me,

Note 1 A person who intentionally makes a false statement in a statutory declaration is guilty of an offence, the punishment for which is imprisonment for a term of 4 years — see section 11 of the Statutory Declarations Act 1959.

Note 2 Chapter 2 of the Criminal Code applies to all offences against the Statutory Declarations Act 1959 — see section 6A of the Statutory Declarations Act 1959.
Australian Sweet Potato Industry Levy Ballot

Establishment of the Sweet Potato Marketing Levy and Export Charge

Voting Rules

1. DEFINITIONS

In these rules:

AEC means the Australian Electoral Commission which is acting as the Ballot Administrator.

ASPG means Australian Sweetpotato Growers Inc.

Ballot Consultant means de Vos Consulting, the organisation appointed to oversee the ballot process on behalf of Australian Sweetpotato Growers Inc.

Ballot Material means:

(a) one ballot paper specifically for Commercial Sweet Potato Growing Operations growing Sweet Potato for sale by the Commercial Sweet Potato Growing Operation or used by the Commercial Sweet Potato Growing Operation in the production of other goods.

(b) a reply paid envelope addressed to the AEC

(c) a declaration envelope which comprises the Ballot Paper Envelope and the Voter’s Declaration

(d) a pamphlet outlining information about the levy and voting rules

Ballot Paper Envelope means the envelope section of the Declaration Envelope in which the Ballot Paper is to be sealed. It forms part of the Ballot Material.

Business Day means a day that is not a Saturday, Sunday or bank or public holiday in Sydney, New South Wales

Closing Time has the meaning given in rule 3.5(a)

Commercial Sweet Potato Growing Operation means any operation growing and supplying Australian grown Sweet Potato to the Fresh Market or for Export or supplying Australian grown Sweet Potato to a processor or juice manufacturer, regardless of whether the Commercial Sweet Potato Growing Operation is:

(a) made up of one or more geographic adjacent or separate farms;

(b) jointly or separately owned by one or more persons or entities.

Declaration Envelope means the declaration envelope forming part of the Ballot Materials.
Eligible Commercial Sweet Potato Growing Operation means a commercial Sweet Potato growing operation that is entitled to vote in accordance with Rule 2. A list of Eligible Commercial Sweet Potato Growing Operations will be provided to the AEC by ASPG.

Eligible Voter is the Owner or authorized representative entitled to vote on behalf of the Commercial Sweet Potato Growing Operation.

Fresh Market means the process through which fresh Sweet Potato are sold to consumers as whole Sweet Potato or semi / minimally processed Sweet Potato, such as fresh-cuts and dicing. To avoid doubt, it includes sales to packhouses, direct to supermarkets and other retailers, wholesalers, agents, brokers, foodservice operations or other middlemen.

Processor means a business that packages or otherwise prepares Sweet Potato or substantially alters their form in any way. To avoid doubt, it does not include semi or minimal processing of Sweet Potato, such as the cutting or dicing of Sweet Potato. It does not include fresh-cut products.

Processing means any process that involves preparing or substantially altering the form of the Sweet Potato. To avoid doubt, it does not include semi or minimal processing of Sweet Potato, such as the cutting or dicing of Sweet Potato. It does not include fresh-cut products.

Opening Date has the meaning given in rule 3.2.

Owner of a Commercial Sweet Potato Growing Organisation means:

(a) the person or entity that legally owns the business growing Sweet Potato

(b) the persons or entities that legally own (whether jointly or separately), the business growing Sweet Potato

as at the Opening Date. For avoidance of doubt, a person or entity may be the Owner of a Commercial Sweet Potato Growing Operation even if the person does not own the farm on which the Sweet Potato are grown (e.g., if the person or entity leases the land and/or packing sheds). In this case, if the business of producing Sweet Potato that make up the Commercial Sweet Potato Growing Operation are owned:

(a) by a company, the Company is the Owner;

(b) by a number of partners, each of the partners are Owners;

(c) by a person or company in its capacity as trustee of the a trust, the person or company is the Owner in that capacity.

Roll of Eligible Commercial Sweet Potato Growing Organisations means the register prepared by the AEC in accordance with Rule 3.7(a).

