



**Citrus**   
Australia

ANNUAL REPORT 2011–2012





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## OVERVIEW

### WHO WE ARE

Citrus Australia Ltd is the recognised peak industry body representing the nation's commercial citrus growers.

Established in 2008 as a non-profit company limited by guarantee following a decision by growers across the country to create a new industry body, Citrus Australia commenced very modestly with an enthusiastic skills-based board, 11 voluntary grower members, and a small team based in Mildura, Victoria.

Today, we are supported by over 250 grower and affiliate members and an expanding Citrus Australia team that provides vital services to the industry.

### WHAT WE ARE DOING FOR INDUSTRY

Citrus Australia is re-energising the Australian citrus industry by increasing demand and value through the implementation of our three-year strategic plan. We are now two years into the plan, which is helping us grow our support base through transforming the industry into a unified new structure that ensures better value and returns to growers. We must continue to change, innovate, provide better value and focus on productivity and quality if we are to sustain profitable citrus production in Australia.

To ensure growers receive the maximum value for their levies our industry must continue to consolidate and build stronger market-focused programs that fulfil industry needs and government and consumer expectations.

#### Citrus Australia 3 Year Strategy 2010–13

##### Our vision

**Transform industry to a unified structure ensuring better value and returns to growers**

##### Our mission

**A grower-driven national organisation representing and leading the industry in:**

- Policy and advocacy
- Research and innovation
- Market access, development and promotion
- Communication and information
- Biosecurity

##### Our values

**A national organisation that values:**

- Change: we will continuously improve our strategies, structures and programs to provide increased value and innovation
- Leadership: we will take a visionary national approach, act with honesty and integrity, and respect the environment by using resources responsibly
- Teamwork: we will build relationships based on trust; and retain committed, friendly, talented, professional people who are motivated to individually and collectively achieve shared goals
- Grassroots: we will be accessible, accountable and responsive to members and industry



1 Citrus Australia team members with Dennis and Helen Smith at their Gayndah orchard.



## Citrus Australia 3 Year Strategy 2010–13 continued

| Our programs                          | The industry benefit  | Our approach   |
|---------------------------------------|---|--|
| <b>Market development</b>             | Increased demand for Australian fresh and processed citrus domestically and internationally | <ul style="list-style-type: none"> <li>• Working with the whole value chain</li> <li>• Directed by national export market, domestic market and variety committees</li> <li>• Supported by a market development team with a national and regional focus</li> <li>• Faster resolution of market access issues</li> <li>• More efficient quarantine services</li> <li>• National quality standards program</li> <li>• National food safety program</li> <li>• National promotion/category management program</li> </ul> |
| <b>Information</b>                    | Provide quality and timely information to industry enabling better decision making          | <ul style="list-style-type: none"> <li>• Crop forecasting</li> <li>• Plantings data</li> <li>• Production reports</li> <li>• InfoCitrus seasonal supply reports</li> <li>• Market/consumer reports and analysis</li> </ul>   |
| <b>Communications</b>                 | Educate and consult industry through streamlined, relevant and targeted communications      | <ul style="list-style-type: none"> <li>• National and regional forums</li> <li>• Annual conference</li> <li>• Workshops</li> <li>• <i>Australian Citrus News</i> magazine</li> <li>• Citrus Australia website</li> <li>• Fortnightly eNewsletter</li> <li>• National leadership program</li> </ul>   |
| <b>Biosecurity</b>                    | Protecting the production base of the industry  | <ul style="list-style-type: none"> <li>• Protecting against and managing incursions through a national pest incursion deed</li> <li>• Increasing industry awareness through training and materials</li> <li>• Supporting a high health budwood and seed scheme</li> <li>• Increase quarantine and border protection</li> <li>• Scrutinise Import Risk Assessments</li> </ul>   |
| <b>Corporate &amp; public affairs</b> | Provide a strong and financially secure national body to govern industry                    | <ul style="list-style-type: none"> <li>• Provide a united voice to government</li> <li>• Skills-based appointments</li> <li>• Governance focus</li> <li>• Member-driven</li> <li>• Industry-wide consultation</li> <li>• Transfer of state resources into national programs</li> <li>• Enhanced national levy investment program</li> <li>• Lobby to represent grower issues such as market access, quarantine, biosecurity, water</li> </ul>  |

## STAKEHOLDERS AND OTHER INDUSTRY LINKAGES

### *Our members*

We have two categories of membership: grower members and affiliate members.

Close to 200 citrus growers 'own' and direct Citrus Australia. Grower members pay a voluntary annual membership based on their hectares and have votes for every dollar of membership paid.

Businesses along the citrus value chain have the opportunity to support Citrus Australia as affiliate members through a set annual membership fee.

### *Our committees*

Citrus Australia has formed three national and two regional committees to consult with industry and to act in an advisory capacity to the Board of Citrus Australia on priority issues.

Our national committees are:

- Domestic Market Committee
- Export Market Committee
- Variety Committee

Our regional committees are:

- Riverina Regional Advisory Committee
- South Australian Regional Advisory Committee

Two more are being set up in the Murray Valley and Queensland.

Membership of these committees is skills-based and is revised every two years.

In Western Australia Citrus Australia has a memorandum of understanding with Fruit West and works closely with the Citrus Leadership Group.

### *Partners*

Citrus Australia works with a range of industry partners to further the interests of citrus growers. Our partners include:

- Horticulture Australia Limited
- Plant Health Australia
- National Irrigators Council
- Produce Marketing Association Australia — New Zealand
- AustSafe Super

## OUR INDUSTRY

The major production regions are in the Riverland, South Australia; Murray Valley, Victoria and New South Wales; Riverina, New South Wales and the Central Burnett region in Queensland. There are also additional plantings throughout Western Australia, inland and coastal New South Wales, northern regions of Queensland, as well as smaller plantings in the Northern Territory.

### *Citrus Production Areas.*

● Minor region ● Major region





## REPORT FROM THE CHAIR

### FOCUSSING ON WHERE WE CAN MAKE A DIFFERENCE



1

1 Citrus Australia chair Tania Chapman.

2

2 Citrus Australia consults widely with growers throughout the regions.

**T**he 2011–12 financial year was a big one for Citrus Australia. Our industry restructure began in earnest and, after 11 regional forums and a series of one-on-one grower, packing shed and industry visits, we locked in a five-year research and development plan that will give us the best possible return on our levy investment.

The restructure is headed in the right direction, promising to provide a more efficient and effective use of grower resources. We need to make sure, however, that our energy continues to be focussed on where we can make a difference — market development, biosecurity, information and communication.

While the industry's structure improved in 2011–12, grower returns did not, with difficult trading conditions continuing.

Growers are doing the best they can in these uncertain times, but as a grower, I know how very hard it is to keep growing quality fruit year after year when the environment we are operating in causes so many challenges.

As we enter 2012–13, we are still facing an unfavourable exchange rate and it appears as if it may remain this way for a number of years. On top of that, our window of opportunity in many of our export markets is shrinking due to competition from overseas producers.

On the upside, we have had fantastic fruit size and the pack-outs have been the highest in years. Returns in 2012–13 are up on last year as a result, but they are still not high enough.

To give us the best chance of increasing grower returns to the level they need to be, we need to maximise our competitive advantage in all markets. Our reputation for

producing 'clean, green citrus fruit', with the best flavour and colour, is world-renowned.

Let's make sure we keep that reputation by following the Australian Citrus Quality Standards, which for me were the biggest highlight of 2011–12. It is vital we only put quality produce in each box so that consumers have the desired eating experience every time.

I would like to take this opportunity to thank the staff and Board of Citrus Australia for their dedication to the industry and the challenges we face. The team worked tirelessly to bring projects to fruition for the benefit of growers and, no doubt, will do so again in 2012–13.

I would also like to say a special thank you to Kevin Parr who elects to retire this year as a director. Kevin, an inaugural director of Citrus Australia and deputy chair, has served the industry with passion and dedication and has helped lead tremendous growth and change for Citrus Australia in order to better serve growers.

