



# Potatoes South Australia Incorporated Annual Report 2011-2012

30 November 2012

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Potatoes South Australia Inc ABN 45 568 994 361  
Elder House Level 2 27 Currie Street Adelaide South Australia 5000  
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## **Table of Contents**

Introduction

Chair's Message

Chief Executive Officer's Report

Potatoes South Australia Incorporated Board of Management

Financial Report

## **Introduction**

Potatoes South Australia is the peak industry association representing the whole value chain in the potato industry; the state's largest horticultural sector. It represents all seed producers, growers, fresh, packers, processors, marketers, exporters, wholesalers, retailers and consumers.

The objectives of the association are to:

- Increase demand, particularly in the fresh market by supporting consumer education and the promotion of health benefits;
- Manage issues, advocate for stakeholders and lobby at regional, state and federal levels as appropriate, and provide advice to government;
- Identify and support relevant research, development and extension needs; collaborating with research bodies, identifying funding opportunities and establishing strategic affiliations with like-minded organisations in Australia and internationally; and
- Improve communication in the value chain for the betterment of the entire industry.

Potatoes South Australia was incorporated on March 22, 2011 under the Associations Incorporation Act 1985.

This Annual Report was presented on Friday 30 November 2012 at the inaugural Potatoes South Australia Incorporated Annual General Meeting at Elder House, 27 Currie Street, Adelaide, South Australia.

## Chair's Message

It is a privilege to represent Potatoes South Australia Incorporated as Chair at our inaugural AGM, and I wish to thank the Board for their effort and resolve in creating an organisation which will represent all stakeholders in the South Australian potato industry.

However, there is much work to be done to get this organisation to a level of self-funding, and providing a valuable economic and representative service to our industry. Over the next five months Potatoes South Australia will develop a funding plan which will consider the position of all stakeholders, allowing the creation of the best value proposition. Strong support from the industry is essential for this to happen. The organisation will also gradually introduce a number of commercial initiatives which will translate to additional offerings to businesses and members including training placements and employee induction services. Most of our stakeholders use external providers for these services but we believe that in the future, they would be best served by their industry body.

The year commenced with the appointment of Mr Jonathan Eccles as CEO but this was short lived due to family commitments interstate. Soon afterwards, Potatoes South Australia was fortunate to "snare" our current CEO, Ms Robin (Robbie) Davis who has 'hit the road running'. One of her first initiatives was to build a data base of members by visiting many of them in all parts of the state with exceptional response. Furthermore, Robbie has established a monthly newsletter, streamlined reporting processes, built enduring relationships with the media, liaised with service providers all along the value chain and become an active lobbyist for the industry, engaging all levels of government.

I envisage a range of initiatives in the new year that will be codified and communicated to our membership base and ask that you all support this organisation as I believe it will fulfill your expectations in the future.

***We will become the peak potato industry representative organisation in South Australia (and Australia, in fact) which represents your interests with the upmost professionalism and integrity.***

I would especially like to thank Mr Ed Neumann and his wonderful SAPIT Board for their financial and business support to Potatoes South Australia. Without this in these early stages of our development it would have been very difficult to achieve what we have to date.

To all our members and industry stakeholders, I wish to personally thank you for your continued support, and I look forward to speaking with many of you in the future as this representative body further evolves to serve you.



**Nicholas Pseudos**

Chair  
Potatoes South Australia Incorporated

## **Chief Executive Officer's Report**

At the beginning of August 2012, I was appointed Chief Executive Officer of Potatoes South Australia Incorporated and was welcomed to the organisation by the Chair, Mr Nick Psevdos and the other Board members.

I assumed the role following the resignation of the inaugural CEO, Mr Jonathan Eccles who had been in the association's employ from February until June 2012.

The Potatoes South Australia Board is a very knowledgeable and collaborative team of industry leaders who collectively have worked hard to establish this whole of chain peak industry body for the betterment of its stakeholders. I sincerely thank them for the constructive debate and enthusiasm which they bring to the board table, but also for their continuing support for me, on an almost daily basis, as this role and the organisation further develop in a challenging environment.

The organisation continues to evolve in terms of its delivery of valued services to the South Australian potato industry. In the last four months I have placed strong emphasis on understanding the industry; the seed, fresh and processing sectors, the growing regions, and the many stakeholders who drive the largest contributor to the state's and nation's horticultural revenue.

