

**POTATO INDUSTRY — POTATO MARKETING CORPORATION**

*Motion*

**HON RICK MAZZA (Agricultural)** [10.18 am] — without notice: I move —

That this house debates —

- (a) whether control of the potato industry by the Potato Marketing Corporation is appropriate for modern commercial practices; and
- (b) what the impact on the industry and consumers would be should the act be repealed.

The potato has been a staple for many centuries, being a native of the Andean mountains in Peru and having been introduced into Europe in the 1530s. The humble spud has also been the most historically significant food, with the great Irish potato famine, and also the most futuristic, being the first food grown aboard the space shuttle *Columbia* in outer space. As a food source, potatoes have been invaluable to Australia. Just after the Second World War, Western Australia regulated the industry with the enactment of the Marketing of Potatoes Act 1946 and the establishment of the Potato Marketing Corporation to ensure the supply of potatoes and to control prices. Since then, almost every other agricultural industry has been deregulated. We do not have a carrot marketing board, a cabbage marketing board or a broccoli marketing board, and we no longer have an onion marketing board. I believe that onion production has doubled since its deregulation.

**Hon Simon O'Brien:** Perhaps we need a frozen berry marketing board.

**Hon RICK MAZZA:** Perhaps we need to grow berries in Australia, Hon Simon O'Brien.

**Hon Simon O'Brien:** Indeed, we do.

**Hon RICK MAZZA:** The only marketing boards in Australia are for rice in New South Wales and, of course, potatoes in Western Australia. The Potato Marketing Board undertakes a number of functions in the control of potato marketing in this state. Those functions include determining the quantity, colour and type of potatoes; issuing licences to grow potatoes; setting the price growers will receive; licensing wash packers; and acting as a monopoly seller of potatoes to the wholesale market. It is an offence to grow more than 100 square metres of potatoes. A person can have a 10 x 10 plot for personal use, but if they grow a greater quantity, it is an offence. It is an offence to deliver, sell or receive potatoes without the authorisation of the PMC. The powers of the corporation are extensive. It has the power to search premises where it is suspected that potatoes are grown. It can stop and search vehicles it suspects of carrying more than 50 kilograms of potatoes. It can prosecute growers for breaches of their licence. It can impound crops and, I suppose in the extreme, it can also plough in crops. It has very onerous powers. Penalties range from \$2 000 to \$5 000 and up to twice the value of the offending potatoes. Through the courts, a body corporate can be fined up to five times that amount. Penalties can be quite large.

Western Australia has a very highly regulated potato industry. In its report last year, the Economic Regulation Authority stated that there are currently 78 licensed potato growers in Western Australia. It is estimated that 10 to 12 of those growers produce about 70 per cent of the state's potato production. There are 28 varieties, most of which are research and development varieties. Predominantly, the white-flesh variety, Nadine, and yellow-flesh varieties of Ruby Lou and Royal Blue are the three main potatoes that are seen in supermarkets, with perhaps some gourmet potatoes on the side. Even though the Potato Marketing Corporation says that there are 28 varieties, we see only three or four in the major supermarkets.

When I spoke to the Potato Marketing Corporation, it was suggested that its current levy is around 20 per cent of the wholesale value of potatoes, which at the moment is about \$800 a tonne for Nadines, \$1 100 a tonne for reds and \$1 200 for blues, the latter two being more expensive to produce. If we break that down, it costs growers about \$400 a tonne or 27c a kilo to produce. On top of that, they pay about 13c a kilo in marketing costs to the PMC. So about 50 per cent of their production costs is paid to the PMC, which totals about 40c a kilo.

People cannot grow potatoes without a licence. If people want to grow potatoes, they have to apply to the PMC; I suggest it would be very difficult for the PMC to issue a licence, but if it did, the grower would pay only the administration fee. Alternatively, the grower would have to buy a quota from the existing licence holder or lease it. Currently, the cost of a quota, which is described as a domestic market entitlement, is somewhere in the range of \$300 to \$500 for the purchase of that licence and \$80 to \$50 to lease the licence.