Australia's citrus industry is truly remarkable. While the challenges we are set to face in the coming year are large, there is much we can do. Let's get started.

Tania Chapman

# REPORT FROM THE CEO

## REMARKABLE PROGRESS, DESPITE DIFFICULT TRADING CONDITIONS



**C**hange is always difficult, but necessary. We must now look to the future more determined to address the priority industry issues, which were again confirmed during extensive consultation conducted by Citrus Australia and independently for the new national citrus research and development plan.

Despite the overwhelming changes in industry structures and continued difficult trading conditions, Citrus Australia achieved remarkable progress in the areas of export, quality standards, communication, value chain and government relations, advocacy and membership.

This is in part due to the highly skilled and talented people in our team, the strategic and supportive leadership of the Board and of course the increasing support of our members, sponsors and corporate partners. We are also finely tuned to the need to generate relevant outcomes for growers and the industry.

The winding up of state boards in the Riverina and South Australia will require concerted effort by Citrus Australia on settling a more effective representative structure (based on Regional Advisory Committees) and securing resources to continue priority regional programs.

We need to do more with reduced budgets. This will be challenging but we are committed and seek your patience as we re-organise staff and workloads to suit. Our focus on critical industry issues, and good governance, will not waiver. In fact we will get better, leaner and more transparent.

I am pleased to see closer partnerships with state governments in particular Primary Industries and Regions SA, Victorian Department of Primary Industries and the New South Wales Department of Primary Industries. These relationships have been critical in assisting industry through



1 Citrus Australia CEO Judith Damiani.

2 Citrus Australia directors and staff catch up with Federal Agriculture Minister Joe Ludwig at the 2011 National Conference.

3 SA Agriculture Minister Gail Gago, Tania Chapman, Judith Damiani and Neil Andrew have been working on historic reforms to the SA citrus industry structure.



4 Judith Damiani (left) and Tania Chapman (second from right) met with Woolworths executives: Pat McEntee, General Manager Fresh Foods; Grant O'Brien, CEO; Tjeerd Jegen, Director of Supermarkets (left to right).

5 The seasonal worker program not only offers Australian horticultural employers access to productive and happy workers when they cannot find enough local labour but also contributes to the economic development of participating countries.

structural changes (SA); export trade missions in key markets (VIC); and biosecurity/fruit fly/R&D management (NSW).

Our work with federal government departments and Ministers also improved, and spanned employment/workplace relations, foreign affairs and trade, and agriculture. This work has been critical in securing a permanent Pacific seasonal workers program; avoided the closure of the main Indonesian port; and settled reforms and \$6.5 million assistance for horticultural export inspection and certification arrangements.

Building better programs and leveraging industry funds with our major retailers and processors was also addressed. Special meetings and workshops with Woolworths and Coles have better placed the Aussie citrus category on the domestic market; and a million dollar advertising campaign for Berri Australian Grown in conjunction with our Aussie grown juice endorsement logo is set to repeat in 2012–13.

Export market access, development and marketing continue to dominate our activities. Citrus Australia facilitated a lengthy and extensive consultation process focused on the export efficiency powers and regulated US market, to inform the DAFF review of the powers. Consultation, which included a facilitated session at the National Export Forum, an independent United States situational and value chain analysis, and a national export committee agenda item, only reinforced the strong divergent views in the industry. Whilst Citrus Australia could not land on a clear position in relation to the US single importer arrangement, we did conclude that while the support for change was significant it would

be prudent to retain export powers for a number of seasons solely to provide a safety net for growers if unmanaged competition impacted negatively on grower returns.

We remain committed to assisting growers and industry through changes as a result of this review and, ultimately, the Federal Government decision. We have asked both DAFF and the Federal Agriculture Minister Joe Ludwig to speed this process along, in the commercial interest of the industry, and provide additional supporting programs to assist with key citrus export access issues.

We are very aware that the past two citrus seasons particularly for oranges have not been satisfactory. Citrus Australia has planned to lead industry discussion and information around the future for navel and Valencia oranges, so that growers can make better decisions about their own businesses. This will start at the 2012 National Conference but will be extended throughout the 2012–13 year.

Our 2011–12 operational and financial performance has placed us well to lead industry through more inevitable change. We are fortunate to have a dedicated team who worked hard with enthusiasm and resolve through difficult times and seasons to achieve these results. We look forward to building on these achievements in 2012–13.

Judith Damiani

# OUR PERFORMANCE

Citrus Australia is sourcing markets in Asia. That's one of the most important things that we need to do.

*Bill Ruediger, Loxton citrus grower*

## MARKET DEVELOPMENT

**145,000 TONNES**

Citrus exported in 2011

**\$1 MILLION**

Worth of free advertising from Aussie Orange Week promotions

**670**

Maturity tests carried out for Australian Citrus Quality Standards (to 30 June 2012)

### Highlights

- Increased export volumes to China, South Korea, Indonesia and Thailand
- Popular export forum in Melbourne in March
- Trade missions to Japan, Hong Kong, Thailand and South Korea
- Better co-ordination of navel orange exports to Japan
- Increased uptake of Australian Citrus Quality Standards
- Agrichemical residue monitoring program for Japan expanded
- Closer relationships forged with major supermarkets

### Challenges

- Difficult trading conditions to US and Japan
- High Australian dollar reduces profitability of exporting
- Subsequent oversupply on domestic market
- Increased import regulations imposed by many Asian countries

### Outlook

- US market likely to remain challenging, but Asian markets, including China, Thailand, Japan and South Korea show promise

In 2011, citrus represented the largest fresh fruit export for Australia, with 145,000 tonnes of citrus sent to over 30 export destinations. The bulk of our exports were oranges,

with 111,000 tonnes exported. Important markets for Australian citrus exports were Japan, US, Hong Kong, Malaysia, the Middle East, New Zealand and Indonesia.

Significant efforts were made around the trading conditions into markets that Australia accessed. While we continue to face stiff competition in the US, our exports to Asian markets are steadily increasing.

In 2012–13, we will make a concerted effort to increase our market share in China, South Korea, Thailand and Japan. We will be appointing a dedicated citrus market access manager to proactively coordinate these activities and expedite market access outcomes for the industry.

### Research to recommence trade

Over the last 12 months we have worked hard with industry, DAFF Plant Biosecurity, the South Australian Research and Development Institute (SARDI), the NSW Department of Primary Industries and Murdoch University to develop protocol changes which will allow us to recommence trade with South Korea and Thailand.

The key focus was on developing and implementing an orchard systems approach for Fuller's rose weevil (FRW) control, which involved skirting trees, weeding and trunk band spraying. An increasing number of growers carried out the approach on selected orchard blocks with good results.

Trade to Thailand has now resumed, with a significant reduction in interceptions of FRW.



1 Nathan Hancock demonstrates the method used to test internal quality standards to growers and packers in Queensland. A simple guide and training DVD is also available.

2 Indonesian government officials visited orchards and pack houses with a focus on food safety and quarantine controls.



3

3 Thailand Department of Agriculture officials inspect Fuller's rose weevil control practices in a Mildura orchard.



4

4 Brett Jackson of Seven Fields with Citrus Australia's Andrew Harty in a South Korean supermarket.

A significant number of containers of navel oranges were shipped to South Korea, following inspection in Melbourne by the Korean inspector. We thus appear to have a viable method for overcoming the FRW obstacle, albeit at additional cost to growers.

Red scale remains a problem, with some blocks treated for FRW subsequently being knocked out because of excessive scale numbers.

We are keeping in close contact with SARDI researchers as they continue investigating ways to control FRW. Key aims for this season include determining if intensive orchard controls over a few seasons can achieve orchard freedom and confirming that the new inspection method for orchard registration does in fact reflect FRW egg incidence in 600 fruit packing shed samples.