This has taken me to paddocks and packing sheds on the Northern Adelaide Plains, the Southeast, the Riverland, the Murraylands, the Adelaide Hills and Kangaroo Island.

The South Australian industry has the benefit of a considerable number of major national players who contribute to the state's reputation as the largest producer at an estimated farm gate value of \$206 million. Additionally, the seed sector contributes to almost one third of the nation's certified seed production and is an expanding and vital link in the value chain.

I have also learned of the significant challenges confronting the industry including failing competitiveness due to high input costs, importation of overseas product, and threats posed by biosecurity breaches. I was very fortunate to represent Potatoes South Australia at the recent Federal Senate Inquiry into the importation of fresh potatoes from New Zealand and appreciate the unwavering support I received, and continue to receive during this process.

The involvement of all stakeholders is critical to the organisation's success as an informed voice for the industry at a state, national and international level. With this in mind Potatoes South Australia has also engaged with all levels of government, interstate industry bodies and the many service providers who actively support the industry. The establishment of a monthly newsletter, the regular distribution of media releases and information, and the first-stage development of a dedicated website for the industry are assisting in this process.

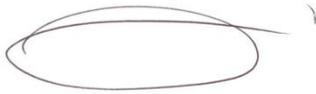
Additionally, collaboration between growers and like-minded industry groups, including research institutions is providing the ground-work for the establishment of appropriate, relevant R&D proposals which will be rolled out in the coming year.

In 2013, Potatoes South Australia will also work towards the development of a marketing campaign aimed at increasing consumer demand for potatoes, particularly in the fresh market. With the Board's and stakeholders' support, the potato will be re-positioned as a healthy, sophisticated and highly desirable food.

My imminent tasks are to prepare a strategic plan to guide the organisation at a whole of chain level, and a funding plan to ensure that the organisation can be enduring beyond the termination of seed funding from the South Australian Potato Industry Trust (SAPIT). I would like to thank the trustees of SAPIT, chaired by Mr Ed Neumann, for this generous financial contribution and for their on-going advice and support to the organisation. I also thank the businesses which have kindly pledged money for its initial establishment.

The Board of Potatoes South Australia, reflecting all sectors and relevant geographic regions, continues to provide clear policy, insight and strategic direction for this rapidly growing organisation. It is rewarding to work for a professional and passionate group of industry leaders, led by the Chair, Mr Nick Psevdos.

I thank the many stakeholders and members who continue to provide support, time and vision to the organisation and I look forward to its growing recognition as a relevant and valuable asset for them and for this important industry.

A handwritten signature in dark ink, appearing to read 'Robbie Davis', with a long horizontal stroke extending to the right.

**Robbie Davis**

Chief Executive Officer  
Potatoes South Australia Incorporated

## **Potatoes South Australia Incorporated Board of Management**

The members of the Board of Management are:

### **Nicholas Pseudos**

*Chair (fresh sector)*

Nick has had twenty-five years of commercial experience in agribusiness, property development, investment and financial services, and is currently Chief Financial Officer of two vertically integrated national potato agribusinesses, South Australian Potato Company and Fruitorama. He brings to the Board an in-depth knowledge of all facets of the horticulture industry together with extensive government lobbying experience relating to agribusiness. His strong strategic planning skills and ability to establish “business to business” partnerships and relationships have been critical to the formation of the association.

*Qualifications:* Bachelor of Applied Finance, Master of Business Administration (Adel), Senior Associate, Financial Services Institute of Australia.

### **Gary O’Neill**

*Deputy Chair (fresh sector)*

As Seed Operation and Development Manager for the Mitolo Group, Gary has a wealth of knowledge and experience in the field of Plant Breeder’s Rights, the development and marketing of new potato cultivars, agronomy, freight and logistics planning and the management of contracts. Growing up on a potato farm in the Southern Tablelands of New South Wales, Gary is passionate about the industry and has worked in the seed, fresh and processing sectors. He worked for Smith’s Snackfood Company for ten years covering a region from the Atherton Tablelands in Queensland to the Riverina in New South Wales followed by ten years of employment at Elders Ltd. Gary has served on the NSW Seed Potato Advisory Committee and is currently a Fresh Potato Industry Advisory Committee delegate of Horticulture Australia Limited (HAL), a position he has held for three years representing the interests of fresh potato growers nationally.

