Productivity Commission Inquiry into Citrus Growing and Processing Industry.

Submission by J.G. Benham & Sons, PO Box 101, MUNDUBBERA, QLD 4626.

Family Background in Citrus

Walter Benham moved in November 1912 after selling his florist shop, nursery and house in Broken Hill to a dairy farm selection "Myola", near Byrnestown on the rail line to Gayndah, Queensland where the family engaged in dairying and started orchard work. A few years later he purchased land six miles away under a "prickly pear selection" at the Yenda crossing of the Burnett River naming the property "Benyenda". By 1924 there was 10 acres of citrus cultivated which grew to 80 acres by the time of Walter's death in 1947, aged 78. Pleasing aspects for Walter of his time at Benyenda included winning prizes for the high quality of citrus grown at the Sydney, Melbourne and Brisbane shows & the development after fourteen years of observation of the "Yenben Lemon" from a bud mutation on Lisbon lemons. Grandsons Murray & Ross Benham and families continue to own and manage this property today still marketing citrus under the original Benyenda label.

Our founder John "Jack" Gordon Benham being the eldest of Walter's twelve children left Benyenda in 1942 at 39 and moved onto a dairy farm at Philpott creek near Mundubbera. In 1944, Jack after the death of his brother Fred, took over Fred's international nursery business specialising in supplying citrus and roses around Australia and overseas to destinations including Ceylon, South Africa & South America, and relocated its operations from a property adjacent to Benyenda to the dairy farm at Philpott some 90kms away over the next two years. In 1953, what we now call the Main Orchard was purchased from Doug Zipf who had started the orchard in 1936 and at the time of sale had established trees of 17 years (500), 5 years (600) and 1 year (1000), around 20 acres in total with the nursery relocated to the new orchard.

In 1962 Jack formed the J.G. Benham & Sons partnership with his two sons Eric and Walter "Wally" and registered the "Joey" brand for the marketing of their citrus. The nursery continued commercial operations until 1968 by which time the orchard had grown to 80 acres and required the full attention of Jack, Eric and Wally. In 1986, Jack at 83 retired from all aspects of the business and Eric's three sons Steven, Michael & Brett started entry of the 3rd generation into the business. The current operating entity still trades under the registered business name of J.G. Benham & Sons.

Queensland's Involvement in the Australian Citrus Industry

Since a number of the points raised in section 2.1 of the issues paper are contradictory to how the citrus industry has evolved in Queensland we have dug through our records locating important events in the development of our orchard business since starting in 1953. We have split these developments into three sections being:

(a) Development of J.G. Benham & Sons as part of the Queensland Citrus Industry
(b) Queensland's Export Activities Based on Our Experiences and Involvement in QCEC
(c) Australia's Entry and Supply of Citrus to Japan, a Queensland Perspective

to provide some background for our sector of the Australian citrus industry. Where significant we have included what we perceive are the problems currently facing the future development of the industry today as a grower and packer of citrus along with possible solutions, sometimes optimistically.

(a) Development of J.G. Benham & Sons as part of the Queensland Citrus Industry

1953 - Purchase the Main Orchard located on a ridge 2km from the impoundment area of the newly finished Jones Weir on the Burnett River at Mundubbera. As well as a reliable water supply the height of the ridge also affords good frost protection for the relocated nursery operations and timing advantages for growing rock melons during the off season for cash flow.

1955 - Start installing overhead sprinkler system and using excess nursery stock to increase orchard area.

1960 - New packing shed built and equipped with a 3 ft. grading line and a rotary bin sizer.

1961 - A new forklift and bulk bin handling system installed to replace hand crates being used to get fruit from the field to the shed and then into the packing line.

1962 - J.G. Benham & Sons partnership formed.

1962 - "Joey" brand registered and colour labels incorporating the brand name, logo and regulatory details of the day were glued on one end of each case to assist in the marketing of citrus. Followed the lead of J.J. "Jack" Parr of Golden Mile Orchard, Mundubbera, who after one of his many overseas trips a few years earlier to inspect growing and marketing trends and seek out export markets had devised and adopted the "Sammy" brand with a label depicting a small boy holding a piece of citrus to improve his marketing position in line with current trends in the USA market.

1964 - Irrigation Pump and Motor upgraded along with the 2km of 6" irrigation main from the river being supplemented by a 12" heavy duty pipeline to allow replacement of remaining handlines with a permanent system of over head sprinklers for all of the orchard.

1966 - Imperial mandarins planted as an earlier variety to extend the mandarin season following its success in Queensland conditions after introduction by the Darrow family of Gayndah in 1956. The imperial is an Australian variety first discovered in 1890 at Emu Plains west of Sydney and believed to be a hybrid of a previously introduced Mediterranean mandarin.

1967 - Diversification into beef cattle buying first cattle property to maintain off season job opportunities for staff and an alternative cash flow to citrus while phasing out commercial nursery operations and rock melon growing activities. Allows Eric & Wally more time with their young families and offers a respite in the off season from the frantic pace of the citrus harvest and its growing export commitments between April and September each year. In addition, as the orchard operations had grown so to had the need to concentrate on off season activities such as fertilising, spraying, pruning, new variety evaluation, tree replacement, additional planting's, field and packing shed equipment maintenance, equipment updates incorporating new technology, etc. in order to retain or gain a marketing edge over competitors and allow us to remain viable.

1967 - Our first high volume boom spray cart built by a local mechanic in Mundubbera using where possible Australian supplied parts to assist with repairs and replacements in the future.
NB. like many of the innovations we adopted in the earlier years this one was introduced to the Queensland citrus industry by Jack Parr following one of his many overseas visits, especially to California and Florida where he became almost as well known as he was at a Mundubbera fruit growers meeting. Being more than 10 times the size of most other growers in the district and the founder of the largest privately owned orchard in the Southern Hemisphere at the time he was always on the lookout while travelling for growing techniques, equipment and technology, varieties and markets to retain and or expand his position in the industry and was never averse to trying something new. He willingly passed on his findings to other growers and local businesses knowing that the successful ideas would be adapted in a variety of ways to suit the scale of

operation involved through which some further improvement or innovation of the original idea may be achieved. Jack Parr's legacy for the Queensland citrus industry has continued even after his death in 1982 as other growers continue his search for innovative ideas and new markets when travelling anywhere in the world and on returning home discuss the findings with their mates to see if they can be adapted to local conditions and in the process improve the lot of all involved.

1968 - Murcott mandarins planted as a later variety to extend the mandarin season. The original trees that are left are currently the oldest surviving murcott trees in Australia.

1969 - De-greening rooms installed with an automated ethylene system to replace the more dangerous carbide gas method following a grower's trip to the First International Citrus Symposium in California and the subsequent study tour of USA citrus growing areas in 1968.

1970 - 18 months of severe drought end in February filling the newly completed Wuruma Dam on the Nogo River, a tributary flowing from the north into the Burnett River upstream from Eidsvold.

1971 - Start introduction of a ½ carton (2/5 bushel) with a standard inner for sending mandarins to the domestic markets. All of the new imperial variety packed in a ½ carton from this season

1972 - Worst hail storm in 20 years of operation with around 10% fruit damage

1973 - First shipment of murcott packed for export from Australia and sent to England.

1975 - Kensington pride mangoes planted to help extend the off season jobs for staff, further utilise the grading line and add another alternative cash flow during the 6 month citrus off season.

1976 - Again following the lead of Jack Parr, adopt new metric cartons for all lines of citrus to phase out mix of 4/5 & 2/5 bushel wooden cases and cartons. New lines include C8 18kg & C20 9kg cartons for domestic markets and C25 18kg & C21 9kg cartons with waxed inners for extra strength for export markets with 9kg cartons used exclusively for selected varieties of mandarins.

1977 - First on site cold rooms installed to improve control over the export cold chain allowing containers to be loaded on farm instead of sending shipments to Brisbane for pre cooling and loading.

1979 – Ellenor mandarins planted as an early to mid season export variety after being one of four Central Burnett growers entrusted to further develop the variety by Hilary White, the original propagator. In his seventies, Hilary wanted some benefit to be gained by industry from the variety it had taken him over 40 years to develop since first crossing an ellendale mandarin and a sweet orange.

1980 - Adopt Integrated Pest Management (IPM) as one of Dan Papacek's (Bugs for Bugs) first four customers as he took up Jack Parr's offer to go into business for himself after getting the Golden Mile's IPM program up and running in the previous 3 years. Benefits of replacing the previous full blown insecticide program for four to five months prior to harvest of down to fortnightly applications of high strength chemicals was the immediate savings in chemicals and application costs with medium to longer term benefits being a safer working environment, a significant reduction in the toxicity of chemicals used and the resultant residue levels on the fruit & an increase in the effectiveness of available chemicals as there is less incidence of chemical resistance by pests due to a combination of less applications and lower rates of usage. The use of up to ten insecticide
chemical applications a season in the 1970's has been reduced in some seasons since adopting IPM down to none with the norm now being 1 or 2 targeted applications in the few blocks where pest

outbreaks become unmanageable.

Put simply, the IPM program developed by Dan Papacek in collaboration with Dan Smith (Queensland DPI) and others is based on using native or introduced good bugs that are predators & parasites of bad bugs that are pests of citrus to control them within economic levels. When pest levels are not expected to be reduced to within acceptable limits by harvest time, chemical control is considered using where possible a selective and non-disruptive chemical in preference to the broad spectrum chemicals previously used which were also harmful to predators & parasites and highly disruptive to an IPM program. IPM is a continually evolving program with some details of its evolution from 1980 to date set out below to show how adaptive it must be:

- Initially Citrus Red Scale was the main target of IPM as it continued to build resistance to even the harshest of the broad spectrum chemicals available at that time. Red Scale problems initially increased in the first couple of years due to residual effects of prior years chemical treatments affecting the infiltration of the good bugs, but after 4 to 5 years control was to levels comparable if not better than a spray program.

- During the late 1980's secondary pests such as Brown Citrus Rust Mite, Citrus Rust Mite and White Louse Scale that had previously been controlled by the broad spectrum chemical applications of the 1970's returned in numbers that became economically unacceptable. Each pest required its own management strategy to be developed, initially with a targeted spray program that kept the pest at bay and caused the least disruption to the biological controls of other pests in the IPM program while an investigation into possible predators or parasites was undertaken. Once a suitable predator or parasite was located its method of introduction and maintenance in the IPM program had to be devised and implemented with options ranging from an immediate release letting natural increases build up numbers to setting up a captive breeding program for annual releases to supplement numbers to introduce an effective biological control of the pest concerned. An outstanding example of this process was the identification of the Ladybird *Chilocorus Circumdatus* as a predator of White Louse Scale and the development of its captive breeding program which fast tracked the effective control of White Louse Scale back to minor pest status.