Other research last financial year included:

- Laboratory scale Vapormate trials were carried out in conjunction with Murdoch University and treatments were refined for disinfestation of quarantine pests, such as FRW, light-brown apple moth, red scale and mealy bug. A full scale trial is scheduled later in 2012, with the goal of achieving Australian Pesticides and Veterinary Medicines Authority (APVMA) registration and being accepted by South Korea.
- Work has progressed on the two fungicide projects planned for Queensland.

#### **Co-ordinating registration and monitoring**

In 2011–12, we were pleased to expand the National Agrichemical Residue Monitoring Program for Japan, in partnership with the Department of Agriculture, Fisheries and Forestry (DAFF) National Residue Survey.

We completed the first season of trials required for registration of the fungicide Rovral in Queensland and together with QDAFF have planned and resourced a project to evaluate and identify alternative new fungicides for rind blemish control, with first sprays to begin in September 2012. Exporters to China, South Korea and Thailand must

register orchards with DAFF and be inspected throughout the season by crop monitors, who are required to renew their own registration every three years. In 2011–12, Citrus Australia continued to co-ordinate the registration of crop monitors and communicates these records to DAFF.

#### **Visits to new and existing markets**

In September and October 2011, we visited Japan, South Korea and Hong Kong in order to better understand those markets, then Thailand and South Korea in February as part of a Victorian DPI-led trade delegation.

During the year, we also co-hosted visits to Australia by government quarantine officers from Japan, Thailand, the Philippines and Indonesia.

In March, we hosted a visit from Jim Cranney, president of the California Citrus Quality Council and agreed to collaborate on major technical issues, such as market access, chemical residue issues and food safety regulations.

#### **Protecting our interests in existing markets**

During the year we commissioned an independent and objective analysis of US marketing arrangements and industry views, in response to the DAFF review into horticultural Export Efficiency Powers.

The report was finalised in October 2011 and made available to industry. It formed the basis of submissions in December 2011 to the DAFF review, which is due to be completed during 2012–13.

#### **Improving the quality and taste of citrus**

In 2011, following an industry wide consultative process, Citrus Australia announced national minimum maturity standards — known as the Australian Citrus Quality Standards (ACQS). The standards focus on three main characteristics of citrus fruit — juiciness, amount of sugars (Brix or Total Soluble Solids) and the ratio of sugars to acids (Brix Acid Ratio). The standards aim to encourage consumers to buy more fruit, through consistent and reliable quality and taste.

## MARKET DEVELOPMENT (CONT...)



5



6



7

5 Free oranges were handed out to commuters during Aussie Orange Week last year.

6 Citrus Australia's juice logo was for the first time used by the two biggest fresh juice companies: Lion (Berri Australian Grown) and Heinz (Original Juice Black Label).

7 Citrus Australia continues to co-ordinate a major promotion for mandarins "Give me a Mandy, Mum".

The current ACQS minimum standards were drawn from a number of Australian and international consumer studies as well as long held standards developed for export programs. However, as the aim of developing and implementing the ACQS is to increase consumption of citrus, Citrus Australia will continue to determine if the current minimum standards will in fact encourage increased consumption.

In 2011–12, 670 tests were carried out, providing the supply chain with valuable information about the internal quality of produce on the market.

### **Prioritising markets**

In 2011–12, our Export Committee continued to prioritise the most important market access issues facing the industry. These included gaining access to new markets; retaining access where it could have been withdrawn; and optimising the conditions that we already have under the existing arrangements.

This year the key issues were:

- Improving or optimising access into South Korea, Thailand and China primarily around FRW requirements for all three markets, and red scale requirements for South Korea
- Negotiating improved cold sterilisation requirements for Asian markets. Indonesia and India have accepted improved protocols, while the conversation with Japan over cold treatment for different mandarin varieties continues. A decision by the Philippines to accept in-transit cold treatment is pending.

### **Supporting development of new varieties and rootstocks**

The Varieties Committee continued to focus on new varieties and rootstocks for industry over the past 12 months.

This included its strong support for the Auscitrus program, that promotes the uptake of high health budwood from

genetically superior collections which are screened for viral diseases.

The committee also focussed on ways to speed up the commercialisation of rootstocks and the independent evaluation of new cultivars. Evaluations were primarily carried out at Dareton, with satellite research plots in Queensland, Western Australia and the Riverina.

### **Telling consumers about citrus**

The Horticulture Australia orange marketing program was scaled back in 2012 to reflect actual levy income. Citrus Australia continued to support the campaign with a big investment in time and resources. In particular, we organised National Aussie Orange Week which ran again in August and saw growers converge on capital cities to hand out fresh navel oranges and chat with city-based consumers.

Retail support and media coverage was substantial and the consumer response highly positive.

Citrus Australia continues to co-ordinate a major promotion for mandarins "Give me a Mandy, Mum". In 2011–12, this incorporated appearances on *Sunrise*, a suite of press releases and brand ambassadors, alongside in-store demonstrations, recipe booklets, major retailer activity as well as a website and Facebook page.

This campaign exists solely through the generous voluntary contributions of many mandarin growers and their wholesalers.

We have worked with some of the juice processing companies and Fruit Juice Australia to better understand the trends in orange juice consumption (which unfortunately is trending down in favour of bottled water; sports drinks and sugar free drinks), and have indicated our support for their new national public relations campaign focused on improving consumers awareness of the health benefits of juice.



InfoCitrus provides me with background information for making decisions and gives a good record of why things happen the way they do.

*Allen Jenkin, Mundubbera citrus grower*

## INFORMATION

|   |  |   |
|---|--|---|
| 17%<br>Fewer citrus growers in 2011 than 2003, but only 5.6% drop in hectares planted | 36<br>Weekly national InfoCitrus reports distributed in 2011 | 50<br>Packing facilities contributing to InfoCitrus |
|---|--|---|

### Highlights

- Updating the National Plantings Database (NPD)
- Weekly national InfoCitrus reports from late March to November

### Challenges

- Inefficiencies in industry structure, which impacted on the NPD collection

### Outlook

- Co-ordination of regional and national crop forecasts
- Potential key role co-ordinating information about export markets such as the US

In 2011–12, Citrus Australia continued to provide growers with the latest high quality, timely market intelligence which enabled industry to make more informed decisions.

Our efforts to update the NPD were impacted by changes in the industry structure, but these should be alleviated in coming seasons.

This coming year, Citrus Australia will be organising crop forecasting across southern regions left without state boards, as well as bringing them together into a national forecast, as has been done previously. Using one contractor across many of the regions should provide a more uniform and cost-effective result.

If Export Efficiency Powers (EEP) are removed, Citrus Australia is likely to play a key role in the future collating

information for the US and China markets, which are currently covered by the EEP regulations.

### Providing seasonal intelligence

In 2011–12, we continued to produce a monthly season update. It includes timely information on regional climate data, phenology, fruit size management, the juice market, and pest and disease control and is distributed to over 400 growers.

In April we began producing weekly updates on InfoCitrus, our online data management system for the citrus industry that provides an overview of the state of the citrus industry which can be further used to add value for growers when planning production and supply. The five main regions for the focus of InfoCitrus are the Murray Valley, Riverina, Queensland, Riverland and Western Australia.

### Knowing our production base

Sound industry planning rests on the quality of information which industry has of its production base. With this in mind, Citrus Australia is co-ordinating this project to provide the citrus industry with an updated NPD detailing all the varieties of citrus tree that are being grown in each region.

This information will allow for accurate analyses of industry production trends and strengthen decision making for future market development. This project updates the NPD surveys previously carried out in 2003 and 2008.

By combining the national dispatch data with the NPD we can develop long term forecasts and highlight opportunities and threats to production and marketing.



1

1 WA growers and marketers took part in a tasting panel to get a feel for the variation in juice content, brix and brix acid ratio as part of the ACQS awareness campaign (Photo courtesy of Fruit West).



2

2 Observing young citrus plantings at Taddei's Farm, Gingin, WA.

*Australian Citrus News* is a very good publication. There are always good stories in there and I always learn something.