**Hon Col Holt:** Is that per tonne?

**Hon RICK MAZZA:** Sorry; it is per tonne.

Anyone who wants to grow potatoes in Western Australia faces paying that capital outlay to buy the licence, so they are quite limited in being able to enter the industry, but that is only if they want to grow and market potatoes in Western Australia. There is absolutely nothing stopping other states from exporting potatoes into this state. Quite often, the major supermarkets import potatoes into Western Australia from other states.

Australia produces somewhere in the region of 1.2 million tonnes of potatoes a year. In its report last year, the ERA stated that 78 growers grow around 52 000 tonnes of ware potatoes, or the loose table potatoes, and that pretty much supplies the 1 000 tonnes a week of Australian domestic demand. On top of that, growers in the pool grow 24 600 tonnes of potatoes for the crisp and French-fry markets and another 9 300 tonnes for seed potatoes. Growers need a licence to grow those potatoes, but there is no quota on seed potatoes. In total, about 86 000 tonnes of potatoes are grown in Western Australia for a value of some \$70 million. By comparison, South Australia, whose market is deregulated—I suggest it is a smaller economy than ours—grows 385 000 tonnes of potatoes for a farm-gate production cost value of \$206 million, which is significantly more than what Western Australia grows. In its report, the ERA considers that the restrictions on potato production cost WA consumers some \$43 million a year, and, through lack of open competition, there is limited productivity growth in the industry. Currently, potatoes are grown in four main regions in this state—the southern regions of Manjimup and Pemberton and the northern regions of Moora and Dandaragan. They are rotated and the Potato Marketing Corporation determines when and how much those regions will grow.

Recently, there have been quite a lot of media comments, but an article in *The Australian Financial Review* of 15 January this year took my eye. It states, in part —

It used to be just Stalinist Russia or Maoist China where the over-successful farmer risked being shipped off to a re-education camp—or worse—until he saw the error of his ways. But the collective farm mentality is alive and well in Western Australia.

...

... all in the name of “orderly marketing”—in other words, ensuring farmers and growers are not unduly inconvenienced by markets, or entrepreneurs who find ways to produce goods at lower costs. ...

The WA approach to production includes dictating who can grow potatoes, how many and of what varieties, with one result being an effective control of the price of potatoes ... even in WA, no other vegetable markets, such as those for broccoli or carrots, are regulated so why regulate potatoes?

...

The WA government should get out of the potato industry and let markets do what they do best, serve the consumer.

There are a number of articles along those lines. In its 2014 review, the ERA found that existing regulations are holding back the industry and that they are not serving the WA public well. The ERA has recommended that the Marketing of Potatoes Act 1946 be repealed. It also stated in its report that it did not consider that compensation should be paid to growers. However, I think it is a bit more complicated than that. The bottom line is that the domestic market entitlement, or the DME, that growers currently pay for is an asset. Whether they are entitled to that asset is not the point. They are in the system that WA has put together; they are subjected to paying that quota and they have a quite considerable book value at the moment sitting on their balance sheets as an asset that they can sell or lease. I think it would be unfair to just deregulate the market and let all those people lose that valuable asset. There needs to be some way of deregulating the market and providing a compensation package that is agreeable to everyone. That may be winding down production over a number of years in a way that is orderly and has the least financial impact on the government and the growers.

I strongly believe also in property rights. However, it really concerns me that if people want to enter the industry—I am led to believe a lot of young people are interested in the potato industry; they want to enter it—the problem is two-fold. They can either succeed their parents in potato growing, but be limited by their production quota, or buy a DME along with the land and the infrastructure. There is therefore a huge capital cost for a young entrepreneurial person trying to enter the potato growing industry. On top of that, their potential is limited by the quotas that are put in place. If we truly want to foster the entrepreneurial spirit in young Western Australians, or even older Western Australians—our wealth creators—we need to give them the ability to be masters of their own destiny in a free market, pursue their own markets and grow the industry as they see fit. They need to have their own direction and have competition amongst wholesalers so that one monopoly does not control the whole market.