- The late 1980's & early 1990's saw the appearance of two relatively new and obscure pests of Queensland citrus raise their ugly heads with the Main Orchard being one of the first targets for both the Citrus Jassid and the Citrus Leafeating Weevil. Blocks of trees were made available in 1990 &1991 to Dan Smith (QDPI) & Dan Papacek (Bugs for Bugs) for the initial assessment of viable chemical treatments for Citrus Jassid. Results showed that only Hydrated Lime and Buprofezin out of the chemicals tested gave adequate control. Hydrated Lime had Workplace Health & Safety problems and was damaging to spray cart pumps and disruptive of IPM programs while Buprofezin was unregistered in Australia, see Attachment 1. Repeated attempts from 1992 by researchers, growers and manufacturer's (Dow Elanco for "Applaud") failed to get products containing Buprofezin registered. We continued to assist researchers of both pests during the 1990's with access to blocks for further spray trials, the study of pest habits and habitats and the search for possible predators and parasites. By 1998 after 9 years of various research projects the IPM control of Citrus Jassid had advanced to the stage that the 2 IPM acceptable commercial chemical treatment alternatives that had been discovered to give adequate Citrus Jassid control both remained unregistered leaving Hydrated Lime as a deterrent spray as the only chemical alternative. Two species of Mymarid Egg Parasitoid's, tiny wasps that lay their eggs into the eggs of the Citrus Jassid, had only been newly discovered to occur in the Central Burnett citrus districts with effective levels of parasitism recorded in a few orchards in the area under certain circumstances. Means to conserve existing populations are still being investigated as well as the development of mass rearing and release systems to augment natural

(a) Development of J.G. Benham & Sons as part of the Queensland Citrus Industry

colonies.

For more detailed information on the development of Citrus Jassid IPM programs refer to the HRDC's "FINAL REPORT: CT 616 Integrated Control of the Citrus Jassid, Empoasca smithi. (1 July, 1996 - 30 June, 1998)" by C.G.Freebairn & D.Smith.

After at least 10 years of economic damage to imperials we used in early 1997 the last 2kg of a batch of Applaud left over from earlier research trials to combat an outbreak of Citrus Jassid in the Main Orchard's 2 smallest blocks of imperials from which we still had the possibility of recovering some marketable fruit after severe hail storms. The results of using the 2kg of Applaud were:

(a) In 1997 we still didn't recover any marketable 1st grade fruit.

(b) In 1998 we were subjected to raids by QPDI Standards Branch of all business premises and records and selected private residences and personal papers.

(c) In 1999 the business was prosecuted by QDPI and fined $1500 for the use of an unregistered chemical while immunity was granted to the QDPI researcher's who had conducted the trials and left the spray on site &

(d) In 2000 we made a business decision to reduce involvement in future QPDI trials after more than 40 years of co-operation to advance industry issues so as to minimise the chance of future raids, prosecution & the associated stress involved. The decision was not taken lightly, but because of the apparent ease by which certain investigating officers in their current position could vindictively target individual directors due to unrelated events years prior, it was considered necessary.

It should be noted that it took a number of similar prosecutions of growers in 1999 and some political backlash** before the Queensland Minister for Primary Industries stepped in to support the previous 10 years of effort by industry and his own QDPI researchers to have all of the Department work with the National Residue Authority (NRA) to grant a registration for a chemical so important to the future operation of IPM programs. A temporary approval was put in place for the 2000 season with a full registration in place ready for the 2001 season.

** Evidence that Buprofezin was registered in over 40 other countries for agricultural use including some citrus registrations was produced. At the same time under bi-lateral trade agreements with New Zealand a range of produce including grapes, citrus and kiwifruit could be legally exported to and then sold in Australia with no repercussions even after being sprayed with Buprofezin as it was a registered product in New Zealand. This was in direct contrast to recent actions taken against Australian growers for spraying with Buprofezin. Growers then requested that imported produce, especially USA citrus and all New Zealand produce, be subjected to the same restrictions and testing requirements that were being enforced on Australian growers with similar penalties applied for breaches.

During the same period the IPM control of the Citrus Leaf Eating Weevil due to its slow spread through the 2 orchards on which it was originally detected combined with no visual damage of fruit has deemed it a low priority pest and led to no real progress in its control. In 10 years the weevil's full life cycle has not yet been determined making it hard to establish the best time to control the pest, no natural enemies have yet been identified and no commercially viable chemical treatments has been developed as yet, let alone started the registration process. When tree damage levels start to cause production loss, recent weather patterns have made this hard too quantify, the only methods of control currently available are to either fund another research project in the hope that the latest chemical trialled will coincide with a susceptible stage in the weevil's development or squash any specimens seen in the field between two blocks of wood.

(a) Development of J.G. Benham & Sons as part of the Queensland Citrus Industry

- The prevailing drought conditions of the late 1990's have seen changes in the seasonal behavioural pattern of some pests requiring changes in the IPM measures to control them, eg the treatment of Red Scale. The changing weather patterns extended the scale's breeding cycle later into the harvest period and conditions were generally harsher on the parasitic Aphytis Wasp requiring additional as well as later releases to be made to maintain numbers in order to parasitise all generations of the red scale. Because of the closeness of parasitism to harvest some of the scale wouldn't fall off during conventional post harvest treatments which required the addition of a high pressure wash to the packing line to help remove the majority of dead scale from the fruit before packing.

- See Attachment 2 for details of the "Citrus pests a field guide" handbook which is a pictorial guide of citrus pests and the predators and parasites that have been identified to combat them in the first 20 years of citrus IPM programs in Australia.

PROBLEMS currently faced by growers, IPM consultants and researchers in maintaining IPM programs include:

- Time it takes after noticing economic damage to:
  (a) Identify the pest causing the damage.
  (b) Determine the stages and timing of its life cycle including at what stages it is present in the orchards and during which stages it can cause damage.
  (c) Establish an effective targeted spray program from the chemicals still registered for citrus for the short term that keeps the pest at bay and economic damage to a minimum while causing the least disruption to the biological control of other pests in the IPM program.
  (d) Locate predators and parasites of pests, either locally or from overseas.
  (e) Develop strategies to conserve and expand existing populations of good bugs if they occur locally as well develop mass rearing and release systems of any available good bug to augment natural colonies.
  (f) Investigate long term sustainable backup spray programs to provide a range of the softest chemicals available for use at their lowest rates under varying weather conditions to maintain effective economic control of the pest.
  (g) Continually adapt and fine tune the means to control a pest developed in steps a to f above in order that the overall IPM program can be optimised.

  NB. Steps e & f may be dramatically lengthened by various Departments bureaucratic red tape if the good bug or chemical requires importation from overseas. As well, further delays for steps c & f may be experienced if chemicals concerned aren't specifically registered for a similar use at similar rates on citrus in Australia due to the time taken to change or implement from scratch new chemical registrations. Examples of relative time frames to complete the above steps for pests we have encountered under IPM are:

  (i) White Louse Scale - steps (a) to (f) in around 8 years, relatively quick as pre IPM citrus pest with international distribution speeding up access to control measures that only had to be adapted for local conditions.
  (ii) Citrus Jassid - steps (a) to (c) in 3 years except for the registration of the chemical treatment which took a further 9 years as outlined above or 12 years in total, step (d) was achieved in 7 to 8 years with step (e) currently in progress.
  (iii) Citrus Leaf Eating Weevil - step (a) took around 4 years with step (b) still currently in progress some 12 years after damage first became significant. Sometimes wish in high damage years that it had spread throughout the Central Burnett as quickly as the Citrus Jassid so that local, state and national research funds would have been

more forthcoming to at least finish steps (b) and (c).

- Loss of effective DPI researchers due to administrative requirements to run a project becoming overwhelming and the dropping of fully tenured positions for support staff in favour of researchers being reliant on a wages component in project payments to help fund assistants and in some cases their own salaries.

- Loss of registered chemicals as go through NRA review processes, as costs to re-register far outweigh the expected future sales in many cases causing re-registration not to proceed.

- Reluctance by the international chemical companies to go to the expense of registering new chemicals for pests or change current registrations to reflect changed usage patterns under IPM due to the lack of cost recovery potential from the Australian citrus market because of its relatively small size globally. Changes in chemical registrations for State / district / localised adaptations to usage patterns are even less likely to be accomplished due to the further diminishment of returns available to the chemical companies.

- The greater the adoption and subsequent reliance on IPM with its minimised usage of chemicals the harder it will be to attract chemical companies to start research on new products suitable for citrus due to the projected sales volumes been unlikely to match development costs.

- Lack of effective support by DPI Minister's and Department hierarchy to support research staff in the timely introduction of changes to chemical registrations and usage requirements based on trial research to maintain the continual evolution of IPM programs. The alternative if pest damage becomes to severe before a new soft chemical or biological control can be found to manage the pest is to use more toxic chemicals with are disruptive to IPM and in some cases may totally jeopardise a program with a worst case scenario of a return to full spray programs.

- Lack of recognition of overseas chemical registrations and biological control agents adopted for citrus pests by some of our larger international competitors who through the size of their industry are able to attract both chemical companies funds for research and registration as well as being able to fund their own researchers to investigate and implement chemical and biological improvements to their IPM programs. The insistence to have all such research repeated under Australian conditions to verify its efficacy costs industry dearly until it can afford to have the work undertaken by:

  (a) Extending the years of economic loss until the treatment can be verified.

  (b) Reducing our global competitiveness by not being able to adopt the latest IPM developments to improve our product and reduce our costs.

  (c) Delaying entry to viable overseas markets for quarantine reasons until control of the pest is verifiable.

  (d) Making the perceived "Clean & Green" image of our product harder to verify by not being able to use an available biological control agent and / or the softest chemical option at the lowest usage rates possible.

  NB. The assistance given to industry to import a proven beneficial predatory or parasitic insect used by other countries in their citrus IPM programs to control pests that also originated there is diametrically opposed to the support received when pests such as Papaya Fruit Fly enter the country illegally.

(a) Development of J.G. Benham & Sons as part of the Queensland Citrus Industry

Our perceived differences between the entry of a beneficial and a pest are:

Beneficial	Pest
Wanted in the country	Not required under any circumstances
Laws preventing entry effective	Laws preventing entry sometimes ineffective
No govt. funds available to assist entry	Unlimited govt. funds to assist exit
No aid to develop chemical treatments	Funds available to develop new treatments overnight
Research resources on a user pay's basis	Research resources co-opted and funded
Lengthy time frame to complete due process and have desired result implemented	Instantaneous implementation of results with limited if any industry consultation
No legislation to assist uptake	Legislation to insist on uptake
Govt. assistance - generally hurdles	Govt. assistance - given ready or not
DPI staff levels - qualified staff reduced if user funding component not available	DPI staff levels - rapid increase in numbers to undertake monitoring, spraying, etc.