*Robert Hoddle, Gunnedah citrus grower*

## COMMUNICATIONS

500+

Industry representatives receive our ACQS reports

2200+

Readers of *Australian Citrus News*

45,000+

Number of visits to our website

### Highlights

- Regular communications with growers through eNewsletters, our magazine, the website, forums, workshops and more

### Challenges

- Efficiently increasing communications with smaller budgets

### Outlook

- Annual conference scheduled to be held in Leeton in October 2012 and regional forms planned for February and March 2013

Citrus Australia continued to develop and deliver methods of maintaining and improving industry communications. We remain committed to the timely delivery and adoption of research and development outcomes, and leadership in information management and exchange.

### *Sharing the latest in citrus news*

*Australian Citrus News* continues to be the premier national communications tool for the industry, showcasing the latest in citrus research and industry news to more than 2200 readers. In 2011–12 feature articles covered research and

development (R&D) topics including the development of the Strategic R&D Plan 2012–17, crop regulation, national citrus quality standards, outcomes of the 2011 National Citrus Conference and fruit fly.

We also introduced an eNewsletter for growers, exporters and packers and look forward to producing this valuable update on a fortnightly basis.

Citrus world news updates were distributed, providing an overview of citrus issues from across the globe. Given our limited resources, its future will be reconsidered in 2012–13.

### *Bringing the industry together for our national conference*

The 2011 National Citrus Conference was held in South Australia's Barossa Valley in October. This allowed market visits to Adelaide and a post conference orchard tour through the Riverland.

The taste, quality and providence of the Australian citrus industry were the main themes of the conference from local and international speakers. Presentations and summaries from the event were published in subsequent editions of *Australian Citrus News* and on the Citrus Australia website.



1

1 100 industry delegates gathered together during the national export forum held in March.



2

3

- 2 Conference delegates were delighted to meet cricket legend Glenn McGrath.
- 3 Independent Senator for South Australia Nick Xenophon addressed 2011 National Conference delegates.
- 4 Australian Citrus News showcased the latest in citrus research in 2011–12.

**Forums and workshops to help industry meet export protocols**

More than 100 citrus growers, packers, exporters and other industry stakeholders converged on Melbourne in March for our second national export forum.

Over two days of sessions, attendees heard that while the challenges facing citrus were very real, there were actions they could take. This included a focus on fruit size and quality, varietal development, orchard and packing efficiencies and productivity, as well as a co-ordinated marketing approach.

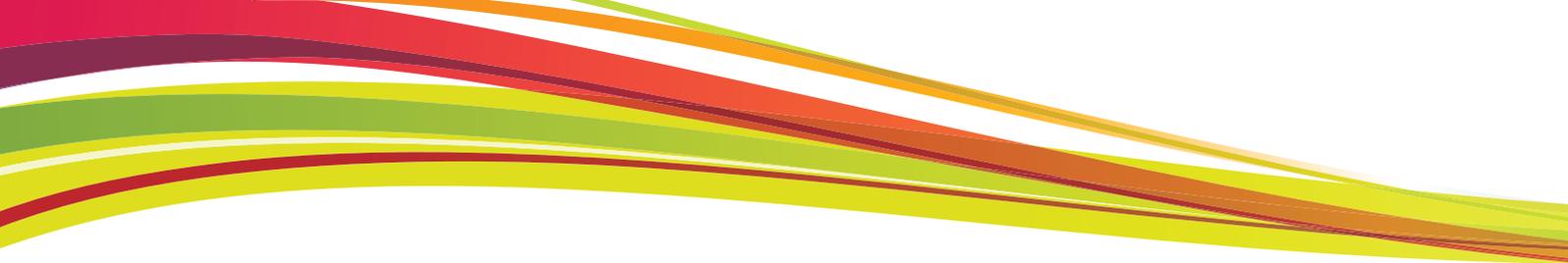
We also presented at workshops across the southern production regions throughout the year for packers and growers preparing to export to China, South Korea and Thailand.

**Providing a citrus one-stop-shop online**

Our website provides growers with the latest in citrus news, research and development and market analysis. Regular updates throughout 2011–12 ensured that the content was the latest available. During the year, we recorded more than 45,000 visits to the site.

4





The strength in Citrus Australia is that it can get access to high level international and national people that know the way to tackle pests and diseases in an effective manner.

*Kevin Cock, Sunraysia citrus grower (and Citrus Australia Board Member)*

## BIOSECURITY

### Highlights

- New approach to address future pesticide requirements in citrus
- Review of the citrus industry and the Huanglongbing (HLB) contingency plan
- Formation of Riverina Biosecurity Committee to oversee fruit fly matters in that region

### Challenges

- Series of wet years has significantly increased fruit fly outbreaks
- State government reducing funds in pest management

### Outlook

- Will work with NSW and Victoria around governmental rollback of fruit fly control
- HLB workshop planned for October

Citrus Australia is committed to strong protection for the Australian citrus industry. Throughout the year, we provided information and guidelines to help citrus growers protect their orchards, their communities and the industry against plant diseases such as citrus canker and HLB.

A HLB workshop is planned for October 2012, with input from a citrus expert from Florida, who will also present to industry delegates at the 2012 Citrus Australia National Conference.

### *Informing plans, programs and factsheets*

In 2011–12, we conducted a review of the citrus industry and the HLB contingency plan which recommended a dedicated biosecurity committee be appointed, with a manager to drive the industry's plans. We also provided input into the National Citrus Pathology Program.

Over the year we reviewed the various state departments' exotic pest and disease fact sheets to ensure growers were getting accurate information in regards to biosecurity.

Citrus Australia is also a part of the Riverina Biosecurity Committee, which the NSW DPI formed in April to oversee fruit fly matters. The committee is working with the New South Wales and Victorian governments around the rollback of governmental controls for fruit fly.

### *Developing a proactive approach to agrichemical availability*

To ensure citrus growers are left with control options for key pests, Citrus Australia, HAL and AgAware Consulting arranged a Strategic Agrichemical Review Process. This consisted of industry experts identifying key pests, and highlighting gaps where agrichemicals currently used to control those pests are under threat. The process will lead to more targeted research, and timely generation of registrations and permits for clearly identified crop protection needs. From this process, alternative fungicides have been identified for evaluation in Queensland.



- 1 Citrus Australia is helping growers protect their orchards from invasive plant pests such as citrus canker.
- 2 Riverina growers are more aware than ever on the dangers of fruit fly, thanks to the formation of the Riverina Biosecurity Committee.
- 3 The destructive effect of huanglongbing on citrus fruit.



Citrus Australia provides us with the opportunity to have a unified Australian body for growers with a common goal and a common direction.

*Mark Trott, Mundubbera citrus grower*

## CORPORATE & PUBLIC AFFAIRS

**15**

Number of new growers who joined as members representing an additional 933 hectares

**\$180,027**

Financial surplus, with 90% earmarked for 2013 national mandarin promotion

**\$13 MILLION**

The amount to be spent on citrus R&D from national citrus R&D levy and matching Commonwealth funds over next five years

### Highlights

- Major step towards a single cost-effective organisational structure, and reduced levy costs for many growers
- Increased membership

### Challenges

- Ensuring the new structure is effective and efficient, working on behalf of growers in their region
- Maintaining essential services with reduced funding
- Export deregulation

### Outlook

- Three-year strategy now on homeward stretch
- 2012–13 to be a year of consolidation of the new, more efficient structure

### ***Moving to a new structure***

In 2011–12, growers commenced winding up their state boards as part of the citrus industry's strategy and restructuring which began more than six years ago.

The final industry proposal was to move towards a single structure through a staged approach. Four years ago growers voted to commence stage one with the formation of Citrus Australia.

Stage two is now underway with the winding-down of state boards and state levies.

A poll in early March saw Riverina citrus growers vote to wind up their regional representative body in favour of Citrus Australia representation.

Citrus Australia, together with Leeton Citrus Growers and Griffith and District Citrus Growers, called for nominations to the first Regional Advisory Committee of Citrus Australia. The Riverina Regional Advisory Committee was appointed in June 2012, and heralded a new era of more streamlined regional and national representation.