That is it in a nutshell. I look forward to hearing contributions from other members.

**HON KEN BASTON (Mining and Pastoral — Minister for Agriculture and Food)** [10.31 am]: I thank Hon Rick Mazza for bringing this issue to the attention of the house. I will start by noting that the debate on

potato deregulation is quite a change for me because I am mostly lobbied by industry groups to get red tape and government out of their life and as far away from business as possible. The Potato Marketing Corporation is the last remaining statutory marketing authority in Western Australia and one of the last in Australia, I believe. It controls over 50 000 tonnes of product produced and sold into the Western Australian domestic market. The PMC has been in existence since the establishment of the Marketing of Potatoes Act in 1946. It has gone through numerous reviews in its time, including the 2002 national competition policy review, which concluded that the regulated system should remain in place. It should be noted by the current Leader of the Opposition that the ALP government of the day accepted this advice. It should also be noted that the one agricultural policy that the opposition took to the last election was the deregulation of the potato industry without any compensation.

In response to the national competition policy review, the state government of the day commissioned an independent advisory group to provide further advice on these matters, leading to the McKinna report of 2003 and a follow-up review by McKinna in 2011. Then this government initiated a review by the Economic Regulation Authority in late 2013. The industry responded to the ERA with very comprehensive submissions backing its case. For members who like to read reviews, there is certainly no lack of reading material available on the potato industry. From my perspective, we have what seems to be a very simple problem of how we ensure that the best interests of both growers and consumers are addressed, but, in reality, this is quite a complex situation.

Although there is no lack of commentators with simple solutions, I will take the time to address some of the complexities of the matter. In the first case, arguments that Western Australia is poorly served by a limited number of varieties of expensive potatoes for consumers to buy is not supported by facts. I think we all know that. We saw the magnificent display of potatoes in the foyer here last year. Members were able to bag up a few and take them home. There are something like 28 different varieties. When looking at the cost per tonne, it is equal to or less than that in the other states. The consumer is not affected in that sense.

**Hon Martin Aldridge:** I hope you put them on your gift register.

**Hon KEN BASTON:** I did not take any but I did see other members take some, which was good to see.

**Hon Ken Travers:** I saw some of your colleagues taking them as if there was a potato famine.

**Hon KEN BASTON:** They obviously realised the value of them.

By all indications, Western Australian shoppers have access to more varieties at a cheaper price. Our growers are profitable and they have had the opportunity to build their farm business around a high degree of market certainty. On the other hand, there are clearly some market access issues that limit the ability of new players to enter the market. Hon Rick Mazza touched on that. For example, until recently, the number of wash packers was restricted. I have since approved the entrance of a new wash packer to ensure that market forces are working effectively.

**Hon Ken Travers:** Was that after they took it to the Supreme Court?

**Hon KEN BASTON:** It was just when I became minister.

**Hon Ken Travers:** Did they have to go to the Supreme Court before your government acted?

**Hon KEN BASTON:** Now there are five; there were four.

Along with this is the cost of buying potato quota, which, on average, has been around \$500 a tonne—about the same as a grower receives for every tonne they produce. The latest I heard this morning was that class 1 potatoes were \$900 a tonne and then it goes down to class 2, which is a lower grade, at around \$400 a tonne. All growers have a percentage of each.

Members will recall the days when everything from milk to eggs and even, at one stage, wheat required a quota licence to be produced. In fact, I remember that well. I think I had just left school. Friends of mine from school went back to the farm. The smart farmers of the day built silos and stored the product for when demand came and then they were able to continue farming and survive the ups and downs. These are now a thing of the past and growers are expected to compete in a free market and build their businesses around their ability to find their own markets rather than rely on a statutory marketing authority to do the work for them. Although I accept that certain products rely heavily on the domestic market, there are market challenges in dealing with the consolidated market. I note that there are plenty of examples of growers working together cooperatively to front the big supermarket chains as a single seller to achieve a fair price. There are also examples of successful entrepreneurs who have vertically integrated their businesses.