It appears that if there is an urgent need to combat a pest that has got past our quarantine barriers to protect agricultural industries and in the case of the Papaya Fruit Fly eradicate it before it becomes endemic then government departments can work together to quickly resolve the issue and funds are available to readily do research and employ staff to get all aspects of the task done. However where the matter doesn't appear as critical to the national interest such as the introduction of a new beneficial insect, funds dry up and the same government departments seem to delight in not co-operating with each other and instead put all their efforts into trying to create the biggest hurdle for industry to overcome as they endeavour to improve their lot.

POSSIBLE SOLUTIONS to current IPM problems:

- An awareness program be developed for government departments in the part they can play in the adoption of IPM programs and their continual adaptation to remain effective.

- Retain chemicals currently registered without need for review unless serious complaints received about its use trigger a review and then only for the use concerned.

- That NRA be allowed to use scientific data for a chemical accepted by other approved governments around the world that have registered chemicals for citrus use.

- States employ DPI researchers and assistants to work in a co-operative and co-ordinated manner on industry prioritised projects to help maintain and improve IPM programs.

- Sections of DPI and or NRA (and other departments that wish to be involved) be set aside to help fast track changes to chemical registrations and usage requirements as well as the introduction of new chemical and biological control agents located by researchers to extend the effectiveness of IPM programs.

(a) Development of J.G. Benham & Sons as part of the Queensland Citrus Industry

1982 - Wuruma Dam runs dry.

1983 - 18 months of drought broken by unusually heavy rain in late April nearly filling Wuruma Dam for only the second time while overflowing the Boondooma Dam on the Boyne River just as it was nearing completion. The Boyne River is a tributary flowing from the south into the Burnett River a few kilometres upstream from Jones Weir at Mundubbera and just below where the Auburn River flows into the Burnett River from the west.

1983 - Start exports to Japan (see separate Japan export section for details).

1985 - R.M. Gow builds Central Burnett Fruit Processors factory in Mundubbera and accepts all types of citrus for processing including mandarin with no quota's or set delivery timetables which for the first time gives growers an outlet for all of their juice fruit.

1986 - Jack retires from the business and Eric's 3 sons, Steven, Michael & Brett start buying into the business making it 5 families now involved in the business.

1986 - After gaining a drought proofing water allocation** clear the Boyne Orchard site, named after the river the first cattle property purchased in 1967 is on, on a ridge that had similar soil types to the Main Orchard, which was noticed during the 1970's when mustering. Planted between 1987 and 1990 with valencia oranges and murcott mandarins in anticipation of future increased export opportunities into Japan with marginal ground used for mangoes to increase off season work. Orchard layout includes windbreaks and computerised under tree sprinkler irrigation system.
** (based on recent experience of the failure of the Main Orchard allocation on the Burnett River)

1987 - Neil Gow on his retirement in early 1986 had sold the R.M. Gow businesses including Central Burnett Fruit Processors with the original purchaser being taken over later in 1986 by a multinational company wanting to acquire its European interests with the Pacific Rim business's sold off as they were not required by the new owner. We were one of fourteen growers to form a co-operative to purchase the Central Burnett Fruit Processors factory to avoid it being shut down. In the process we retained an outlet for juice mandarins that had taken over 30 years to eventuate.

1987 - Nova mandarins planted as an early season export variety suitable for Asia.

1988 - Start cold treatments for Japan (see separate Japan export section for details)

1988 - Adopt new hydro probe watering monitoring and associated scheduling services to better utilise water resources provided by Dan Papacek from Bugs for Bugs as an ancillary service to his IPM consultancy.

1989 - All of Central Burnett Fruit Processors fresh juice customers from Gow days taken over prior to seasons start by National competitors resulting in regression to concentrate only sales.

1991 - Optical sizer installed replacing the belt/roller section of the existing rotary bin sizer to achieve more uniform sizing of citrus to be packed for export and domestic 1st grade.

1992 - A combination of high interest rates and unrealistically high juice fruit prices paid by national competitors forces Central Burnett Fruit Processors to indefinitely defer prior years outstanding fruit payments, some still owing today, and reduce payments for all shareholders juice fruit to $20 a tonne. Payments increased to $30 a tonne in 1996 to cover increases in Government levies and

freight payments. With large variations in world juice concentrate prices (in recent years below our costs of production), our high proportion of mandarin juice and the current Australian limits on its mixing with orange juice restricts our aims of increasing fruit prices to cover picking costs as well.

1993 - Wally's eldest daughter Leanne and her husband Trevor Harvey buy into the business increasing it to 6 families now involved and reliant on the business. During process solicitors setup a new company to act as group employer to provide protection of group's operational capabilities and assets after risks to both highlighted by three back to back workers compensation claims by an ex employee with the first two dismissed after investigation by the compensation board and the board on lodgement of the 3rd claim looking to prosecute the employee for fraud until his untimely death in a motor vehicle accident.

1993 - Drought conditions cause introduction of reductions in annual nominal water allocations from the start of the new water year on 1st July. The Main Orchard is reduced to 50% of it nominal allocation (i.e. its available water supply for the next year is cut in half) due to Wuruma dam holding under 15% of its storage capacity. Some affects on the 1994 flowering and crop set due to the poorer quality of water available at the time between August and October with localised rain filling Jones Weir and alleviating the problem for a few months into 1994. Similar conditions prevail during 1994 resulting in slightly harsher effects on the 1995 flowering and crop set. The Boyne Orchard allocation out of Boondooma Dam for the new water year was irrelevant due to conductivity levels at our pump site being over 3000, most citrus only has tolerance levels up to 1200. Fortunately we were able install a pipeline from an on farm storage dam, built in 1968 to try and drought proof the original cattle grazing activities, and by joining into the orchard main from the river were able to supply acceptable water to the Boyne Orchard. Young tree ages of 4 to 6 years and the under tree sprinkler system in place also minimised the water required to keep the orchard alive.

NB. Our aim in 1986 of drought proofing the orchard once it started to reach full production potential from 2000 by taking up an allocation of 2 to 3 times the expected water requirements so that under a reduced drought allocation % we would have enough water to keep the orchard alive had failed miserably in under 7 years, only ½ way to starting to recoup initial development costs.

1994 - February sees a special release of water out of Boondooma Dam from the Tarong Power House's guaranteed water allocation to assist citrus growers try and retain some of their 1994 crop as well as help other agricultural producers such as dairy farmers who are significantly reliant on water. A local fresh in the river at the same time allows us to flood harvest a quantity of reasonable quality water into the on farm storage. After a considerable time spent in negotiation by local landholders a subsequent release of water is made in September to help growers set a crop for 1995. With the Boyne Orchard river pump site conductivity levels reaching 6400 in June, see Attachment 3, this release is of no use to us as the quantities available are not enough to dilute the conductivity levels at our pump site to even remotely acceptable levels. We survive on the water pumped into the on farm storage in February 1994 until it next rains on October 25 1995 and gratefully accept the early Christmas present with only one month's supply left for sure and maybe two if rationed carefully.

1994 - Extend cold room and mesh area facilities to cope with increasing valencia quantities while allowing for space to store murcott for export to other countries and eventually Japan at the same time. (see separate Japan export section for details).

1994 - After 14 years as joint trustees of family super fund Eric & Wally have to be replaced by a corporate trustee in order for the fund to remain compliant with new regulations. New laws require

an additional company to be set up with the sole purpose of acting as the super fund's trustee, none of the other 11 companies in the group setup for various reasons over the years being acceptable for the purpose.

1994 - In December we purchase "Esmeralda", an established orchard of 110 acres with its own packing shed, from its founders Ray & Bessie Loakes who started it around 1951. The orchard is located in the Eidsvold shire on the banks of the Burnett River approximately ½ way between Eidsvold and Mundubbera. We take the punt that the drought will have to finish in two to three months and not 11 as it eventually does, something that hindsight says we shouldn't have done.

1995 - With no decent rain by the end of March we are in severe drought mode going into a harvest season with the quality of later varieties being worst affected. We try drilling bores on all three properties.

The Boyne Orchard has limited success at 2 shallow sites out of 6 attempts with low flows of barely suitable water. In desperate times they are equipped and used for up to 3 months to pump water into the off farm storage before the flow in one becomes to low and the conductivity level of the remaining one becomes too high causing fears that it would render the remaining dam water useless.

One attempt at the Main Orchard produces a small pile of blue metal from 450' underground on hitting granite bedrock and bores join on farm storage's as a non viable water source for this property. Next option is to convert as much of the orchard as possible to under tree sprinklers to best utilise the dwindling water supplies from Jones Weir if there is no immediate rain. Approximately 25% of the orchard is selected including most of the 5 to 15 year old trees to provide the best base to possibly continue operations once the drought ends. To integrate the under tree sprinklers into the existing overhead system a booster pump and filter station has to be installed into the main line from the river as it enters the orchard with each block to be upgraded also requiring its own separate filter bank. The system is operational on 31st October, 6 days after the rain falls, but on track to keep 40 out of 150 acres watered if it hadn't rained.

At Esmeralda, 2 out of 5 deep bore attempts supply water with the best quality being 1700 which was still a lot worse than what the system of shallow bores that were in place when we brought Esmeralda, had blown out to under the harsh conditions.

1995 - General rain falls starting on the 25th October which is too late to help the crop set for 1996 for the Main Orchard & Esmeralda resulting in maximum sets of 30% to 40% of a normal crop with the quality of what is available also well below normal. Due to the off farm storage water being available and the young tree ages the Boyne Orchard crop set meets the expected targets for 1996.

1996 - Start sale of 4 cattle properties adjacent to the Boyne Orchard property to raise funds for payments remaining on Esmeralda and to concentrate focus on horticultural pursuits.

1996 - Because Esmeralda is above the backup of Jones Weir and reliant on Wuruma Dam for its water supply, it was decided to try for a successful deep bore as Wuruma after more than 24" of rain in the district was still less than 30% full (approx. 1 to 1 ½ years supply). A bore of around 40,000 gallons / hour with a conductivity level of 1100 was achieved on the first attempt in 1996. It was decided to equip the bore for future drought use as the quality was acceptable when compared with the recent drought conductivity levels and the water could also extend the normal allocation in good times if it could be blended with acceptable quality river water, particularly for use in the few

blocks that we had been able to afford to convert from overheads to under tree sprinklers.