*Qualifications:* Diploma in Applied Science (Agriculture) (RMIHE Wagga Wagga)

### **Richard Haynes**

*Board member*

Richard has a strong association with the land and grew up on his family’s farm in Naracoorte, South Australia. He has a strong technical background in agriculture and has worked at Elders Ltd for over fifteen years, focusing on the viticulture and horticulture industries. He began his career as a Branch Manager in the lower southeast of South Australia and spent four years working with local growers. He has spent the last ten years working with national corporate horticulture clients as a Key Account Manager.

Richard has been treasurer of Potatoes South Australia Incorporated since 2011. He has also been an advisor to the Barossa Valley viticulture technical group since 2006.

*Qualifications:* Bachelor of Agricultural Science (Adel)

**Basil Mondello**

*Board member (fresh sector)*

Basil is an owner and director of Mondello Farms, one of the largest family-owned vertically integrated South Australian-based potato businesses with a nation-wide network. He oversees farms in the Mallee, Riverland, South East and Adelaide Plains in addition to interstate holdings. Commencing on his father's farm at Gawler River thirty-five years ago, Basil has an extensive understanding of the potato industry value chain. He served as Deputy Chair of the Potato Growers of South Australia, a committee under the South Australian Farmers Federation (SAFF) following the demise of the South Australian Potato Marketing Board. Mondello Farms is a major supplier to supermarket chains.

**Andrew Widdison**

*Board member (processing sector)*

Andrew is a third generation potato farmer at Kalangadoo in the southeast of South Australia and has been growing potatoes for processing for more than twenty years. His family business currently supplies potatoes to Safries/McCains at Penola. He is Chair of the South East Potato Growers Association (SEPGA) which represents potato growers in the region. A passionate industry advocate, Andrew is keen to see the continuing development of an efficient and sustainable industry to meet consumer expectations.

**James Wandel**

*Board member (seed sector)*

James has been growing seed potatoes on Kangaroo Island for the past ten years. He was raised on his family's sheep and cattle property, buying his own farm at the age of nineteen. Following thirteen years of producing export oaten hay for the Japanese market, James was encouraged by neighbours to enter the seed industry and now has 100 hectares under production. Seed potato production contributes 85% to his farming enterprise and is predominantly sold to mainland South Australian growers.

**Mark Pye**

*Board member (fresh and processing sector)*

In 1990, Mark moved from the Canterbury Plains in New Zealand where he worked in his family's large horticultural and dairying business, to the Mallee in South Australia. He established Premium Potatoes Pty Ltd growing potatoes initially and then adding carrots, onions, cropping and stock to his farming enterprise.

He recently acquired 100% of Zerella Fresh; a major grower and packer supplying major supermarkets nationally. Both companies are vertically integrated from paddock to plate and more than 100,000 tonnes of potatoes are grown, packed and distributed annually. Mark employs approximately 250 staff and grows 2,500 hectares of horticultural crop twelve months of the year.

**POTATOES SOUTH AUSTRALIA INCORPORATED**  
**ABN 45 568 994 361**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**30 JUNE 2012**

**POTATOES SOUTH AUSTRALIA INCORPORATED**  
**ABN 45 568 994 361**

**CONTENTS**

Committee's Report	1
Income Statement	2
Balance Sheet	3
Notes to the Financial Statements	4
Statement by Members of the Committee	7
Compilation Report	8
Certificate by Members of the Committee	9

**POTATOES SOUTH AUSTRALIA INCORPORATED**  
**ABN 45 568 994 361**

**COMMITTEE'S REPORT**

Your committee members submit the financial report of the Potatoes South Australia Incorporated for the financial year ended 30 June 2012.

**Committee Members**

The names of committee members throughout the year and at the date of this report are:

Mr Nicholas Pseudos

Mr Richard Haynes

Mr Basil Mondello

Mr Gary O'Neill

Mr James Wandel

Mr Andrew Widdison

Mr Mark Pye

**Principal Activities**

The principal activities of the association during the financial year were to represent and promote the interests of potato industry stakeholders.

**Significant Changes**

No significant change in the nature of these activities occurred during the year.

**Operating Result**

The surplus after providing for income tax amounted to \$151,012.87.