As members will be well aware, the government has received the ERA recommendation and the Premier has made it clear that the current system will remain in force for the remainder of this term. Issues such as overplanting outside of quota will be addressed by the PMC. I would suggest to members that if any one of them

were a potato grower with \$1 million invested in potato quota, they would welcome and understand the decision to enforce the current system and give the industry two years of certainty. This allows the growers to plan with the knowledge that there are no guarantees beyond 2017. They recognise that the existing system is on notice and that at some stage a future government will have a deregulated system. I have made no secret of this to the industry. I have met with growers on a number of occasions, most recently with the chairman of the Potato Growers Association of WA, Dean Ryan, at his Pemberton farm. I have written to the chairmen of both the Potato Growers Association and the PMC outlining the government's position that although there will be no change this term, I will be renewing the board of the PMC to better match the board's skills for what is essentially a changing market environment—in other words, better marketing skills.

Western Australia is one of the few places in the world capable of growing disease-free seed potato. To date, we have had only limited access in tapping those export markets. I was in Jakarta and met with one of the fellows who is exporting seed potatoes from Western Australia to Indonesia. I now want to see a revitalised board grow Western Australia's markets for potatoes, both here and abroad. Just to demonstrate how niche our potato production is, with the 50 000 tonnes of premium potatoes grown in Western Australia, we could provide every Chinese person with one bucket of potato chips every second year.

I am pleased to say that some of our growers have been proactive and have identified their own export markets outside the PMC system because they are able to export potatoes. One such business is exporting to Saudi Arabia and looking for other markets. However, while the act remains, it is the PMC's responsibility to ensure that market forces are applied to the current pooling system to ensure that growers are paid for quality and also that the current regulatory arrangements are enforced. The state government will make it clear where it will take the current regulated potato system at the end of this term. Any discussion on adjustment compensation will be addressed at this time, but I need to make it clear that the industry has been on notice since the Leader of the Opposition made his election commitment to abolish the regulated system. My job is to ensure that the interests of both consumers and growers are looked after in the longer term.

I will just finish on a healthy note. A normal-sized potato has some 45 per cent of the daily required intake of vitamin C.

**HON PAUL BROWN (Agricultural)** [10.41 am]: I rise to make a contribution to the debate on this motion today. My comments are a bit different from those of Hon Rick Mazza. I have championed the regulation of agricultural markets across a range of industries such as sheep, cattle and vegetables, but I cannot see that for the potato industry deregulation will drive any considerable benefits. What are the benefits of deregulation and what would consumers be looking for? I suppose the first thing consumers would be looking for is lower prices. Western Australia has consistently had the lowest or the second-lowest price for potatoes in Australia. Therefore, sufficient argument could not be made to say that WA consumers are not already benefiting from a very competitive potato industry. The second thing is price confidence, and the regulation of the industry in WA has allowed those low prices that consumers pay for potatoes to be sustained. In Western Australia we do not see the wildly fluctuating prices that we see on the east coast. That is primarily because regulation drives and sits alongside market demand.

I met with the Potato Growers Association of WA recently. There is not a great deal of demand from potato growers in Western Australia for deregulation. Most potato growers here are small potato growers. There is only a handful of very large organisations that grow potatoes. A lot of the small potato growers actually supply to those larger entities. There is not a great demand from the Potato Growers Association of WA and those producers for deregulation. That does not mean that there are not calls from within the industry for deregulation, but the demand is not what would be seen in other markets. We are not seeing the potato industry picketing the steps of Parliament House like other industries do. It is just getting on with getting on, because the industry at the moment has a very good equilibrium.

That touches on the next point I want to raise, which is the reduction in market fluctuations. The regulated supply of potato production in Western Australia allows consumers here to avoid, as I said, the wild market fluctuations that are experienced in other states. That also includes the oversupply and therefore the dumping of the oversupplied potatoes that the east coast deals with on a regular basis.

I turn to the issue of choice and variety. How many members in this chamber can list on more than one hand how many varieties we actually purchase in a supermarket or growers market?