1996 - Start replacement of 3 Main Orchard blocks (5% of orchard) that jumped replacement queue due to the severity of the effects the drought water had on their rootstock & variety combination. Also start setup and planting of last 20 acres (15% increase of existing area) suitable for citrus that was originally cleared for planting at the end of 1993, but has been deferred to date because of the water situation. At Esmeralda start setup and planting of last 30 acres (23% increase of existing area) that appears to be only moderately frost affected and still suitable for citrus. For both orchards we decide to plant available new ground with newer exportable varieties leaving old drought affected blocks to produce what they can while getting the new blocks into production. Under tree irrigation is installed in new blocks as a water conservation measure as well as a tree protection method in case there is a return to drier conditions, overhead sprinklers cause tree stress due to the amount of salt and mineral residues left on leaves after 3 shifts of poor quality water.

1996 - Trial planting's of pecan nuts in frost prone areas of Esmeralda as possible replacement to citrus and cattle pasture. Possibility of reducing staff numbers by 80% to 95 % biggest attraction to junior directors with general hassles of employing staff increasing rapidly. Lower expected income from pecans easily offset by the projected reductions in stress levels as harvesting machines WON'T:

(a) Complain if drought effects cause a few weeks off work mid season,
(b) Disappear for extended smoke and toilet breaks when busy,
(c) Complain if current row is, or even just appears to be, harder to pick than another row,
(d) Forget to turn up Monday's after a hard weekend,
(e) Go to the pub after smoko on Friday's after receiving the week's pay,
(f) Fill in all 5 forms required to apply for a job and then not turn up,
(g) Decide to leave after 2hrs because it's hot outside,
(h) Have to apply for a tax number and can therefore stay for more than 3 weeks,
(i) Abuse and threaten the office staff over payslip disputes,
(j) Turn up Monday with a weekend sports injury and then fall out of a tree by 9am to get compo,
(k) Sue for unfair dismissal if replaced by a more efficient model,
(l) Steal picking equipment and try and sell it to our neighbours,
(m) Just pick the easy fruit off allocated and other rows to make extra money on leaving day,
(n) Upset other staff both at and away from work causing ugly situations that need resolution,
(o) Start work for someone else without bothering to let us know that not coming back,
(p) Require Workplace Health & Safety manuals to be devised for all aspects of a job including common sense details such as dressing properly, putting on sun screen, etc.
(q) Etc,etc,etc.

If the trials work and planting's continue, should be able to start reducing stress levels by 2010 as machines will be able to do the majority of the work by then. We can then regain some control as owners of the business over how operations are to proceed by significantly removing the constant wildcard factor of employing a large number of itinerant staff that are generally unknown to us.

1996 - On October 31st and December 30th the Main Orchard was hit by severe hail storms with the 30th December storm also hitting the Boyne Orchard. Some physical damage to young trees was caused and over 95% of the 1997 fruit set was damaged on both orchards with only a small % falling off before harvest. No 1st grade was recovered with around 40% salvageable as 2nd grade fruit and the remaining 60% downgraded to juice fruit (normally between 10% and 20%). Savings in costs were minimal, under $150,000 or 5% of expected total, with losses in gross income more significant at a minimum of $1,800,000 being at least 50% of year's possible income.

(a) Development of J.G. Benham & Sons as part of the Queensland Citrus Industry

1997 - For the first time in more than 30 years, normal operations couldn't be self funded and an overdraft facility had to be put in place by the end of April so that the 1997 harvest could continue.

1997 - Due to the hail we thankfully only had 2 containers of class 2 murcott instead of the usual 10 to 20 of class 1 going into South East Asia at the time the Asian financial crises started and were able to quickly follow up payment details offering a quick settlement discount of $5 per carton which enabled us to quickly receive payment of the balance before things got too bad.

1997 - Start removal of trees out of older blocks that haven't recovered since the drought to lessen the incidence of disease, especially citrus black spot, with approximately another 5% of Main Orchard (7.5 acres) and 10% of Esmeralda (13 acres) trees being removed.

1998 - A normal season weather wise with good quality fruit, however a lack of viable market alternatives due to the continuing Asian financial crises. In 1995, our last reasonably normal season weather wise, trade with Indonesia from being officially closed in 1991 had risen to over 13,500 cartons which equated to 20% of our total exports or 30% of exports if the valencia trade with Japan was excluded. In 1998 the quantity again returned to nil. Our estimation is that by 1997 Indonesia had grown to be the most lucrative and possibly the largest Asian market for mandarins from Queensland requiring between 500 and 800 containers a year (375,000 to 600,000 18kg cartons), generally of the higher priced large sizes of 1st class fruit and in 1998 this dropped to under 100 containers (75,000 18kg cartons) generally of the cheapest priced small sizes of 2nd class fruit. The virtually overnight change in requirements left a big hole in the demand for the higher priced large sizes of 1st class fruit somewhere in the order of 350,000 to 550,000 cartons. Other Asian markets were hard pressed to retain their existing levels of business resulting in it becoming a complete buyer's market with most growers forced to take sales just to move fruit with scant regard to the viability of the deal. The best analogy for the season is that the growers resembled a fresh carcass and buyers for the domestic chains and solvent importers were the vulture's flocking in quickly to pick the eyes out of what was available.

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NB. The ramifications of the virtual disappearance overnight of the Indonesian market in 1998 are still being felt by the Queensland mandarin industry today. Indonesia hasn't improved much from its 1998 position. Other Asian markets have since taken up some of the slack quantity wise, although the price levels haven't returned to the pre 1998 levels received from Indonesia. The bargaining power of the domestic supermarket chains which has grown in recent years as their collective domestic market share has increased to more than 70% has further complicated matters over the last 4 seasons. The following are examples of events that have occurred in the domestic market during the last 4 years that highlight the effects that the buying power of the chains can have on an already weakened market:

(a) Window for Queensland navels reduced from normal 6 weeks to either 2 weeks or total cancellation, due to over ordering of US navel imports and earlier start to Southern States supply season because of climatic conditions and earlier producing varieties being planted, in latter case not worth the hassle of changing lines twice in such a short space of time.

(b) Pre season purchase of small size imperials at prices to allow retail sales of under $1.00 a kg with consumers not buying the small fruit at any price. Took chain concerned out of the market place for a month while it tried to clear unwanted stock and caused competitors to drop prices for good sizes from over $2.50 a kg to compete which in turn led to further downwards pressure on the market as they reduced prices to growers to cover the discounting losses they had incurred.

(c) Refusal to buy any ellendales as climatic conditions had caused the bulk of the crop to be

smaller and more acidic than normal. After more than 30 years of supplying ellendales some chains left the industry at the drop of a hat because growers, due to climatic conditions out of their control, couldn't guarantee the quality of the product. Instead of helping industry to move the stock under difficult conditions it was preferred to walk away from the problem and stock no produce at all until the murcott season started.

A possibly cynical look at the PROBLEMS currently faced by growers to market their produce include:-

- Government expects growers to put a lot of effort into building trading relationships beyond the farm gate. Yet when the going gets tough and the more powerful retailers just pick up their bat & ball and go home there appears to be no similar effort made to get them back out onto the playing field.

- In the name of fair play and competition government has adopted Mr Himmler's report recommendations causing statutory levies for funding of grower peak bodies to be phased out weakening the bargaining position of growers by taking away the forums they have to organise and consolidate a viewpoint and the platform from which a united campaign can be launched on behalf of all growers, be it with the growing multitude of very important government departments, industry's customer base, suppliers of products and services to industry or the shrinking number of affordable researchers.

  {An analogy for government along Himmler lines, since political parties restrict the rights of some elected members to freely voice their opinions on all matters future contributors to party electoral funds should incur a 300% tax liability on any contributions they make and candidates, successful or not, personally incur a tax liability amount equal to10% of any contributions to their campaign in an attempt to allow members a more independent voice on all matters that come before them in parliament.}

  From personal experience over the last 15 years individual growers, even with the support of others in the industry, find it difficult to be even acknowledged by some government departments as you cannot be considered representative of industry unless attached to or recommended by a recognised industry organisation. Why is it then that funding avenues are being removed either partially or totally by government and the means of collection made more difficult for the same industry organisations that most government departments recognise as points of contact for discussion with industry on matters affecting there future viability.

- At the same time that government appears intent on dismantling industry organisations and dispersing the growers involved into independent fragmented groups, it has no qualms in allowing larger retail groups to grow unabated.

- In recent times government has told us to export more while creating a myriad of bureaucratic red tape to make the task more difficult, do they really want us to export?

- Great importance has been placed on the need for all growers to adopt a recognised Food Safety / Quality Assurance system such as ISO 9000, SQF 2000, HACCP Certified, Freshcare, Woolworths WVQMS, Coles Food Standards, AQIS CA to name but a few that are possibly applicable to the citrus industry. We have been able to successfully market our citrus for nearly 50 years domestically and have exported for over 40 years and got along fine without adopting any of the above systems. We have looked at some of them in recent times as the veiled threats have filtered through that next year you won't be able to sell your fruit unless you're compliant. To date we have considered the systems to be too time consuming & costly to implement and

maintain and generally too restrictive, eg. When we looked at AQIS CA arrangements they were only applicable to a proportion of our markets and were not available for Japan being the main market where CA arrangements would have benefited our operations. There are also some major inconsistencies between the requirements for our packing sheds and the application of those same standards in retail chain stores with a major bug bear being that we spend a lot of time sorting and grading fruit into different classes only to see it readily mixed back together again before sale to the end consumer. Why aren't the major retail chains being the major interface to the end consumer required to implement such systems well in advance of growers to determine what is actually required to meet consumer demands.

Some of these questions may need reasonably immediate solutions as the marketing problems of the last four years are only going to be further complicated throughout this decade as the increased level of planting's throughout the 1990's come on line. Unless Indonesia returns from its disappearance act or a comparable export market comes on line the production from a lot of trees planted specifically for Indonesia will no longer have a home.

POSSIBLE SOLUTIONS to marketing problems:

- Governments stop destroying industry organisations and instead assist them to attain support from all members of the industry so that they can continue to work as directed by the majority on behalf of all growers. Will in turn allow growers more time to concentrate on effectively running their businesses without the distraction of having to individually deal with the myriad of regulations being put in place.

- Assist gaining access to prospectively viable new markets for all types of citrus for all industry participants along lines of recent CMDG projects which has resulted in a number of new market opportunities for us including:
    - Reopening of Taiwan for oranges under a quota allowing QLD 5 * 40' containers a year.
    - Opening of Korea for oranges if sent to Victoria for cold treatment.
    - Direct access to Thailand for citrus.
    - Completion of mandarin confirmation trial to allow access to Japan for mandarins.