In May, the South Australian Citrus Industry Structure Review recommended the wind up of that state's organisation, however a Murray Valley Citrus Board grower poll in June left that institution in place.

SA Citrus Board, Citrus Growers of SA and Citrus Australia established a South Australian Regional Advisory Committee.

Citrus Australia would like to acknowledge the SA Minister for Agriculture Gail Gago for taking the lead and working so closely with the citrus industry through a challenging but positive period of change.

Citrus is the last horticultural industry to have in place both state levies and boards, and national levies and a peak industry body. Most growers in southern Australia agree on the need to rationalise their levies to get a better return on investment. Concerns about the loss of regional representation are being addressed through the formation of regional advisory committees. We will continue to work towards a nationalised structure in 2012–13.



1



2



3

1 Citrus Australia CEO Judith Damiani addresses a regional forum in Griffith.

2 Leeton grower Frank Mercuri told Australian Citrus News earlier this year that the wind up of Riverina Citrus would lead to greater unifications and less wastage of grower money.

3 Citrus Australia successfully lobbied to make the Pacific seasonal worker program become permanent.

## CORPORATE & PUBLIC AFFAIRS (CONT...)

### *Representing citrus interests*

During 2011–12, we made strong representation on the issue of the Murray Darling Basin Plan through submissions to the Murray Darling Basin Authority and the various Federal Government inquiries; attendance at consultative meetings; meetings with Ministers and Federal politicians; and through our membership of the National Irrigators Council.

We still do not have confidence the revised Plan is in the interest of our growers and will continue to liaise with the Authority and others on this issue in 2012–13.

In January 2012, Citrus Australia called for increased testing for carbendazim in imported orange juice by the Australian regulatory authorities, leading authorities to review the maximum residue level in Australia and consumer safety advice.

Citrus Australia continues to advocate for clarity around this matter and for enhanced testing of imported orange juice. To help Australian consumers make more informed choices about the country of origin of their orange juice, Citrus Australia continues to expand the range of juice products using the industry endorsement logo “Aussie Grown — supported by Australian citrus growers”; and for improved mandatory country of origin labelling.

In 2011–12, Citrus Australia continued consulting industry on the use of export efficiency powers to regulate certain markets, in order to inform the DAFF-led 10-year review.

Other advocacy activities included:

- Successfully advocating for the Pacific Seasonal Worker Pilot to become permanent
- Our role in the development of the Federal Government’s National Food Plan
- Regular discussions with Agriculture Minister Joe Ludwig and others on critical citrus issues, such as export market access, biosecurity and quarantine reforms, fruit fly and labelling
- Partnership with DAFF to trial the use of Australian Quarantine and Inspection Service Authorised Officers to improve inspection and certification arrangement for horticulture exports; and advocated for \$6.5 million assistance package for horticultural exporters whilst the reforms roll out. Resulting reforms and assistance package expected to commence in 2012–13

### *Planning our research and development future*

A new five-year plan for citrus industry research and development (R&D) was a key outcome from 2011–12 activities. An extensive consultation and communication process was conducted to develop the Strategic R&D Plan 2012–17 which included 11 regional forums, a national workshop, articles for magazines and newsletters, website updates and a media campaign. During 2011–12, Citrus Australia visited growing regions, orchards and packing sheds to consult directly with more than 270 growers on the new national research and development and marketing plans and the need to rationalise grower levies.

The aim of the citrus industry’s plan is to direct investment so it efficiently delivers innovative and effective solutions that support a profitable citrus industry.

During the next five years, Horticulture Australia Limited (HAL) will oversee between \$25 and \$30 million of citrus R&D investment. This will be funded through a combination of levy funds, voluntary contributions and matched funding from the Federal Government.

### *Developing a levy recommendation*

As the national peak industry body, Citrus Australia is responsible for consulting with levy payers on national levy rates and investment strategies.

We are currently developing and presenting a case for change to the national citrus industry levies, following the development of the Strategic R&D Plan 2012–17 and reduction or removal of state citrus levies.

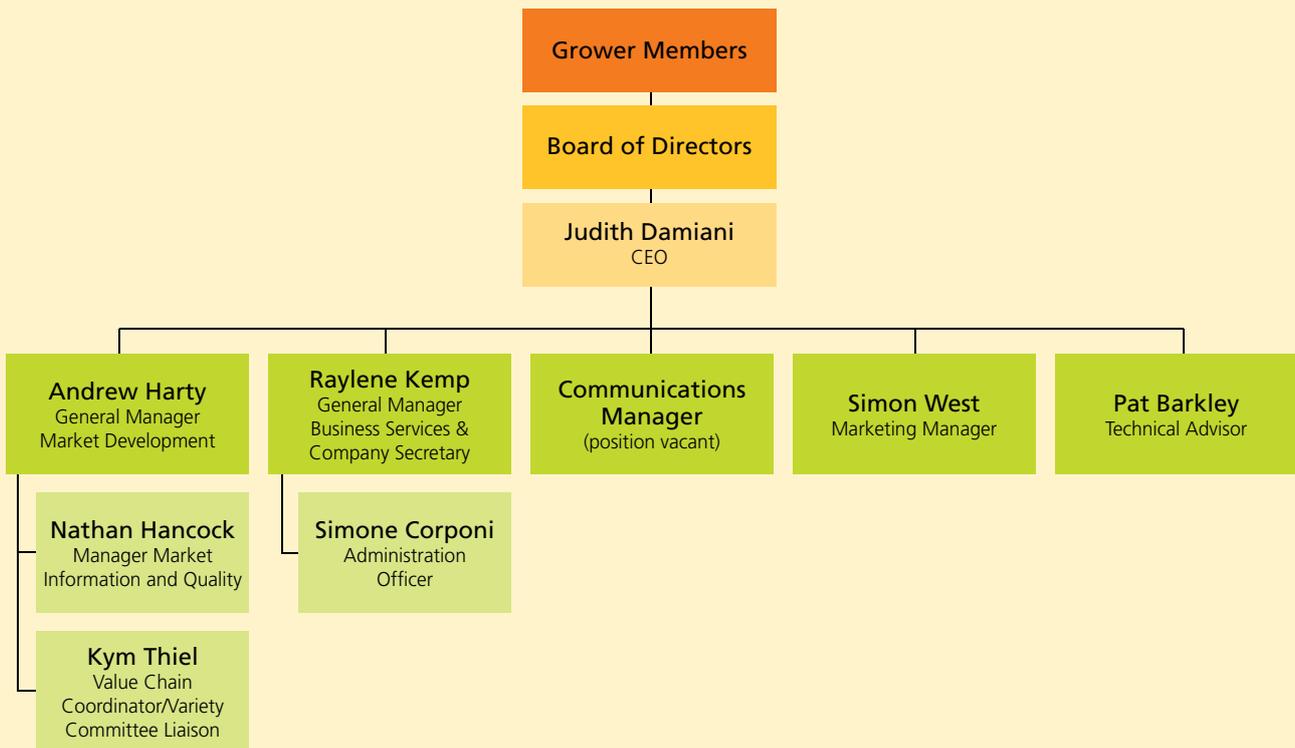
Levy payers participated, during the first half of 2012, in the development of the R&D plan and in determining the proposed new levy rates.

The final proposal for an increase in the national levy rates will be presented with industry support during 2013, prior to a national ballot being conducted.



# OUR ORGANISATION

## ORGANISATION CHART AT 30 JUNE 2012



## CITRUS AUSTRALIA STAFF

Citrus Australia's head office is in Mildura, Victoria, with a regional presence in South Australia. The staff includes a small, dedicated and passionate team of people, working to both develop and support the citrus industry.

### Judith Damiani Chief Executive Officer

Judith is the Chief Executive Officer at Citrus Australia Limited. She previously held this position for Australian Citrus Growers Incorporated since their relocation from Adelaide to Mildura in 2001.

Judith was involved with the restructure of this national peak body into Citrus Australia Ltd in October 2008. This was as a result of three years of industry consultation.