**Hon Ken Travers:** I can, Mr Brown.

**Hon PAUL BROWN:** Hon Ken Travers would be one amongst very few. Prior to my research on this topic, I probably could have named six or seven varieties of potato off the top of my head, and that is very different from the number of 35. Hon Rick Mazza said 28, but the Potato Growers Association told me that 35 varieties are being grown. Some of them are research and development priorities, but 35 varieties are grown here in Western

Australia at the moment. Most of those are poor yielding, input cost expensive and water cost expensive, with very low profit margins, but because of the licensing and levy agreements we have, they are grown and provided to consumers in Western Australia. Without the regulation of this market the chances are that many of these varieties would not be considered for production, therefore reducing choice amongst WA consumers. Most of those varieties, those poor varieties, those niche-market heritage-style varieties, are grown to supply our farmers' markets or our weekend sales. They are not sold, like 75 per cent of our market is, in Coles and Woolworths. When we walk into Coles and Woolworths, there is limited space in the fresh produce section. There might be four or five bins of potatoes—washed potatoes or Nadines. There might be Ruby Lou or Delaware —

**Hon Ken Travers:** Kipflers if you're lucky.

**Hon PAUL BROWN:** There might be Kipflers or the new variety that is coming on, the yellow Maranca, which is now becoming very popular. I am trying to highlight that Coles and Woolworths do not supply a vast multitude of varieties to the market. They supply three, four or five varieties consistently throughout the year, with very small changes. They might make a few seasonal changes. That is not great diversity for consumers, 75 per cent of whom are supplied by Coles and Woolworths.

The other thing about regulation in WA as opposed to the east coast is that we are the only state that supplies fresh potatoes to Western Australian consumers for 12 months of the year. Our growing seasons in different areas of the state allow that to happen, so we supply fresh produce on a daily basis; that is, 52 000 tonnes each year or 900 tonnes a week are supplied fresh. We are a fresh produce state, as opposed to the east coast states which are predominantly processed potato states. More than 60 per cent of potatoes on the east coast are processed potatoes. Here, more than 75 per cent to 80 per cent go to the fresh potato market.

Reform of the WA potato industry is actually progressing. Some of the recommendations in the 2011 McKinna report have been adopted by the potato industry. It is a slow process and it should be a slow process. We should not be looking for seismic shift; we should be looking for evolution in our potato industry. We can look at other industries, dairy being one of them, for which a seismic shift caused enormous heartache over a long time. It had benefits as well, but there were many producers affected in that industry, as will happen in the potato industry if we move in seismic, very sharp shifts from regulation to deregulation.

I mentioned earlier that a lot of varieties we see in Western Australia grown under licence as part of the licence conditions are the low-yielding, high-cost varieties, but they are still providing to those niche and heritage markets that many of the local farmers and growers markets tend to provide to create a market against the large duopoly of Coles and Woolworths and to create a demand for consumers to walk through their door to get that truly fresh produce. That is what we should encourage. We should encourage the choice through that.

Hon Rick Mazza mentioned the Economic Regulation Authority reports. The industry adopts a review every five years. For every ERA report that says we should be moving to regulation, I can hold up an ACIL Allen Consulting report that says there is no benefit to WA through regulation of the potato industry. In fact, the executive summary of the ACIL Allen report reads —

... there is no strong case able to be made for the removal of regulation from the potato industry in Western Australia. Due to its limited scale and separation from other States, the local potato industry has evolved to a point where it delivers an acceptable product to consumers in Western Australia, with potential for continued improvement.

There is evidence that the activities of the PMC do reduce the supply excesses and shortfalls that lead to price variations in other States. Similarly, there is evidence that small scale potato growers are supported by the activities of the PMC, but such support is not provided at the expense of consumers of potatoes.

We look at deregulation as an evolution of an industry. We should not be looking at it as a wholesale seismic change. We should not throw out the baby with the bathwater.