Rules means the voting rules.

Voter's Declaration means the Voter's Declaration slip that forms part of the Declaration Envelope.

Voting Register means the register required to be kept in accordance with Rule 3.7(b).
2. ELIGIBILITY TO VOTE AND VOTING ENTITLEMENT

(a) Each Commercial Sweet Potato Growing Operation growing and supplying Australian grown Sweet Potato to the Fresh Market or for Export or supplying Australian grown Sweet Potato to a processor, is entitled to cast one vote in the ballot.

(b) The Owner or the authorised representative of the Commercial Sweet Potato Growing Operation is entitled to vote. If there is more than one Owner of the Commercial Sweet Potato Growing Operation, only one Owner or authorized representative, on behalf of all other Owners, is entitled to vote on behalf of the Commercial Sweet Potato Growing Operation.

(c) To be eligible to vote in the ballot, there is no requirement that a Commercial Sweet Potato Growing Operation be a member of ASPG.

3. CONDUCT OF BALLOT

3.1 Secret Postal Ballot

The AEC will conduct a secret postal ballot in accordance with these Rules.

3.2 Opening Date

The ballot will open on Friday 26 October 2012.

3.3 Issue of Ballot Materials

(a) On or before the Opening Date, the AEC must send the Ballot Materials in a sealed envelope by prepaid post to each of the Eligible Commercial Sweet Potato Growing Operation notified by ASPG at the postal address notified by ASPG.

3.4 Application for Ballot Materials

(a) Where the Owner of a Commercial Sweet Potato Growing Operation claims that they have not received any Ballot Materials, the Owner may make an application to the Ballot Consultant for the issue of Ballot Materials.

(b) Where the Owner of the Commercial Sweet Potato Growing Operation claims the Ballot Materials received by it has been lost, destroyed or spoilt, the Owner may make application to the AEC for the reissue of replacement Ballot Materials.

(c) Where the Owner of a Commercial Sweet Potato Growing Operation claims that they are the owner of two or more separate Commercial Sweet Potato Growing Operations, the Owner may make an application to Ballot Consultant for the issue of additional Ballot Materials for each additional Commercial Sweet Potato Growing Operation.

(d) An application under 3.4(a), 3.4(b) must:

(i) be in writing

(ii) set out the applicant's full name, business / trading name and postal address

(iii) set out the grounds on which the application is made

(iv) be received at least 7 days prior to Closing Time; and

(v) include a signed declaration by the applicant as to the accuracy of the contents of the application.

(e) On receipt of an application under Rule 3.4(a), the Ballot Consultant will advise the AEC to issue or reissue, as may be the case, Ballot Materials to the applicant unless the Ballot Consultant is satisfied that the information contained in the application is not true.

(f) On receipt of an application under Rule 3.4(b), the AEC will reissue Ballot Materials to the applicant unless the AEC is satisfied that the information contained in the application is not true.
(g) On receipt of an application under Rule 3.4(c), Ballot Consultant will advise the AEC to issue further Ballot Materials to the applicant unless the Ballot Consultant is satisfied that the information contained in the application is not true.

3.5 Closing Time

(a) The ballot will close at 12.00 noon (AEST) on Monday 19 November 2012.
(b) The AEC must reject and set aside any returned Ballot Materials that are not received by the AEC at the office or postal address of the Returning Officer by the Closing Time.

3.6 Preliminary Scrutiny of Ballot Paper Envelopes and Voter's Declaration

(a) The AEC must:
   (i) collect any returned Ballot Materials received by the AEC; and
   (ii) conduct preliminary scrutiny of the returned Ballot Materials in accordance with Rule 3.6(b).
(b) The AEC must reject and set aside any returned Ballot Materials if
   (i) the Ballot Paper is not returned in the Ballot Paper Envelope;
   (ii) the Ballot Paper Envelope is not returned;
   (iii) the Voter's Declaration is not returned;
   (iv) the AEC reasonably believes that:
      A. the Commercial Sweet Potato Growing Operation is ineligible to vote in the ballot;
      B. the Eligible Voter is ineligible to vote in the ballot on behalf of the Commercial Sweet Potato Growing Operation
(c) If more than one Declaration Envelope is returned by the Commercial Sweet Potato Growing Operation, only the second Declaration Envelope, including the Ballot Paper Envelope and Corresponding Voter's Declaration, received by the AEC will be admitted to scrutiny and the first Declaration Envelope, including the Ballot Paper Envelope and Voter's Declaration, must be rejected and set aside.