### Andrew Harty General Manager — Market Development

Andrew comes from a citrus management, technical and marketing background in South Africa and New Zealand. He managed technical operations on South Africa's largest lemon orchard before moving to New Zealand where he headed the national citrus research program for nine years.

A key goal was assisting the New Zealand citrus industry's change in focus from domestic to export marketing, with particular emphasis on developing satsuma mandarins as an export product.

## CITRUS AUSTRALIA STAFF (CONT...)

### **Simone Corponi**

#### **Administration Officer**

Simone began with Citrus Australia mid 2011 in the role of office front-of-house relations and coordinator of various administration projects.

Bringing with her a strong background in client and administrative management, Simone is the friendly voice you hear when you call the Citrus Australia office in Mildura.

### **Pat Barkley**

#### **Technical Advisor**

Pat is Citrus Australia's technical adviser to Industry, principally in relation to biosecurity. In 2009, she completed (with Professor Andrew Beattie) the incursion management plan for huanglongbing (citrus greening) and its vectors.

Pat was formerly a Principal Research Scientist and Citrus Pathologist with NSW Agriculture from 1964 to 1999, and from 2000 to 2004 was the National Citrus Improvement Manager responsible for coordinating the Australian Citrus Improvement Program.

### **Nathan Hancock**

#### **Manager — Market Information and Quality**

Nathan joined Citrus Australia in February 2011 to manage three important projects: InfoCitrus, the National Plantings Database and the Australian Citrus Quality Standards.

He is located in Mildura, and will also be providing support to our Export and Domestic Market Committees and any new domestic market initiatives.

### **Kym Thiel**

#### **Value Chain Coordinator — Variety Committee Liaison**

Based in Berri, South Australia, Kym has been the Citrus Industry Development Officer with Citrus Growers of South Australia for the past 10 years.

Kym has been heavily involved in promoting best practice to growers through traditional extension methods and through introducing new technologies and management systems to the growing sector.

### **Simon West**

#### **Marketing Manager — Mandarins and Oranges**

Principal consultant of Fullglass Management, Simon has more than 16-years' experience in the sales and marketing of both fast moving consumer goods and wine product in the Australian and overseas markets.

Simon is instrumental in developing and implementing the national mandarin and orange promotional program.

### **Raylene Kemp**

#### **General Manager — Business Services/ Company Secretary**

Raylene is the General Manager, Business Services and was appointed to the role of Company Secretary by the Citrus Australia Board in November 2008.

Ray has a strong background in finance and administration.





## MEMBERS OF THE BOARD

Citrus Australia is governed by an enthusiastic skills-based board comprising four grower member directors and three independent directors.



**Tania Chapman**  
Chair

Tania manages a citrus and grape growing business, and provides specialised bookkeeping services to horticulturists in the Sunraysia region. In addition, she has been Secretary to the Sunraysia Table Grape Growers Association and the Murray Valley Table Grape Growers Council. Tania holds a Diploma of Accounting and Advanced Diploma in Business Management and is a Member of the Australian Institute of Company Directors and the Australian Institute of Management.



**Kevin Parr**  
Deputy Chair

Kevin's business is one of the largest citrus growing operations in Australia and the largest in Queensland. He has 30 years' experience in citrus growing, packing, exporting and marketing. Kevin has extensive experience in industry leadership roles, and served previously as a Board Director of Australian Citrus Growers and a Board Member and Treasurer of Queensland Citrus Growers Inc.

He is also Chairman of Sweetee Citrus and Managing Director of Central Fruit Packers, a horticultural packing enterprise in the Central Burnett.



**Greg Dhnaram**  
Director

Greg is an independent director and brings expertise in retailing and fresh produce. Greg has 30 years' experience in retail through a variety of senior roles with Woolworths Australia. He is presently Chief Executive Officer of the Favco Group, a fruit and vegetable marketing company. He has a Graduate Certificate in Management, a Diploma in Finance and a Diploma in Business Knowledge.

## MEMBERS OF THE BOARD (CONT...)



**Kevin Cock**  
Director

Kevin has a citrus growing business in the Sunraysia region and was previously a director and vice president of Australian Citrus Growers and was the inaugural Chair of Citrus Australia. He has extensive experience in citrus production over the past 40 years and has been an active representative of the industry through a variety of industry committees and boards, media relations and government and trade delegations, and in advancing industry policy issues with government.



**Greg McMahon**  
Director

Greg McMahon is Managing Director of Seven Fields which owns over 450 hectares of citrus across the Sunraysia region and the Northern Territory, as well as mango, wine grape and almond interests. Greg brings extensive experience as a legal practitioner and Director, as well as business management having established his own legal firm and primary production enterprise.

Greg has tertiary qualifications in law, commerce, applied finance and investment and holds a Master of Business Administration (MBA). Greg has held the position of President of the Australian Direct Property Investment Association and is currently Director for the Arthur Earle Youth Foundation.



**Michele Phillips**  
Director

Michele brings strong marketing and board expertise. She has 20 years' experience working in Australia and Asia in both strategic and operational marketing roles for major firms including Electrolux Asia Pacific, Nestle Australia/NZ, Kellogg Australia and Kimberly-Clark Asia Pacific.

Michele is the President and Chair of a company that manufactures and markets a range of branded consumer food products and is executive director of a private equity firm. Her family owns a fruit farm in the Tweed Valley. She holds a Bachelor of Business degree, an MBA and is a member of the Australian Institute of Company Directors.



**Neil Offner**  
Director

Neil Offner is director of Freshlink Services Pty Ltd which provides sales and marketing services to the fresh fruit industries. He is a former director of the International Pink Lady Alliance.

Neil brings extensive industry, commercial and government experience due to his previous management position with Golden Circle/Excello and Export Development Manager role with Australian Horticultural Corporation (now HAL) with a strong focus on citrus market access issues, as well as a number of government operational and policy roles with AQIS and ABARE.

Neil has tertiary qualifications in Applied Science.



# FINANCIAL STATEMENTS for the Year Ended 30 June 2012

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# DIRECTORS' REPORT

for the Year Ended 30 June 2012 Citrus Australia Limited

Your directors present their report, on the company, for the financial year ended 30 June 2012.

## 1. GENERAL INFORMATION

### Directors

The names of the directors in office at any time during, or since the end of, the year are:

| Names            | Appointed/Resigned     |
|------------------|------------------------|
| Tania CHAPMAN    | Reappointed 25/10/2011 |
| Kevin COCK       |                        |
| Greg DHNARAM     | Reappointed 25/10/2011 |
| Kevin PARR       |                        |
| Michele PHILLIPS |                        |
| Neil OFFNER      |                        |
| Gregory MCMAHON  |                        |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Company Secretary

The following person held the position of company secretary at the end of the financial year:

Raylene Kemp. Raylene has worked for Citrus Australia Limited since its inception in October, 2008 as General Manager Business Services. She also worked in the same role for the Australian Citrus Growers Inc since 2002 until its wind-up in October, 2008.

### Operating results

The surplus of the company after providing for income tax amounted to \$180,027.

### Significant changes in state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

### Principal activities

The principal activities of Citrus Australia Limited during the financial year were represent the interests of Australian citrus growers on regional, national and international issues affecting the citrus industry.

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



## 2. OTHER ITEMS

### After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

### Future developments

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

### Environmental issues

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

### Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

### Meetings of Directors

During the financial year, 9 meetings of directors were held.

Attendances by each director during the year were as follows:

| Directors' meetings | Number eligible to attend | Number attended |
|---------------------|---------------------------|-----------------|
| Tania CHAPMAN       | 9                         | 8               |
| Kevin COCK          | 9                         | 9               |
| Greg DHNARAM        | 9                         | 8               |
| Kevin PARR          | 9                         | 9               |
| Michele PHILLIPS    | 9                         | 8               |
| Neil OFFNER         | 9                         | 9               |
| Gregory MCMAHON     | 9                         | 9               |

### Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

## DIRECTORS' REPORT (CONT..)

for the Year Ended 30 June 2012 Citrus Australia Limited

### Indemnifying Officers or Auditors

During or since the end of the financial year the company has paid insurance premiums to indemnify all directors.

### Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

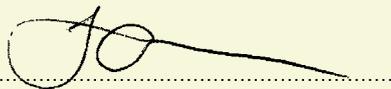
The company was not a party to any such proceedings during the year.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out at page 25.

Signed in accordance with a resolution of the Board of Directors:

Director .....



Tania Chapman

*Dated this 19th day of September, 2012.*



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WHK Audit Services  
ABN 27 44274 861

## Citrus Australia Limited

### Auditors Independence Declaration under Section 307C of the Corporations Act 2001 for Citrus Australia Limited

In relation to Citrus Australia Limited I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

WHK Audit Services

Nick Walker  
Partner

20 September 2012  
Mildura

Liability limited by a scheme approved under Professional Standards  
Legislation other than for the acts or omissions of financial services licensees

better advice for a better life

# STATEMENT OF COMPREHENSIVE INCOME

for the Year Ended 30 June 2012 Citrus Australia Limited

|  | Note | 2012<br>\$     | 2011<br>\$   |
|--|------|----------------|--------------|
| <b>INCOME</b>                                  |      |                |              |
| Revenue  | 2    | 2,732,028      | 2,844,629    |
| Other income                                   | 2    | 58,641         | –            |
| <b>EXPENSES</b>                                |      |                |              |
| Project & consultancy                          |      | (1,572,397)    | (1,987,792)  |
| Employee & director benefits                   |      | (921,594)      | (733,236)    |
| Rent & operating lease                         |      | (50,091)       | (46,714)     |
| Audit & legal                                  |      | (7,689)        | (7,286)      |
| Depreciation and amortisation                  |      | (1,764)        | (1,078)      |
| Other  |      | (57,107)       | (60,945)     |
| Surplus before income tax                      |      | 180,027        | 7,578        |
| Income tax expense                             |      | –              | –            |
| Surplus for the year                           |      | 180,027        | 7,578        |
| Other comprehensive income:                    |      | –              | –            |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> |      | <b>180,027</b> | <b>7,578</b> |



# STATEMENT OF FINANCIAL POSITION

as at 30 June 2012 Citrus Australia Limited

|                                      | NOTE | 2012<br>\$       | 2011<br>\$       |
|--------------------------------------|------|------------------|------------------|
| <b>ASSETS</b>                        |      |                  |                  |
| <b>CURRENT ASSETS</b>                |      |                  |                  |
| Cash and cash equivalents            | 4    | 1,068,226        | 935,030          |
| Trade and other receivables          | 5    | 136,245          | 90,344           |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>1,204,471</b> | <b>1,025,374</b> |
| <b>NON-CURRENT ASSETS</b>            |      |                  |                  |
| Property, plant and equipment        | 6    | 7,617            | 7,838            |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>7,617</b>     | <b>7,838</b>     |
| <b>TOTAL ASSETS</b>                  |      | <b>1,212,088</b> | <b>1,033,212</b> |
| <b>LIABILITIES</b>                   |      |                  |                  |
| <b>CURRENT LIABILITIES</b>           |      |                  |                  |
| Trade and other payables             | 7    | 133,464          | 193,098          |
| Employee benefits                    | 8    | 70,724           | 60,862           |
| Other liabilities                    | 9    | 444,886          | 404,278          |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>649,074</b>   | <b>658,238</b>   |
| <b>NON-CURRENT LIABILITIES</b>       |      |                  |                  |
| Employee benefits                    | 8    | 18,651           | 10,638           |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>18,651</b>    | <b>10,638</b>    |
| <b>TOTAL LIABILITIES</b>             |      | <b>667,725</b>   | <b>668,876</b>   |
| <b>NET ASSETS</b>                    |      | <b>544,363</b>   | <b>364,336</b>   |
| <b>EQUITY</b>                        |      |                  |                  |
| Accumulated Surplus                  |      | 544,363          | 364,336          |
| <b>TOTAL EQUITY</b>                  |      | <b>544,363</b>   | <b>364,336</b>   |

## STATEMENT OF CHANGES IN EQUITY

for the Year Ended 30 June 2012 Citrus Australia Limited

| 2012  | Accumulated Surplus<br>\$ | TOTAL<br>\$    |
|---|---------------------------|----------------|
| Balance at 1 July 2011                        | 364,336                   | 364,336        |
| Surplus attributable to members of the entity | 180,027                   | 180,027        |
| <b>Balance at 30 June 2012</b>                | <b>544,363</b>            | <b>544,363</b> |

| 2011  |                |                |
|---|----------------|----------------|
| Balance at 1 July 2010                        | 356,758        | 356,758        |
| Surplus attributable to members of the entity | 7,578          | 7,578          |
| <b>Balance at 30 June 2011</b>                | <b>364,336</b> | <b>364,336</b> |

## STATEMENT OF CASH FLOWS

for the Year Ended 30 June 2012 Citrus Australia Limited

|   | Note | 2012<br>\$       | 2011<br>\$     |
|---|------|------------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |      |                  |                |
| Receipts from funding and customers                           |      | 2,698,335        | 2,912,010      |
| Payments to suppliers and employees                           |      | (2,610,029)      | (2,812,742)    |
| Interest received   |      | 46,433           | 48,356         |
| <b>Net cash provided by operating activities</b>              |      | <b>134,739</b>   | <b>147,624</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |      |                  |                |
| Purchase of property, plant and equipment                     |      | (1,543)          | (6,722)        |
| <b>Net cash used in investing activities</b>                  |      | <b>(1,543)</b>   | <b>(6,722)</b> |
| Net cash increase in cash and cash equivalents                |      | 133,196          | 140,902        |
| Cash and cash equivalents at beginning of year                |      | 935,030          | 794,128        |
| <b>Cash and cash equivalents at end of the financial year</b> | 4    | <b>1,068,226</b> | <b>935,030</b> |



# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June 2012 Citrus Australia Limited

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) General information

Citrus Australia Limited is a company limited by guarantee, incorporated and domiciled in Australia.

### (b) Basis of preparation

#### *Reporting basis and conventions*

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the *Corporations Act 2001*.

The financial report has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in notes. The material accounting policies have been adopted in the preparation of this report are as follows:

### (c) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of a change in accounting policy.

### (d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

#### *Plant and equipment*

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

#### *Depreciation*

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated using the diminishing value method over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|----------------------|-------------------|
| Plant and Equipment  | 20%               |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS (CONT..)

for the Year Ended 30 June 2012 Citrus Australia Limited

## (e) 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 twelve months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

## (f) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

## (g) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

## (h) Income tax

The company is exempt from income tax under the provisions of the *Income Tax Act, 1997*.

## (i) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the life of the lease term.

## (j) Revenue and other income

Non-reciprocal grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Interest revenue is recognised as it accrues using the effective interest rate method, which for floating rate financial assets, is the rate inherent in the instrument. All dividends received shall be recognised as revenue when the right to receive the dividend has been established.

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

## (k) 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 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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.



#### (l) Impairment of assets

At the end of each reporting period, the committee reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in the statement of comprehensive income.

#### (m) Financial instruments

At the end of each reporting period, the committee reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in the statement of comprehensive income.

##### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

##### *Classification and subsequent measurement*

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The Company holds the following types of financial instruments:

##### *(i) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

##### *(ii) Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

## NOTES TO THE FINANCIAL STATEMENTS (CONT..)

for the Year Ended 30 June 2012 Citrus Australia Limited

### *Impairment*

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") that has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that they will enter bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the writing off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

### *Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### **(n) New Accounting Standards for application in future periods**

The AASB has issued the following Accounting Standard which is mandatorily applicable for future reporting periods and is relevant to the Company. The company has decided not to early adopt this Accounting Standard. The Company's assessment of this Accounting Standard is set out below.

- AASB 2011-9: Amendments to Australian Accounting Standards — Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially re-classifiable to profit or loss subsequently. This Standard affects presentation only and is therefore not expected to significantly impact the Company.

### **(o) Critical accounting estimates and judgments**

The Company evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.