**HON KEN TRAVERS (North Metropolitan)** [10.51 am]: The wording of Hon Rick Mazza's motion is odd, because it states that this house should debate whether control of the potato industry by the Potato Marketing Corporation of Western Australia is appropriate for modern commercial practices. On a day like today, one would normally expect a motion to state that we should either support or oppose the PMC. Having listened to the debate so far, I understand the cleverness of the words used in Hon Rick Mazza's motion, because the government has debated the motion without putting a final position. I am none the wiser as to the government's position. The shadow Minister for Agriculture and Food said that there is a clear position until 2017—after that, it is anybody's guess. It is a most extraordinary situation for a minister of the Crown to say that the industry has been put on notice by the Leader of the Opposition—not that the government has put it on notice about where a Labor government would take the industry, but the Leader of the Opposition—and, therefore, the government is

entitled to take its position forward based on the Labor Party's position at the last state election. It is quite novel. I congratulate Hon Rick Mazza for a very cleverly worded motion.

I do not know whether members of the Liberal Party backbench will be able to put their views during this debate. I want to make sure that we are all aware of the full range of views of the members of the Liberal Party backbench.

**Hon Paul Brown** interjected.

**Hon KEN TRAVERS:** I am glad the member is accepting that he is part of the government. I am glad he has done so, because some days he does not.

I will read part of the transcript from a hearing of the Standing Committee on Estimates and Financial Operations on 5 November 2014. It states —

Tomatoes are a fresh product grown in WA, cucumbers are, bananas—all sorts of other products. We do not have tomato boards, we do not have cucumber boards and we do not have lettuce boards. The market seems to deal with things pretty well without an act of Parliament. I understand why, 50 to 100 years ago, it might have been necessary, but to me the fact that you are here before us today is wasting your time and our time—that is my perception—because we are unnecessary in the provision of potatoes to the public of Western Australia, Australia and the world, and whether you are necessary or not is a call for the industry that accesses your services.

The transcript further states —

So effectively we are wasting everybody's time. If you are an industry body, you can do whatever you want. But the fact that you even have to produce a report to Parliament is just a gross waste of every single human being's time in this state.

Finally, it reads -

There is absolutely no market failure. The thing we should all do is bring in an act of Parliament to abolish you, or at least empower you to become an industry body.

Those are the words of Hon Peter Katsambanis during an estimates hearing on 5 November 2014. Members on my side of the house know that I am one of the last to come on board with the argument for deregulating the potato industry. I come from the school of Kim Chance. We have long looked at the position of a regulated potato industry. I have read many of the reports that have been referred to today. I do not agree with everything that is in the ERA report or the way in which it arrives at its conclusion. However, the debate today should be a simple one—it should be about jobs and how we create jobs. For the last six to eight years, the government has forgotten about every other industry in Western Australia bar mining and now that there is a downturn in the mining industry, it needs to create jobs in new areas. The government has talked about wanting to create jobs in the agriculture industry. It is my view, and the reason that I have come on board, that the Potato Marketing Corporation in Western Australia is stifling the ability for us to grow jobs for Western Australians, which is why we should look at reforming the industry. In fact, the debate today should be about how to transition from where we are today to that position. I had hoped that the government was going to clear up today what happens after 2017. Why do I say it is about jobs? Let us look at the situation. In the 1940s when the Marketing of Potatoes Act was introduced, there were lots of small family growers who could buy a small plot of land and feed a family from the money they made growing fruit and vegetables. Today, it is a very different industry. There are predominantly large players and to get into the industry, one needs a significant capital base or needs to start small and be nimble, flexible and find niche products. In 2004, there were 154 potato growers in Western Australia; today there are 78 growers. There has been a contraction in the industry under today's regulated market. More interestingly, if members turn to page 321 of the ERA report, they will see a graph that highlights the tonnage of potatoes grown in Western Australia. Since I came to this Parliament in 1997, there has been no increase in real terms in the volume of potatoes grown in Western Australia. Back then they were growing about 50 000 tonnes of potatoes in Western Australia a year. Last year they grew 58 000 tonnes, which was the first big jump in growth for a long time. Compared with population growth, there has been no change. If that is an argument about better marketing, the better marketing of potatoes should be done by the industry without the interference of government regulation. It should have a marketing organisation; let the industry get on and market potatoes and let it look for niche markets and export markets. That is the issue of variety. If someone wants to introduce a new variety into Western Australia, it is extremely difficult. A grower cannot find it. We still cannot get proper baby potatoes in Western Australia because of the marketing arrangement. We need to create jobs for the future and free up the industry. This is about the private sector and I find it extraordinary that I, as a Labor member, have to lecture Liberal members about the importance of the private sector to grow the

jobs that we need for the future of Western Australia. We need to work with the industry and communities on the transitional plans and how they will transition from the regulated system of today to where we are going.