3.7 Roll of Commercial Sweet Potato Growing Operations and Voting Register

(a) At the commencement of the ballot process, the AEC must prepare a Roll of Eligible Commercial Sweet Potato Growing Operations from a list of Eligible Commercial Sweet Potato Growing Operations provided by Ballot Consultant.
(b) Prior to the opening of any Ballot Paper Envelopes, the AEC must prepare a Voting Register which records the Ballot Materials returned by the Eligible Commercial Sweet Potato Growing Operation that is not rejected and set aside in accordance with these Rules.
(c) In relation to the Voting Register, subject to rule 3.9, no other data that relates to any cast vote in the ballot will be recorded.

3.8 Scrutiny of ballot papers

(a) Promptly after Closing Time, the AEC must remove the ballot paper from each Ballot Paper Envelope that has been admitted to the count and commence the count.
(b) The AEC must reject as informal any ballot paper:
(i) that does not bear the authenticating mark of the AEC;
(ii) that is not completed substantially in accordance with the instructions included on the ballot paper; or
(iii) if marking is such that the voting intention is not clear.

3.9 Recording the Vote
(a) The voting intention evidenced on each ballot paper that is admitted to the count will be recorded as in favour or against for the question posed on the ballot paper.

3.10 Declaration of Results
(a) The AEC must declare the results of the ballot by notice in writing to the Chairman of ASPG within three Business Days after Closing Time.
(b) The ballot shall be declared in favour of the question on the ballot paper, if a simple majority of eligible votes cast in the ballot, for that question, is in favour of the question.
(c) A majority is defined as 50% plus one of the formal votes received from Eligible Commercial Sweet Potato Growing Operations.

3.11 Destruction of returned Ballot Materials
(a) Subject to rule 3.11(b), the AEC must destroy all materials in its possession which relates to any votes cast in the ballot twelve months after it declares the results of the ballot.
(b) If within two weeks of the declaration of the results of the ballot, ASPG receives a query about the validity of any vote by a Commercial Sweet Potato Growing Operation, ASPG may request the AEC:
   (i) not to destroy the any Ballot Material returned by the Commercial Sweet Potato Growing Operations;
   (ii) and to retain such Ballot Material in safe custody for a period of up to twelve months.

3.12 Confidentiality of ballot-related information
(a) The AEC must not disclose any ballot-related information from which the identity of any persons or entities could be ascertained.
(b) The AEC may disclose ballot-related information to ASPG (and must disclose such information as ASPG reasonably requires) provided that the AEC must not provide to ASPG any information that relates to any person, entity or Commercial Sweet Potato Growing Operation whose identity is, or could become, apparent.

4. General
4.1 Uncertainty
(a) In the event that the AEC is uncertain about the interpretation of these Rules, the AEC must seek written directions from ASPG in respect to the interpretation of these Rules and any reasonable written directions issued by ASPG will be binding on the AEC.
Sweet Potato Industry Levy Ballot

Sweet Potato Marketing Levy and Export Charge

BALLOT PAPER

1. Record your vote on the ballot as follows:
   • If you agree with the proposed Levy and Export Charge set out below place a tick (✓) or a cross (X) in the box provided beside the word “YES”
   or
   • If you do not agree with the proposed Levy and Export Charge set out below place a tick (✓) or a cross (X) in the box provided beside the word “NO”

2. Do not place on this paper any mark or writing by which you may be identified

3. Make your vote count. Mark only one square

ONE QUESTION FOR VOTERS

Do you agree to the introduction of a compulsory national Marketing Levy/Export Charge calculated at one percent (1%) of the sale price on all Sweet Potato sales, collected at the first point of sale.