#### *Key estimates*

##### *(i) Impairment*

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers.

#### *Change in judgments*

##### *(i) Income recognition*

The revenue from QLD promotions was formerly recognised in the statement of comprehensive income on a systemic basis over the period(s) in which the company recognised as expenses, the related costs for which the fund revenues were intended to compensate. Unexpended QLD promotions income was recognised as a liability in the company's balance sheet until such times as that income is expended.

To be more consistent with current accounting standards on income recognition, as detailed in Note 1(j), judgment for the income recognition in relation to QLD promotions income has been changed to align with the company accounting policy on revenue and other income.

##### **(p) Accounts receivable and other debtors**

Accounts receivable and other debtors include amounts due from donors and any outstanding grants receipts.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

##### **(q) Accounts payable and other payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid.

The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

## NOTES TO THE FINANCIAL STATEMENTS (CONT..)

for the Year Ended 30 June 2012 Citrus Australia Limited

### 2 REVENUE AND OTHER INCOME

| Revenue from continuing operations | 2012<br>\$       | 2011<br>\$       |
|------------------------------------|------------------|------------------|
| — interest received                | 46,433           | 48,356           |
| — operating grants and income      | 2,073,480        | 2,186,040        |
| — member subscriptions             | 171,487          | 139,380          |
| — project income                   | 440,628          | 470,853          |
| — other revenue                    | 58,641           | —                |
| <b>Total Revenue</b>               | <b>2,790,669</b> | <b>2,844,629</b> |

### 3 SURPLUS FOR THE YEAR

|  | 2012<br>\$ | 2011<br>\$ |
|--|------------|------------|
| <b>(a) Expenses</b>                    |            |            |
| Loss on disposal of non-current assets | —          | 123        |

### 4 CASH AND CASH EQUIVALENTS

|   | 2012<br>\$       | 2011<br>\$     |
|---|------------------|----------------|
| Cash on hand  | 200              | 200            |
| Cash at bank  | 1,068,026        | 934,830        |
|   | <b>1,068,226</b> | <b>935,030</b> |
| <b>(a) Reconciliation of cash</b>   |                  |                |
| Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows: |                  |                |
| Cash and cash equivalents   | 1,068,226        | 935,030        |
|   | <b>1,068,226</b> | <b>935,030</b> |

### 5 TRADE AND OTHER RECEIVABLES

|  | 2012<br>\$     | 2011<br>\$    |
|--|----------------|---------------|
| Trade receivables                                | 125,294        | 54,733        |
| Other receivables                                | 10,951         | 35,611        |
| <b>Total current trade and other receivables</b> | <b>136,245</b> | <b>90,344</b> |



## 6 PROPERTY, PLANT AND EQUIPMENT

|                                  | 2012<br>\$   | 2011<br>\$   |
|----------------------------------|--------------|--------------|
| At cost                          | 11,068       | 9,525        |
| Accumulated depreciation         | (3,451)      | (1,687)      |
| <b>Total plant and equipment</b> | <b>7,617</b> | <b>7,838</b> |

### (a) Movements in carrying amounts

Movement in the carrying amount for each class of plant and equipment between the beginning and the end of the current financial year:

|   | Plant and<br>Equipment<br>\$ | Total<br>\$  |
|---|------------------------------|--------------|
| Balance at the beginning of the year              | 7,838                        | 7,838        |
| Additions   | 1,543                        | 1,543        |
| Disposals — written down value                    | —                            | —            |
| Depreciation and amortisation expense             | (1,764)                      | (1,764)      |
| <b>Carrying amount at the end of 30 June 2012</b> | <b>7,617</b>                 | <b>7,617</b> |

## 7 TRADE AND OTHER PAYABLES

|                              | 2012<br>\$     | 2011<br>\$     |
|------------------------------|----------------|----------------|
| <i>Unsecured liabilities</i> |                |                |
| Trade payables               | 133,464        | 193,098        |
|                              | <b>133,464</b> | <b>193,098</b> |

## 8 PROVISIONS

|                                | Employee<br>entitlements<br>\$ | Total \$      |
|--------------------------------|--------------------------------|---------------|
| Opening balance at 1 July 2011 | 71,500                         | 71,500        |
| Additional provisions          | 17,875                         | 17,875        |
| <b>Balance at 30 June 2012</b> | <b>89,375</b>                  | <b>89,375</b> |

### (a) Analysis of total provisions

|             | 2012<br>\$    | 2011<br>\$    |
|-------------|---------------|---------------|
| Current     | 70,724        | 60,862        |
| Non-current | 18,651        | 10,638        |
|             | <b>89,375</b> | <b>71,500</b> |

## NOTES TO THE FINANCIAL STATEMENTS (CONT..)

for the Year Ended 30 June 2012 Citrus Australia Limited

### 9 OTHER LIABILITIES

|                 | Note | 2012<br>\$     | 2011<br>\$     |
|-----------------|------|----------------|----------------|
| Deferred income | 1(j) | 444,886        | 400,278        |
| <b>Total</b>    |      | <b>444,886</b> | <b>400,278</b> |

### 10 AUDITORS' REMUNERATION

|  | 2012<br>\$ | 2011<br>\$ |
|--|------------|------------|
| Remuneration of the auditor of the company for:  |            |            |
| — auditing or reviewing the financial statements | 3,900      | 3,680      |
| — Other services — audit acquittal               | —          | 1,000      |

### 11 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

At 30 June, 2012 the directors' are unaware of any liability, contingent or otherwise, which has not already been recorded elsewhere in this financial report.

### 12 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

### 13 CASH FLOW INFORMATION

|  | 2012<br>\$     | 2011<br>\$     |
|--|----------------|----------------|
| <b>(a) Reconciliation of Cash Flow from Operations with Surplus after Income Tax</b> |                |                |
| Surplus for the year   | 180,027        | 7,577          |
| Non-cash flows in Surplus  |                |                |
| — Depreciation   | 1,764          | 1,078          |
| — Net loss on disposal of property, plant and equipment                              | —              | 123            |
| Changes in assets and liabilities  |                |                |
| — (Increase)/decrease in trade and other receivables                                 | (45,901)       | 115,737        |
| — Increase/(decrease) in trade payables and other liabilities                        | (19,026)       | (15,922)       |
| — Increase/(decrease) in employee benefits   | 17,875         | 39,031         |
|  | <b>134,739</b> | <b>147,624</b> |



#### 14 EVENTS AFTER THE END OF THE REPORTING PERIOD

Since the date of preparation of this financial report, there have been no events occurring after the reporting date which requires specific disclosure.

#### 15 MEMBERS GUARANTEE

The company is limited by guarantee. If the company is wound up, the company's constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. At 30 June, 2012 the number of members was; 187 grower members and 72 affiliate members.

#### 16 COMPANY DETAILS

The registered office of the company is:

**Citrus Australia Limited**  
115 Lime Avenue  
Mildura Victoria 3500

The principal place of business is:

115 Lime Avenue  
Mildura Victoria 3500

# DIRECTORS' DECLARATION

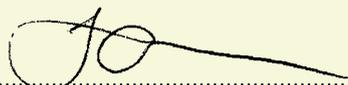
Citrus Australia Limited

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 21 to 40, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



Tania Chapman

Director



Kevin Parr

*Dated this 19th day of September, 2012.*



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## Citrus Australia Limited

### Independent Audit Report to the members of Citrus Australia Limited

We have audited the accompanying financial report of Citrus Australia Limited (the company), which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Director's Responsibility for the Financial Report*

The directors of the company are 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 report are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company'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 directors, as well as evaluating the overall presentation of the financial report.

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

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## Citrus Australia Limited

### Independent Audit Report to the members of Citrus Australia Limited

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

#### *Auditor's Opinion*

In our opinion the financial report of Citrus Australia Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and the Corporations Regulations 2001.

#### *Basis of Accounting*

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.



WHK Audit Services



Nick Walker  
Partner

20 September 2012  
Mildura

Published by Citrus Australia.

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