**POTATOES SOUTH AUSTRALIA INCORPORATED**  
**ABN 45 568 994 361**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$
<b>INCOME</b>		
Grants		190,000.00
Subscriptions		6,000.00
Interest Received		2,094.00
		<u>198,094.00</u>
<b>EXPENDITURE</b>		
Bank Charges		16.50
Consultants Fees		1,500.00
Depreciation		1,222.73
Insurance		1,371.94
Office Expenses		225.00
Wages		42,306.00
Workcover Levy		438.96
		<u>47,081.13</u>
Surplus before income tax		<u>151,012.87</u>
<b>Surplus for the year</b>		<u>151,012.87</u>
Retained earnings at the beginning of the financial year		-
<b>Retained earnings at the end of the financial year</b>		<u>151,012.87</u>

The accompanying notes form part of these financial statements.  
These statements should be read in conjunction with the attached compilation  
report of Iuliano Pannunzio & Co Accountants.

**POTATOES SOUTH AUSTRALIA INCORPORATED**  
**ABN 45 568 994 361**

**BALANCE SHEET**  
**AS AT 30 JUNE 2012**

	Note	2012 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		169,964.36
and other receivables	2	<u>468.51</u>
<b>TOTAL CURRENT ASSETS</b>		<u>170,432.87</u>
<b>TOTAL ASSETS</b>		<u>170,432.87</u>
 <b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accrued Expenses		11,220.00
<b>GST on supplies</b>		
Supplies subject to GST (normal GST supplies A/c)		<u>8,200.00</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>19,420.00</u>
<b>TOTAL LIABILITIES</b>		<u>19,420.00</u>
<b>NET ASSETS</b>		<u>151,012.87</u>
 <b>MEMBERS' FUNDS</b>		
Retained earnings	3	<u>151,012.87</u>
<b>TOTAL MEMBERS' FUNDS</b>		<u>151,012.87</u>

The accompanying notes form part of these financial statements.  
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report of Iuliano Pannunzio & Co Accountants.

**POTATOES SOUTH AUSTRALIA INCORPORATED**  
**ABN 45 568 994 361**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

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**1 Statement of Significant 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 South Australia. 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.

**Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are credited or charged outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

**POTATOES SOUTH AUSTRALIA INCORPORATED**  
**ABN 45 568 994 361**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

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Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

### **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

**POTATOES SOUTH AUSTRALIA INCORPORATED**  
**ABN 45 568 994 361**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**2012**  
**\$**

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**2 Trade and Other Receivables**

**Current**

**GST on acquisitions**

Acquisitions subject to GST (normal GST acquisitions A/c)

468.51

468.51

The association does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

**3 Retained Earnings**

Net Surplus attributable to the association

151,012.87

Retained earnings at the end of the financial year

151,012.87

**POTATOES SOUTH AUSTRALIA INCORPORATED  
ABN 45 568 994 361**

**STATEMENT BY MEMBERS OF THE COMMITTEE**

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 statements as set out on pages 1 to 6:

1. Presents a true and fair view of the financial position of Potatoes South Australia Incorporated as at 30 June 2012 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that Potatoes South Australia Incorporated 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:

Chairperson:

  
\_\_\_\_\_  
Mr Nicholas Psevdos

Treasurer:

  
\_\_\_\_\_  
Mr Richard Haynes

Dated this day            of

**COMPILATION REPORT  
TO POTATOES SOUTH AUSTRALIA INCORPORATED  
ABN 45 568 994 361**

We have compiled the accompanying special purpose financial statements of Potatoes South Australia Incorporated which comprise the balance sheet as at 30 June 2012, profit and loss statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

The specific purpose for which the special purpose financial statements have been prepared is to provide financial information to the committee of management.

**The responsibility of the committee of management**

The Committee of Management is solely responsible for the information contained in the special purpose financial statements and has determined that the basis of accounting adopted is appropriate to meet the needs of the committee of management for the purpose of complying with the association's constitution.

**Our responsibility**

On the basis of information provided by the committee of management we have compiled the accompanying special purpose financial statements in accordance with the significant accounting policies adopted as set out in Note 1 to the financial statements and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Committee of Management provided, in compiling the financial statements. Our procedures do not include verification or validation of procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the committee of management. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

**Name of Firm:** Iuliano Pannunzio & Co  
Accountants

**Name of Partner:**



Alberto Iuliano

**Address:** 100 Rundle Street Kent Town SA 5067

**Dated this 21 day of November 2012**