YES [ ] NO [ ]

After making your vote:

1. Place the ballot Paper in the DECLARATION ENVELOPE. Seal it, complete the declaration on the envelope and sign your name on the declaration flap
2. Place that envelope in the Reply Paid envelope
3. Post the Reply Paid envelope so that it reaches the addressee not later than 12 noon (AEDT) Monday 19 November 2012.

Explanatory Notes.

1. This Levy/Export Charge is intended to apply to all Sweet Potato sales for the domestic and export markets except ‘2’ below
2. Where a grower sells by direct retail sale (e.g. direct to the consumer by roadside stalls, shed sales, farm gate etc) no levy is payable on such sales.
3. A grower who only sells by direct sale (as in ‘2’ above) is not entitled to vote in this ballot
4. This Levy/Export Charge is for marketing and promotion. It is additional to the existing Vegetable R&D Levy (set at 0.5% of sale price), which applies to many vegetables including Sweet Potatoes.
5. Completion of the Compulsory Declaration on the ballot envelope is important. If not completed your vote can not be counted.

Jeniffer McGuckin - Returning Officer

AEC
Australian Electoral Commission
Voter's Declaration

IMPORTANT: You MUST sign this declaration or your vote WILL NOT be counted.

- I am the voter named on this envelope
- I have voted on the ballot paper(s) contained in this envelope
- I have not voted before in this ballot, on behalf of this commercial Sweet Potato Growing Operation

Sweet Potato Industry Levy Ballot
Sweet Potato Marketing Levy and Export Charge

COMPULSORY DECLARATION

I, ................................................................. (full name)
declare that:
- I am the owner or the authorised signatory of the Commercial Sweet Potato Growing Operation for which this vote is cast, and
- The Commercial Sweet Potato Growing Operation currently grows Sweet Potatoes or plans to grow Sweet Potatoes in the next 12 months, for sale to the wholesale market, or to a retailer, or for processing.

Signature: ____________________________ / __ / __

Date: 15-10-12
Dear Client:

Australian Sweetpotato Growers Inc
PO Box 615
Avalon Beach NSW 2107

I refer to the above ballot.

My declaration of the result is attached. The ballot is now complete.

Yours sincerely,

S. 47F(1)

Returning Officer

19 November 2012
DECLARATION OF RESULTS

Australian Sweetpotato Growers Inc
Levy Ballot

I certify that the following particulars of the ballot are true and correct:

Total number of eligible voters 85
Number of Ballot Papers issued 85
Number of duplicate Ballot Papers issued 2
Total Ballot Papers issued 87
Number of envelopes / Ballot Papers returned for Scrutiny 68
Envelopes / Ballot Papers rejected at Preliminary Scrutiny 0
Total Ballot Papers admitted to Scrutiny 68
Ballot Papers returned undelivered 0
Ballot Papers not returned 17

RESULT OF COUNT:

YES: 62
NO: 5
INFORMAL: 1
TOTAL: 68

RETURNING OFFICER

Australian Electoral Commission

19 November 2012

FFS 10 Updated February 2010
Thursday, 15 March 2012

Mr E Coleman
Australian Sweetpotato Growers Inc

Good Morning Eric

Australian Sweetpotato Growers Inc

Please find enclosed a signed, bound and unbound copy of your financial statements for the year ended 30 June 2011.

We have also included one signed copy of your Audit Engagement Letter.

Please retain these for your records.

We also enclose a bank audit certificate form and a cover letter for you. As requested in the management letter, can you please sign the attached where indicated and return to us as soon as possible? Please note that a fee may be incurred from your bank for this service.

In the meantime, if you have any queries, or require any additional information, please do not hesitate to contact either myself or

Partner

Accountant

AUSSW500/325988_1/2011 Completed Financial Statements
AUSTRALIAN SWEETPOTATO GROWERS INC.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

<table>
<thead>
<tr>
<th>INCOME</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidies</td>
<td></td>
<td>s. 47G(1)(a)</td>
</tr>
<tr>
<td>Membership Fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance Refund</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURE</th>
<th></th>
<th>s. 47G(1)(a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Charges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultant Fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dues &amp; Subscriptions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor vehicle Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teleconferencing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secretarial Fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licence</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXCESS INCOME OVER EXPENDITURE</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25,474.91</td>
<td>207,778.86</td>
</tr>
</tbody>
</table>

Notes to and forming part of these accounts are attached.
AUSTRALIAN SWEETPOTATO GROWERS INC.

INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Trading surplus/(deficit)</td>
<td>26,474.91</td>
<td>207,778.86</td>
</tr>
<tr>
<td>Income tax expense attributed to operating surplus/(deficit)</td>
<td>1(a)</td>
<td>-</td>
</tr>
<tr>
<td>Operating surplus/(deficit) after income tax</td>
<td>26,474.91</td>
<td>207,778.86</td>
</tr>
<tr>
<td>Accumulated Surplus as at the beginning of the financial year.</td>
<td>215,537.57</td>
<td>7,758.71</td>
</tr>
<tr>
<td>Accumulated surplus at the end of the year.</td>
<td>242,012.48</td>
<td>215,537.57</td>
</tr>
</tbody>
</table>

Notes to and forming part of these accounts are attached.
AUSTRALIAN SWEETPOTATO GROWERS INC.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Members Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members Funds at 1 July 2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less - Excess Expenditure over Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Members Equity</td>
<td>242,012.48</td>
<td>215,537.57</td>
</tr>
</tbody>
</table>

Represented by:

**Current Assets**

Bank

**Total Current Assets**

**Non-Current Assets**

Motor Vehicles

Less Accumulated Depreciation

**Total Non-Current Assets**

**Total Assets**

**Less Liabilities**

GST

**Net Assets**

242,012.48 215,537.57

Notes to and forming part of these accounts are attached.
AUSTRALIAN SWEETPOTATO GROWERS INC.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act Qld 1981. The committee has determined that the association is not a reporting entity.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

NOTE 2 - RELATED PARTIES

The following Management Committee members held office during the financial year:

Rodney Wolfenden President
Dave Fisher Treasurer
Eric Coleman Secretary

No Management Committee member directly or indirectly received or is due to receive any remuneration from the association or any related party in connection with the management of the association.

NOTE 3 - INCORPORATION

Australian Sweetpotato Growers Inc. is incorporated under the Associations Incorporation Act 1981.

NOTE 4 - MORTGAGES AND CHARGES

The association had no mortgages, charges or securities affecting the property of the association at balance date.
The committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the committee the financial report as set out on pages 1 to 4:

1. Presents a true and fair view of the financial position of Australian Sweetpotato Growers Inc as at 30 June 2011 and its performance for the year ended on that date.

2. At the date of this statement, there are reasonable grounds to believe that Australian Sweetpotato Growers Inc will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:

President

Treasure

Dated this 13 day of March, 2012.

s. 47F(1)
INDEPENDENT AUDIT REPORT

To the members of Australian Sweetpotato Growers Inc.

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of Australian Sweetpotato Growers Inc. which comprises the balance sheet as at 30 June 2011 for the year then ended, the income statement, a summary of significant accounting policies, other explanatory notes and the statement by members of the committee.

Committee's Responsibility for the Financial Report

The committee of the association is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are consistent with the financial reporting requirements of the Associations Incorporation Act Qld 1981 and are appropriate to meet the needs of the members. The committee's responsibilities also include designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

INDEPENDENT AUDIT REPORT CONTINUED
The financial report has been prepared for distribution to members for the purpose of fulfilling the committee's financial reporting under the Associations Incorporation Act Qld 1981. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

Basis for Qualified Opinion

As is common for organisations of this type, it is not practicable for Australian Sweetpotato Growers Inc. to maintain an effective system of internal control over all cash receipts until their initial entry in the accounting records. Accordingly, our audit in relation to cash receipts was limited to amounts recorded.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitation discussed in the qualification paragraph not existed, the financial report of Australian Sweetpotato Growers Inc. is in accordance with the Associations Incorporation Act 1981 giving a true and fair view of the Association's financial position as at 30 June 2011 and of their performance for the year ended on that date and complies with the selected Australian Accounting Standards (Including the Australian Accounting Interpretations) and the Associations Incorporation Act 1981.

Signed at Bundaberg this 13th day of March, 2012.

S. 47F(1)

ULTON
Chartered Accountants

Partner