The ERA pointed out that there has not been the increase in productivity in the potato market that there should have been. Hon Rick Mazza referred to the tonnage of potatoes grown in South Australia. Members, why would South Australia be growing 80 per cent of the national produce, some 385 000 tonnes compared with our 50 000 tonnes? The minister should ask that question. I accept that growers in Western Australia feel that today's market is good and protected, but if we open it up, growers would flourish and expand their businesses. I accept that we in Australia need to debate the broader issue about how to protect all growers—not only potato growers—from the market monopoly domination of Woolworths and Coles with their purchasing power. That is not a debate that should revolve around potatoes alone; it is a debate for every grower who has to sell to Coles and Woolies, with the way they exercise their monopoly powers. Let us have the debate there. Let us not hold an anachronistic position on potatoes as the way to protect potatoes but leave aside carrots and onions. As someone said earlier, onions and carrots are exported from Western Australia. I suspect that we would not have those industries if we still had an onion marketing board in Western Australia. I note that the minister is nodding. I suspect that deep down he agrees with everything I am saying this morning. These are the opportunities that we present. I understand that it will be difficult for growers, people in the industry and communities that have a potato growing industry. We need a collective position from the government of Western Australia and the opposition so that we can work on that transition with those communities to give them the security that the minister talks about beyond 2017, and not just say that we will tell them before the election. Let us get on and work with that industry today to work out how we can transition it and make sure that the current potato growers prosper and we fundamentally create more jobs for Western Australia, because that is the challenge for us in Western Australia at the moment—creating more jobs for the future generations of Western Australia. Potatoes can be part of that solution, but we have to change the act.

**HON RICK MAZZA (Agricultural)** [11.00 am] — in reply: I thank members for their contributions this morning. Quite a lot has been made of the different potato varieties available. Like Hon Paul Brown, I was told by the Potato Growers Association of WA that there are 35; however, information from the Department of Agriculture and Food indicates that there are 28. In any case, there are a lot of varieties that we do not see in a supermarket. Even though there might be growers markets around the place, the reality is that the vast majority of potatoes are sold through the major supermarket chains and three or four varieties at best are sold, and obviously that is to meet consumer demand. Hon Paul Brown started by saying that he championed deregulation, but then he went on to say that he supported the regulation of the Potato Marketing Corporation.

**Hon Paul Brown:** I said that I usually do.

**Hon RICK MAZZA:** He usually supports it; okay. I am not quite sure where he is coming from with that one.

The bottom line is that I think Western Australia is substantially missing out on being able to expand its production. The 52 000 tonnes of ware potatoes and the further approximately 35 000 tonnes of seed and processing potatoes are really a very small part of the 1.2 million tonne market in Western Australia, so I think we are missing out. The industry has certainly been limited in its potential, and there is a lot of scope for new people with an entrepreneurial spirit to come in and change all that. I accept that we should not just shut down the quota system overnight so that the current growers are hurt financially, but we should be looking at a program to wind down the Potato Marketing Corporation over time and give the industry a free, open market so that Western Australians can enjoy the benefit of open competition. A lot has been said about Western Australia having the lowest or second-lowest price in Australia. Who is to say that we could not have by far the lowest price in Australia if there were a free market?

I ask the government to continue to look into this matter. I am sure the Minister for Agriculture and Food is well aware of it. If steps could be taken to wind up the corporation over time, I think it would be a great benefit to the state and to the growing industry.

Motion lapsed, pursuant to standing orders.