  Markets considered viable and still requiring funding, departmental co-operation accountable to industry and government support for access for Queensland's mandarin industry in a timely manner include:
    - Reopening of access to New Zealand lost in mid 1980's for all citrus.
    - Access to USA for all citrus in line with approval for Southern States (14 years of suppling fruit from a fruit fly endemic area to Japan under cold treatment with no outturn problems should provide a reasonable starting point for negotiations).
    - Access to Korea for oranges using own cold treatment facilities.
    - Access to Korea for mandarins (CMDG funding initially approved for this purpose was redirected to other projects once confirmation trials for mandarins couldn't be completed with orange and lemon work in the first year of funding and subsequent attempts couldn't be arranged with Korea to do the necessary mandarin trials).
    - With Taiwan recently joining WTO follow up negotiations to ensure removal of quotas for oranges and unrestricted access for mandarins from 2002 season.
    - Opening of direct access to Asian markets like China, Indonesia & Philippines under same similar quarantine conditions as being supplied now via Singapore & Hong Kong.

  A timetable of 3 years of dedicated effort to assist industry in marketing current crop estimates would be nice and not 10 to 20 years of ad hoc attempts as has occurred in the past.

- Return to early 1980's when numerous independent retailers controlled more than 70% of the domestic market and there was enough genuine competition in the marketplace to determine

true and fair market prices for product sold.

1999 - With the 1997 season worse than expected and the 1998 season not as buoyant as budgeted due to its marketing problems an extension to the 1997 overdraft facility is required by the end of April so that the 1999 harvest could continue. The previous facility is doubled and split into 3 components being a fixed loan for 5 years, a six monthly at call loan available between February and August for 3 years to suit peak cash flow requirements and a continuation of the overdraft facility.

1999 - Leanne & Trevor Harvey resign in May, horticulture is no longer considered a viable lifestyle.

2000 - The best crop set since at least 1992 with good rain to the end of 1999 lulls us into a false sense of security as we see dollar signs to help recoup some of our recent losses. Follow up rain between January and March isn't sufficient to fully develop the crop's fruit size and by the time we come to that realisation along with many others in the district it is too late to effectively thin the crop. 60mm of rain in April and early May only causes two to three weeks of delays to the start of the harvest season which in turn causes staffing problems throughout the harvest because of the large amount of small fruit resulting in fruit being left unpicked on the tree for the first time in 48 years. What turns out to be our biggest crop ever of just under 6,000 tonnes is also one of our most disappointing due to the high % of small fruit with over 2150 tonnes (36%) going to juice, the actual tonnes being 3 times more than our previous high from the 1997 hail storm affected crop. With 2000 tonne of the juice fruit only grossing $30 a tonne and costing between $35 and $120 a tonne to pick depending on the variety, it is not hard to work out some of the reasons behind our disappointment with the crop.

2000 - 399 group certificates prepared for last 12 months, up from 211 for the 1996/97 tax year when a similar amount of jobs available. Problems with staff compounded since 1996 & 1997 as lost a lot of regulars after weather reductions in crops caused one month layoff's mid season in both years and now more reliant on a greater number of itinerants, generally with less experience.

2000 - In September Michael Benham advises his intention to resign subject to the solicitors involved eventually finalising a means for the Harvey's and then himself to exit from the Groups complex structural nightmare that has evolved over the last 47 years and allow the remaining family members to stay in business without the need to fire sale some or all of the business.

2000 - With no rain since May both Wuruma Dam and Jones Weir on the Burnett are out of water again at the start of the flowering and crop set. For the Main Orchard a special release into the Burnett River for all those pumping out of Jones Weir and to a nominated point downstream is negotiated with Boyne River irrigator's out of their surplus allocations from Boondooma Dam. Negotiations are finalised in early October with the release going for three weeks until relieving rains arrive at the end of October. Esmeralda survives on a combination of water from the bed sands and direct pumping from the deep bore equipped in 1996. Coming off the biggest crop ever which ended up being picked a month later than normal (if at all) combined with the added stress on the trees of limited quantities of poor quality water the crop set is severely effected on both the orchards with imperials and ellendales as early flowering varieties the worst affected with crops of under 10% of normal eg imperial class 1 normally 30,000 to 40,000 9kg cartons and in 2001 3,420 9kg cartons. Other early and mid season varieties fared only slightly better with 30% to 40% crops set while the later flowering late season varieties of murcott and valencia were okay at around 85% of a normal crop due to the rain arriving just in time to hold their crop set.

NB. Set out below is the response to our initial query about seeking extra allocation for our Burnett holdings as insurance for dry times such as we were currently in so that when allocations

were reduced due to loss of scheme reliability we still had access to the required quantities of water when really needed to keep our orchard alive. Query made at a meeting with Dept. of Natural Resources officers to review its most recent report on the Burnett River titled the "Draft Water Allocation and Management Plan (Burnett Basin) June 2000 (DRAFT WAMP)". We were referred to page 24 of the 87 page report and the following extract, ' "Dozer" licences refer to water licences where a licensee has installed the necessary pumps or diversion works but is not using them to their capacity,'. We were informed that because of the under utilisation of resources and loss of revenue under the new charging scheme this was a practice that would be reviewed in the future with the aim of eliminating it. We cited the example of the Boyne Orchard that fell within the "Dozer" guidelines as written in wet and normal supply years with the full allocation taken for insurance purposes and only required in dry times when allocation reductions were put in place. If the Boyne was currently under the same reductions that were in place for the Burnett the remaining Boyne allocation would be fully utilised to keep the Boyne Orchard alive. Whereas the current reductions in the Burnett allocation, which just meet a normal season's usage requirements, are grossly inadequate in dry times with associated poor water quality and rationing causing instant crop loss and quality deterioration for the current season and in severe cases tree losses which increase costs for ten years while replacement trees are grown to the stage of starting to come back into full production. We noted that even the extra allocation didn't guarantee water for the Boyne Orchard as was the case for more than 18 months in 1994/5. The reply that we obviously hadn't done our homework before starting to plant a long term tree crop on the Boyne and instead of replanting citrus on the Burnett since 1996 should have grown an alternative crop that suited the recent water reliability levels was a bit hard to swallow, especially without a drop of water in sight. We noted that when allocations where attached to water licences some 30 to 40 years ago for the Main Orchard the Department had indicated a reliability factor of 99% or 1 year of non supply out of a 100 and to date in just under 50 years we have already had 4 such events in 1969, 1983, 1995 and 2000. During the same time the only additional infrastructure to increase the reliability of our allocation was Wuruma dam 30 years ago with negligible benefits from Boondooma dam in the 15 years since it had been built due to the way the Boyne system has been managed because of the precedence of the right's of the Tarong Power House over agricultural users. From our observation it appeared that after full allocation of Wuruma dam water in the 1970's allocations still increased through the 1980's with no extra infrastructure by continual reworking of figures to gain extra available allocation out of unused water and the resultant over allocation has been highlighted during the drier years of the 1990's when full use of allocations has been required. Our closing comment that if as much effort and government money had been spent in building extra infrastructure over the last 20 years as had been spent on preparing submissions then we wouldn't need today's meeting merited the retort that people like us that push for infrastructure without proper consideration are nothing more than environmental vandals.

Please refer to Attachment 4 being a photocopy of an article "Schemes in District for Conservation of Water" printed in 'The Burnett Advocate' on Wednesday June 27, 1951. The article provided information on the schemes for irrigation and conservation in the Wide Bay and Burnett Districts as outlined in the report by the Commissioner for Water and Irrigation to Parliament the previous year including details of Jones Weir which was nearing completion and was the first stage in the regulation of the Burnett River. The original is not in glossy print and it doesn't include trendy terms like "Dozer" and "Sleeper", but I think you will agree it is factual and easy to read and has given us fifty years to properly consider our requirements. We feel it is more than enough time to come to the decision that in our area we still need more infrastructure to provide sustainable supplies of reliable quality water for both urban and agricultural use.

We have generally managed our Main Orchard operations for the last 48 years within allocation and during recent times as the technology has become available have adjusted our watering habits

to spread this precious resource further. From 1994 to 2000 as well the $100,000 paid for water when available we have spent $700,000 on services to be able to utilise the available supply and over $1,000,000 on the setup of capital improvements to our irrigation systems of which over 60% was spent on drought mitigation works designed to possibly save around 20% to 30% of our established planting's had rain not intervened. We estimate to replace the trees lost up until March 2000 and care for the replacements for up to ten years until they start to break even will cost at least another $1,000,000. Therefore, a bit over 12 months on we still consider it a bit harsh to be branded as environmental vandals, especially by someone who while working in the area for QDPI for at least the last fifteen years and espousing to know our needs has failed to learn even the basic water requirements of any user 30km outside the City limits of Bundaberg where he is based.

PROBLEMS with recent water supplies over the last ten years:

- incidence for total failure of water systems has increased markedly during the last decade after Water Resources adopted a policy in the late 1980's of reclassifying local weirs from storage structures to regulating structures which changed their mode of operation from operating at full to points two to four metres below crest level. The level of allocation at the time was approximately 27,000 mega litres with the reliability desired by the local Water Advisory Board to support local industry effectively requiring that only 18,000 mega litres should have been allocated. By adopting the new reclassifications and operating conditions Water Resources indicated that as well as improving the reliability of supply for the existing 27,000 mega litres of allocation an additional 7,000 mega litres of allocation was available. Result was that Water Resources got the extra income from further smoke and mirrors allocation sales and industry after being properly consulted had no right to appeal and had to go home and cheerfully accept the losses and extra costs inflicted on their businesses caused by the mismanagement by Water Resources as a monopolistic service provider.

- use of water resources by some sectors of government as a quick money making scheme with best rumour to date being the investigation of a scheme to charge land holder's for the water received from rainfall on their property.

- haven't been able to learn a suitable "Rain Dance" to supply rain when REQUIRED to fill the numerous gaps in allocated supply.

POSSIBLE SOLUTIOINS to water supply problems:

- as reliable long term supplies of quality water are critical to the survival of our industry along with many other agricultural pursuits in order to feed the country, Governments treat the supply of water as a national interest item such as defence and education to be funded by taxpayers.

- that an independent review panel be put in place to arbitrate between industry and Water Resources so that Water Resources cannot continually change the terms and conditions of supply depending on the water resources currently available to them or the mood of staff at the time without first gaining majority agreement from their paying customers.

- we concede to Government indications that it wants to import all of the countries food and have the bush return to its native state and accordingly we pack up our bags and move to the city.

- if the user pays syndrome adopted by government where all services provided have to be paid for by the end user, in this case water resources by allocated users, is to continue then systems be updated to include provisions so that only those paying for the service may have input into its control as well as a system of rebates be put in place to compensate end users for the effects on their businesses where the services provided aren't up to scratch based on set reliability and

(a) Development of J.G. Benham & Sons as part of the Queensland Citrus Industry

quality criteria.

- One can only hope that certain departmental officers wages could be linked to our viability so that if we don't gain from their efforts they feel our pain in their hip pocket as well.

- Government fund growers to undertake a world wide study tour to investigate the rain dances of various cultures to determine the most suitable for adaptation to Australian conditions.

- NB. NEWS FLASH: Infrastructure approvals by Federal Government for the Burnett River including the raising of Jones Weir at Mundubbera and construction of a new weir 5km north of Eidsvold. A third weir on Barambah Creek near Murgon to supply the South Burnett region has also gained approval. A Burnett River Dam in the lower reaches of the river which will provide regional balance across the Burnett catchment between these and existing structures is still under consideration. One can only hope that these structures are not just rhetoric to appease the drought stricken bush and that actual cement can be placed across the river bed before rain diminishes the current urgency for the projects and they again disappear into a funding void eg. State Government Ministers on seeing the plight of Boyne River agricultural users after the 1994 to 1996 drought promised by 1998 that a controlling weir would be built below Boondooma Dam to enable users to better manage the available water resources. Some 3 years on the project has even disappeared off the "Draft WAMP" agenda as Boondooma Dam has since maintained reasonable capacity levels reducing the current drought threat. This has left local Boyne River agricultural water users with no support to have the weir's drought proofing capabilities put into place. Today they are again in a battle for their very existence to retain the reliability of previously granted allocations from Boondooma Dam as Government Ministers have conveniently forgotten the drought with the precedence of Governments interests in the Tarong Power House again starting to heavily outweigh the requirements of agricultural users.

  The direct impact of the Eidsvold weir and the raising of Jones weir IF THEY EVENTUATE on the reduction in stress levels and general mental health of remaining family members and staff are incalculable. Just imagine being able to again have five years of crops in a row without having to worry about if, when and where the next rain cloud is coming from. There are also flow on effects from having consistent seasons for itinerant staff, carton suppliers, freight handlers, fertilizer and chemical suppliers, equipment manufacturers, service providers, bankers, market agents and exporters associated with our business as they can also plan their future activities more reliably. Government would also benefit once drought losses to date are recouped by again receiving generous income tax payments from a profitable business as was the case through the 1980's and early 1990's.

  Our assessment of a new Burnett River Dam in the lower reaches of the river is that it is a must for our arid continent. Its position would allow any flows in most of the catchment area via the Burnett and its major tributaries to be harnessed for use by the growing urban population in Bundaberg and surrounding coastal areas. It would also increase the reliability of all water storage's above the Dam by allowing a greater retention of localised rainfall and by reducing flow distances that upstream storage's would have to service eg. with a new Dam in place the need to repeat the size of release made in the early 1990's in order to maintain a flow to supplement coastal requirements out of Boondooma Dam could be avoided along with the problems it caused local agricultural users in the mid 1990's when Boyne supplies didn't refill as anticipated. Without the large release, local problems would have been lessened by the deferral of critical water levels for at least 12 to 18 months and could possibly have been avoided altogether if the proposed Boyne River regulating weir was in place.

(a) Development of J.G. Benham & Sons as part of the Queensland Citrus Industry

An extract from the October 21, 1947 article “Vale, Walter Benham” in The Burnett Advocate best summarises our position on water,

“If there is one outstanding lesson to be learned by Government official or private individual, it is the benefit of the expert application of water to our soils.”

NB. No Water > No Application (expert or otherwise) > No Industry > No Jobs > No Rural Communities.

(a) Development of J.G. Benham & Sons as part of the Queensland Citrus Industry

2001 - With some coaxing from our Brisbane market agent we form a marketing company with 3 other well established family citrus grower/packer operations in the area replacing our old brand names such as Joey with a new brand unique to the group. The pain associated with the marketing of the 1998 and 2000 crops soon outweighed our desire to retain our individual brand of 39 years, especially with, weather permitting, another big crop year looming in 2002. Knowing that the 2001 crop set was generally poor State wide made it easier to jump in boots and all and implement the changes to our marketing methods, using a light crop year to minimise the risks while ironing out any bugs encountered in getting up and running in preparation for a testing 2002 season. The main advantage sought by the 4 members was to add some stability and regain some viability from our domestic market operations similar to that achieved in our export operations over the previous 5 to 10 years through mutually beneficial informal alliances. Alone our individual lines of usually consistent quality product could no longer attract a premium due to quantities available being below the ever increasing minimum lot purchase size of the major retailers and the disappearance of small retailers who could handle smaller lots. By joining forces under the one label we could again meet the requirements of all retailers left in the domestic market.

2001 - Due to the poor crop set, especially of the earlier varieties, it is decided to close down the Esmeralda shed in order to maintain costs within bank's budget constraints and also alleviate our stress levels by only having to deal with one shed crew with near full time employment for the season instead of two crews with variable part time work which would have been a lot harder to staff. To be able to attract capable staff and further assist with cost containment we investigate and adopt a system for contract packing. Continuing to operate our sheds under wages over the last few years had effectively turned us into a training ground for those other sheds in the district that had already changed to contract or could afford the expertise to setup mutually beneficial enterprise agreements which allowed employees to work more than 40 hours a week thus gaining a higher weekly wage without the employer concerned incurring the high penalty rates under the industry award.

2001 - Dispersal sale of Braford Stud setup over the last 30 years finalises exit from grazing activities.

2001 - By March there has been enough rain to maintain the reduced crop set at the start of the harvest season with enough water in Jones Weir to see the Main Orchard through to the end of August. For Esmeralda there is no relief in sight with Wuruma dam still empty and no flow in the river during the summer to fill water holes. As autumn and winter are normal dry periods look into options to increase the supply of bore water to help retain the crop until it can be harvested as only 2 out of 4 river pumps can be setup to extract the minimal bed sand water still available with quantities limited to 4 to 6 hours every 2 days. Normally takes 4 to 5 days of continual 8 hour shifts to fully water the orchard once. Locate a magnetic device for $10,000 to attach to the pipeline on the out take side of the 1996 deep bore as the only one left operational. The magnet works on the principle that it can change the ions of compounds in the water including the salt and iron oxide of particular concern to us so that they won't adhere to the trees. As the water situation is critical we start equipping the best of the 1995 deep bores hoping that a second magnetic device will be able to reduce the conductivity level from 1700 to below 1100. Both bores with devices attached improve the water quality enough to be able to harvest the 2001 crop without any significant crop loss or tree defoliation.

2001- Retirement details that group solicitor's believe will allow remaining members to stay in business are finally agreed for the Harvey's and Michael in April. After the remaining Directors agree to terms that restrict any payments to them under a range of circumstances including death until certain debt reduction levels are met the Bank agrees to a revised financing package incorporating terms to pay out the two retiring families.

(a) Development of J.G. Benham & Sons as part of the Queensland Citrus Industry

2001 - In June a common law compensation claim is received from a former employee's no win no pay lawyers for $165,000 just a few days under three years after the supposed injury event occurred. Despite the original claim being disputed by us in 1998 as it was:-

(a) Unknown if the injury occurred.
(b) The injury was not reported to the employer or the employer's representative at the time.
(c) The worker did not stop work because of the injury &
(d) We were not satisfied the injury happened in the manner reported.

the compensation board paid out $6,013 in 1998 and a further lump sum settlement of $2,360 in 2000. After receiving the claim we discussed our apparent lack of rights to defend ourselves against suspect and fraudulent claims with other growers. Some have had similar claims including one grower with a $100,000 pending common law claim against them from a former employee who left more than 12 months prior to the claim without lodging any compensation forms and didn't work on the date the supposed claimable incident occurred. With a $10,000 increase in our current year's premium to start covering possible payout costs we have decided to not just sit quietly and accept that the inevitable payout will eventuate without first verifying that investigations into the matter are thorough. Some 6 months later the case is still under review waiting for the former employee to supply required details prior to a settlement conference taking place.

2001 - By September at the start of flowering for the 2002 season there still hasn't been any flow in the river at Esmeralda. Bore water through the magnets worked reasonably well, especially in under tree sprinkler blocks and those overhead blocks that could regularly be watered at night, to be able to get 2001 crop off. A decision is made to remove 35 acres of citrus to extend available water further and to try and get and maintain a reasonable crop set in remaining blocks. Remove 6 blocks of older trees with overhead sprinklers and one block of 5yr old trees with suspected site incompatibility problems so can reuse the under tree irrigation to replace overheads on other established blocks. Decision nearly works, however rain in early November is 2 weeks too late to stop serious crop loss and tree defoliation of 10 acres and moderate crop loss from a further 20 acres but is in time to reprieve 40 out of 50 acres that received their last shift of irrigation in October from the bulldozer. After 6" of rain in November there is no flow in the river and without further rain the reprieve for 40 acres will run out by Christmas leaving only 75 acres left to try and water out of the 162 acres on hand 4 months earlier. Heavy rain just north of the proposed Eidsvold Weir site caused a flow in the Burnett River at Esmeralda that lasted for a week around Christmas and with follow up rain will give the 40 acres a further reprieve to Australia Day 2002. If the weir had been in place the reprieve would have increased to at least Australia Day 2005.

Main Orchard had limited supplies of water still available from Jones Weir at the start of flowering with a decision made to remove 15 acres of ellendale mandarin because (a) trees to old to topwork, (b) 2000 domestic market problems with ellendales, (c) extends available water and (d) allows ground to stand fallow until a new export variety can be planted. Early November rain avoids continued tree stress just as early signs of crop loss are starting to appear with localised flows in lower Boyne River filling Jones Weir and alleviating water problems until at least April 2002.

Boyne Orchard with adequate supplies in Boondooma Dam again has no problems negotiating the crop set ready for its first year in full production since planting started in 1987.

2002 - Our challenge is to remain citrus growers with only 40% of our 350 acres of orchard in full production with 50 acres removed this season, a further 50 acres under serious threat of not surviving until the 2002 harvest and more than 100 acres under 8 years old and not yet nearing full production. Of the 150 acres left not all of it is in peak condition but with some judicious rainfall

over the next few months we will at least be able to scrape through and survive another season and start to prepare for battle once again in 2003 and beyond.

(b) Queensland's Export Activities Based on Our Experience's and Involvement in QCEC

1959 - Our 1st consignment of fruit specifically picked and packed for export being 500 cases of valencia's sent to one of our Brisbane market agents for shipment. Requirements of the order were that the fruit had to be clipped at picking and individually wrapped when packed.

1963 - Lemons, grapefruit, navels and ellendales packed for export for 1st time as well as valencia's with 7.5% of total production exported.

1965 - Export agents start supplying destination details so that consignments for multiple destinations in Asia on the same ship can be sorted and branded on farm to assist with loadings at the wharves with exports growing to 24.3% of total production.

1968 - In 10th year of packing for export 41% of total crop exported being 20,115 out of a total of 48,842 bushel cases, with 2% of lemons, 16% of navels, 64% of ellendales & 76% of valencia's or 30, 2300, 9275 & 8510 bushel cases respectively. 1st time that the total valencia crop excluding the 24% of juice fruit is exported. No Grapefruit sent export this year and of the 7 other varieties of mandarin packed only the imperial (our 1st 9 cases packed) and hickson are still around today.

1968 - Founding member of Queensland Citrus Exporters Committee (QCEC), see Attachment 5 for minutes of formation meeting.

1970 - Start introduction of a 4/5 bushel case to replace the traditional bushel case for export trialling both ellendales & valencias.

1971 - Start introduction of a ½ carton (2/5 bushel) with a waxed inner for export of ellendale mandarins

1971 - 46.3 % of total production exported, highest % to date being 29,175 out of 63,002 bushel cases.

1972 - Last bushel cases used for export.

1973 - First shipment of murcotts packed for export from Australia and sent to England.

1974 - Only year since we started exporting ellendale mandarins in 1963 that none shipped due to a quality problem during growing. With all exports for the year at 4% of total production it is the only time exports have been under 10% since we started multiple variety exports in 1963.

1975 - Trial shipments of bulk bins to England to reduce packaging and freight costs. Growers that went decided it would be easier to pack into cartons in Australia than re-pack from bins in inadequate facilities in England, especially if one wanted time off to go and see the cricket at Lords.

1975 – QCEC growers and exporters hire an export representative to travel between Canadian & European markets inspecting and monitoring outturns of shipments during the season with position continued through until the late 1980's.

1976 - Start introduction of C25 carton with a waxed inner (18kg) to replace the 4/5 bushel case and the C21 carton with a waxed inner (9kg) to replace the 2/5 bushel carton

1977 - First on site cold rooms installed to improve control over the export cold chain allowing containers to be loaded on farm instead of sending shipments to Brisbane for pre cooling and loading.

1978 - Our first shipment of imperial mandarins packed for export and sent to Vancouver.

(b) Queensland's Export Activities Based on Our Experience's and Involvement in QCEC

1982 - Start sending export murcotts to Singapore on an annual basis replacing various markets in Europe trialled during the 1970's. Remains our main export market for sizes not preferred by the domestic market for the next 10 years until Jakarta reopens in 1992.

1982 - Direct shipments to Jakarta cease after more than ten years of export due to political reasons.

1983 - Drought effects export percentage dropping it to 13.6% from previous 5 year average of 32.6%.

1983 - Start of Japanese orange trade.

1985 - Direct shipments to Tacoma, Alaska rejected due to USA Dept. of Agriculture enforcing regulations that the ship has landed on USA territory and possible infestation of Citrus Black Spot may pose a risk to USA agricultural interests. No reported outbreaks in Vancouver after shipments for more than 20 years with Tacoma's climate due to its more northerly aspect even less likely to be able to provide remotely suitable conditions to maintain the disease.

1986 - Part of a shipment to New Zealand returned to Sydney for sale more than a month after initially being cleared to enter the country on the grounds that a black mark that appeared on a piece of fruit 3 weeks after it was impounded may be Citrus Black Spot. This had more to do with NZ MAF & AQIS disputes over apples at the time with the small volume of Queensland citrus trade since 1979 making it a reasonable sacrificial lamb in the power play over apples between officers from the 2 countries involved in the dispute.

1987 - Taiwan trade taking smaller sizes not required by Japan stopped during its second year after AQIS and or Dept. of Foreign Affairs intervention.

1988 - First shipment of ellenors packed for export from Australia and sent to Vancouver.

1992 - Our first shipment of novas packed for export and sent air freight to Singapore.

1992 - Indonesia reopens doors for direct trade.

1994 - Total pack outs of novas and ellenors excluding juice fruit packed for and sent export. Have since generally maintained export of total pack outs for novas expect in 1998 due to effects of the Asian financial crises whereas ellenors hardly maintained due to droughts effects in 1995 & 1996 and hail in 1997 leaving no viable markets in 1998 willing to try ellenors due to erratic supply in prior years.

1994 - In August Steven Benham invited to join the Queensland Fruit & Vegetable Growers (QFVG) Citrus Sectional Group (CSG) as an observer to comment on export matters.

1995 - In February Steven Benham selected by CSG as QFVG's representative on the Citrus Market Development Group (CMDG) for the 2nd meeting in March with the appointment maintained to the 17th and final meeting of the CMDG in June 1999.

1995 - The first season we include pack out from Esmeralda and our highest volume of export in a season with 63,311 18kg cartons sent. The 27.8% of total production is below previous year's exports of 30% to 33% due to the varietal mix of Esmeralda containing less exportable fruit.

1997 - Our 1,000,000th carton specifically packed for export, ironically sent during one of our worst year's quality wise since starting production due to the severe hail storms.

(b) Queensland's Export Activities Based on Our Experience's and Involvement in QCEC

1998 - Valencia trade to Taiwan reopens under a quota system following CMDG funded investigations some 12 years after it was closed.

1999 – Steven Benham's CMDG term finishes and resigns QFVG position to attend to business problems.

2000 - With only 13.7% of total production exported it is our worst season percentage wise since the drought of 1983. The previous 5 year average is 24.0% which includes 1996 drought, 1997 hail &1998 Asian market crises being 3 of our worst trading years in 48 years and is only slightly worse than the 27.5% average of the last 35 years further highlighting the problems with the 2000 season.

2001 - Our first exports to Thailand and Korea following the opening of the markets as a result of earlier CMDG funded investigations. Due to Korea adopting even more restrictive quarantine measures than Japan we can not cold treat the valencias in the same cold rooms that have been used since 1988 for Japan and have to send the fruit to Victoria for cold treatment.

Status of Export Markets as at 2001

Canada

Vancouver is the only market in the world we have supplied ellendales to every year that quality fruit has been available since we started exporting in the early 1960's. Over the years other mandarin varieties including imperials and ellenors have been trialed into Vancouver to check their export qualities and shelf life potential. Some recurring trade for these and other mandarin varieties such as hicksons, murcotts and novas as well as valencia oranges and lemons has occurred when viable prices could be negotiated. Currently working on supplying a few novas and murcotts at reduced prices either side of the ellendales to extend the trade since the Asian financial crises reminded us how easy it is to lose markets.

From a QCEC perspective Canada was a major market taking over 400 * 20' containers of ellendales a year at its peak during the 1970's and mid 1980's with Vancouver supplying from Calgary to Winnipeg in central Canada and St. John's and Halifax as ports of entry supplying the East Coast cities including Montreal and Toronto. A combination of shipping problems and extra time to get to east coast ports through the Panama Canal along with direct competition from Uruguay and Argentina of similar cheaper product with longer shelf life because of direct shipping advantages saw the East Coast markets fade away in the mid 1980's. More than ½ the trade at the time was with Vancouver which has today been reduced to under 50 * 20' containers a year due to a combination of factors over the years including:

(a) In late 1980's and early 1990's with only a few major importers operating in Vancouver the few long standing exporters supplying at above QCEC minimum prices started to be undercut by new exporters subsidising their entry into an established market by using Export Market Development Grant money obtained to develop new markets (for them) causing market instability and overall loss of growers market share.
(b) With QCEC minimum price arrangements annually approved by the Australian Trade Practices Commissioner legal action was undertaken in Canada in 1993/94 by an importer against a majority of fellow importers for price fixing when QCEC growers stopped supplying their new exporters with fruit that would have continued the price instability in Canada. Charges were eventually dismissed, but not without further damage to quantities that the majority of importers were willing to handle.
(c) As the quantities of product required increased and market prices improved into Asian markets in the early and mid 1990's Vancouver lost its attraction for a number growers and new exporters alike as more lucrative opportunities arose.
(d) in the 1990's South Africa has directly supplied the Canadian East Coast markets with a range

of product including citrus which has been available for sale in Vancouver at similar prices to the East Coast even after being freighted across country.

Status of Export Markets as at 2001

To even retain the remaining remanets of the existing Canadian trade will require a preparedness to maintain a basic continuity of supply commitment and in some years to work at or even below break even margins to retain a presence in the market place.

Europe

No longer consider European destinations as viable markets.

From a QCEC perspective European destinations were major markets during the 1970's and 1980's for both ellendales and valencias with occasional shipments of navels, lemons and grapefruit made to fill prospective gaps in supply from other destinations. During the 1970's and early 1980's hicksons were also exported until changes in cultural practices made the domestic market more lucrative, imperials trials increased risks and couldn't match domestic returns and murcotts were initially sent to Europe until Singapore took over as a more viable alternative. Valencia exports virtually ceased overnight at the end of the 1989 season after problems with the enforcement for the Japanese market of Schedule 13 in Queensland are resolved. Ellendale exports lingered on to the mid 1990's until the risks of supply from a combination of factors make it unviable to continue. Factors include:

(a) Widening and strengthening of EEC and protection afforded its members that grow citrus.
(b) Strengthening of ties of various EEC countries with our competitors in South Africa and South America that for freight reasons alone are more competitive.
(c) Ascendance of supermarkets buying power and the imposing, sometimes contradictory, conditions they placed on suppliers which made it impossible to meet all conditions giving them numerous opportunities to discount or exit contracts, especially in depressed markets.

Middle East

Occasional spot sales at viable rates may still eventuate to fill gaps in competitor's supplies.

From a QCEC perspective a strong market from its start in the late 1970's through the 1980's for mandarins. By the late 1980's the market's potential fades under strong competition from South Africa with its lower prices, longer payment terms and freight savings by supplying in locker ship lots vs. 20' containers from Australia. During the 1990's a few spot containers sold to fill gaps in South African supply. If want to drop prices low enough could pick up sales again, but generally not viable to do so even in the short term.

Asia

We have supplied markets in Asia every year since we specifically started to pack for export in 1959. This has been supplemented by an untold number of packages taken off the domestic markets without our knowledge, sometimes to the detriment of our organised exports.

The growth of economies in the Asian region especially through most of the 1990's has seen a rapid expansion in the niche market opportunities available to take our smaller volumes of higher priced product in preference to the larger volumes of lower priced product from our competitors. To date Australia's proximity to Asia has also given us some freight and frequency of supply advantages over our southern hemisphere competitors not available in European and North American markets. The recent Asian financial crises highlights how quickly some of these niche market opportunities can disappear and the importance of having access available to as many market options as possible so that the loss of one market like Indonesia does not put the industry into disarray. IF access for mandarins to Japan and Taiwan had been available by 1996, we estimate that even with their more involved quarantine procedures a large proportion of the excess fruit in 1998 could have been absorbed into these still financially sound markets

significantly reducing the marketing problems that have occurred since.

Status of Export Markets as at 2001

Set out below are details of our involvement in the various Asian markets that we have supplied and our assessment of their future prospects.

Singapore - is the only market to be supplied every year since we started to export, originally with valencias through to the late 1970's when more viable European destinations took over, with ellendales from the mid 1960's on nearly as regular a basis as Vancouver, with murcotts from the early 1980's and other varieties as market conditions have allowed viable sales. Through the 1980's it was strong as a transit point to other Asian markets that couldn't import directly with this role re-emerging for Indonesia since 1998 to overcome its current supply difficulties. Singapore with its good port facilities is likely to continue its transit point role as required in the future.

Malaysia - shared early valencias with Singapore through to the late 1970's takeover by European destinations whereupon it faded from the scene for us. Market still easily accessible when viable sales can be arranged.

Hong Kong - has randomly taken limited quantities of most varieties since the late 1960's becoming strong in the 1990's as a transit point to China and other Asian markets that still can't import directly. Hong Kong will continue to play an important role in supplying the rapidly expanding Chinese market for at least the next decade while official access procedures for China are put in place.

Indonesia - took ellendales and valencias through the 1970's before political intervention stopped imports. Singapore supplied Indonesia indirectly through the 1980's before the market reopened for direct trade in 1992. Grew rapidly from no direct trade in 1991 to a peak of 13,500 cartons in 1995 (18 * 20' Containers). Our 1996 and 1997 crops were severely affected by drought and hail respectively and with the Asian financial crises at the end of 1997 the market disappeared for us in 1998 with quantities similar to 1995 available for export. Until the continuing financial concerns and political instability are resolved our supply to this market, as has taken place since 1999, will remain at 1 to 2 containers a year via Singapore due to better security of payment and less hassles with getting the product out of Australia. It is only hoped that the recent appearance of better relations between the Prime Ministers of both countries will assist Indonesia to overcome some of its recent difficulties and allow the market to get back on track.

Japan - see following section for in depth view of gaining and maintaining access to Japan. In summary, our involvement in Japan started with the first shipment of valencias in 1983 and has continued every year since. After importer comments in 1988 resulted in adjustments in Queensland to the application of Australian Quarantine standards in 1989 quantities of valencias exported to Japan increased from 20% to 100% of available fruit from 1990. Navels were trialled a few times and proved unsuccessful from our district due to the paleness of colour caused by our climatic growing conditions. 1999 saw the addition of access for mandarins to Japan. The benefits to be gained from the recent announcement that containerised in transit cold treatments are now available to Japan are yet to be assessed, especially when 10 to 12 day voyage times are shorter than the 16 day treatment, but with a little co-ordination it should provide an acceptable means to extend the quantities that can be sent from the existing land based treatment facilities.

Taiwan – we participated in 1986 trials and 1987 shipments utilising smaller sizes of valencias not required by the Japanese market until intervention from AQIS and / or Dept. of Foreign Affairs stopped access. In 1993 a chance meeting on a plane between CBE Chairman Darrell Wallis, on an Asian export trip, and the 1987 Taiwanese importer rekindled interest to recommence trade. In 1996 CMDG funding was allocated to investigate Taiwanese market access with Darrell Wallis selected as one of the industry representatives to assess the market. The orange trade was reopened in 1998 with CBE taking up the 120 tonne, 5 * 40' containers, allocated to Queensland out of the 600 tonne quota for oranges granted to

(b) Queensland's Export Activities Based on Our Experience's and Involvement in QCEC

Australia. The recent news that Taiwan has followed China in joining the World Trade Organisation makes us hopeful that as previously indicated the Taiwanese quota system for oranges and the ban on mandarins will be Status of Export Markets as at 2001

lifted possibly in time for the 2002 season. Expectations are that after an initial rationalisation period of 2 to 3 years CBE valencia exports could grow to take all of the available fruit not required by Japan, 15 to 30 * 40' containers a year depending on the season. Murcott mandarins that the importer has seen during visits to inspect valencia pack outs are likely to grow rapidly from initial estimations of 30 * 40' containers in the first year with sales of other mandarin varieties likely to follow in succeeding years.

Korea - after CMDG projects funded investigation and assessments of the market and follow up research and confirmation trials in the late 1990's access was gained in 2000 for oranges and lemons from Southern States under quarantine conditions slightly harsher than those imposed for Japan. 2001 saw field assessments of Queensland orchards undertaken as part of the Korean requirements allowing us to participate in the packing of valencias for export subject to cold treatments being undertaken in a registered facility in Victoria. In the future we would look forward to being able to utilise our own cold treatment facilities for oranges and see the completion of confirmation trials for mandarins started by CMDG until funding was diverted so that access for mandarins to Korea could also be finalised.

Thailand - direct access also gained via CMDG projects with opportunity to supply a couple of 20' containers of murcotts via contacts of domestic marketing representatives taken up in 2001. Potential growth in this market is very likely following favourable outturn reports from the importers concerned.

Prospective Markets Still Requiring Access Arrangements.

Markets considered viable and still requiring funding, departmental co-operation accountable to industry and government support for access for Queensland's mandarin industry in a timely manner include:

- With Taiwan recently joining WTO follow up negotiations to ensure removal of quotas for oranges and unrestricted access for mandarins from 2002 season.
- Reopening of access to New Zealand lost in mid 1980's for all citrus.
- Access to USA for all citrus in line with approval for Southern States (14 years of suppling fruit from a fruit fly endemic area to Japan under cold treatment with no outturn problems should provide a reasonable starting point for negotiations).
- Access to Korea for oranges using own cold treatment facilities.
- Access to Korea for mandarins (CMDG funding initially approved for this purpose was redirected to other projects once confirmation trials for mandarins couldn't be completed with orange and lemon work in the first year of funding and subsequent attempts couldn't be arranged with Korea to do the necessary mandarin trials).
- Opening of direct access to Asian markets like China, Indonesia & Philippines under same similar quarantine conditions as being supplied now via Singapore & Hong Kong.

A timetable of 3 years of dedicated effort to assist industry in marketing current crop estimates would be nice and not 10 to 20 years of ad hoc attempts as has occurred in the past.

To achieve the above a few PROBLEMS of the past will have to be overcome and not repeated such as:-

- Adoption of Schedule 13 in the 1980's to meet the requirements of a few European upper market destinations to the determent of most other markets.
- Problems of early 1990's where market access arrangements where taken out of industry hands.
- Continual low prioritisation or complete disregard of mandarins as an economical type of citrus.
- Lack of liaison between Government negotiators and industry prior to negotiations taking place.
- Indication to all new markets by AQIS that they should adopt Japanese style quarantine treatments instead of the industry preferred Singaporean style quarantine arrangements.
- Loss of recognition of needs of fruit fly endemic areas as area freedom status progresses for

(b) Queensland's Export Activities Based on Our Experience's and Involvement in QCEC

major growing areas.

- No AQIS personnel to work with industry representatives that are directly responsible for seeing quarantine negotiations through to an acceptable conclusion.

(c) Australia's Entry and Supply of Citrus to Japan, a Queensland Perspective

1962 - Jack Parr and his friend Mr Percy Wrench of Kenthurst in New South Wales visited Japan and were the first to recognise the large potential market for Australian oranges in Japan.

1965 - Japanese Quarantine Officers make their first official visit to Australia to examine our citrus industry accompanied by interested Japanese importers.

1977 - Records sketchy, but indications that in principal approval was received that fruit would be accepted to Japan along lines of USA citrus, i.e. that it had to be EDB fumigated prior to shipment to control fruit fly with trial data for Australia to be submitted, and once data accepted the treatment had to be confirmed and results put to a Public Hearing. Research started.

1980 - "Japan-Australia Plant Quarantine Specialists Meeting concerning Plant Quarantine Measures on the Fresh Fruit of Orange of Australia origin" held in Tokyo on the 9th December between Japan and Australian representatives to discuss the final requirements to be met before the entry of Australian Citrus is allowed. Japan represented by 9 members from MAFF including the Director and Deputy Director of Plant Quarantine with Australia having 5 members being Mr. David Spencer & Mr Tony Baker from the Australian Embassy in Tokyo, Mr Ces Flynn form the Australian Department of Primary Industry and Mr Jack Blick (QLD) & Mr John Henwood (SA) representing the citrus export industry.

1981 - USA Environmental Agency announces a ban on the use of E.D.B. from 1st July 1993 just prior to the planned Public Hearing in Tokyo to lift the quarantine ban on Australian oranges causing a postponement of proceedings.

1982 - Participation with other QCEC growers in further trials required by Japan of Australia to meet new reduced mrl's for EDB treatments of citrus prior to gaining entry for oranges into Japan.

1982 - After 20 years of negotiations by Jack Parr and Jack Blick , Export Manager for Golden Mile Orchard's, with the Japanese Ministry of Agriculture news was received shortly after the untimely death of Jack Parr that the ban on Queensland and Australian oranges had been lifted. Darrell Wallis takes over as chairman of QCEC and with the invaluable assistance of Jack Blick continues Jack Parr's quest to export to Japan.

1983 - Participation in September of the first shipments to Japan of citrus from Australia being 4 containers of valencia oranges exported by QCEC on behalf of 5 grower members using a common carton designed for Japan with the registered export shed number as sole distinguishing identification for growers. Fruit is imported by Nisseikyo, an association formed by more than 30 importers willing to allocate some of their annual citrus quota to develop the Australian trade.

See Attachment 6, a September 1983 article in the Australian Citrus News covering the event. NB. Another event that was nearly as important in Australia's history and occurred at the same time was Australia II winning the America's Cup. The growers involved celebrated with the rest of the nation on winning the Cup before getting down to some serious celebrations to reflect on the dedicated long term efforts of a few to overcome apparently insurmountable odds and ever changing goal posts to finally gain entry to Japan, one of the hardest markets in the world to crack.

1986 - Australian Japan Citrus Exporters Association setup to include NSW, VIC & SA growers via their respective citrus boards in the Japanese orange trade with Darrell Wallis of QCEC as chairman and Jack Blick of QCEC as Marketing Executive.

(c) Australia's Entry and Supply of Citrus to Japan, a Queensland Perspective

1986 - Queensland growers fund John Snell, AQIS's Chief Inspector of Exports in Queensland, to accompany 5 growers on a trip to inspect end of season valencia outturns with a view to improving operational efficiencies for the Japanese trade.

1987 - Southern States request national tenders be called for the Marketing Executive position with Australian Growers Corporation from Melbourne eventually selected in part due to its existing flower trade activities with Japan as well as having Mr Alan Jackson on staff, formerly a Commercial Counsellor with the Australia Embassy in Tokyo during the final negotiations and first shipments of citrus to Japan.

1987 - John Snell, with backing from some AQIS staff in Canberra, introduces new stringent post treatment quarantine inspection requirements for Queensland only as the 1987 season starts to remedy a commercial problem he observed with the final shipment in 1986. No prior consultation with industry about the requirements and no avenue given to negotiate more workable procedures with the only option being to grin and bear the added costs and workload or quit the Japanese trade.

NB. Insurers had settled the 1986 claim after determining that the problem was caused by the abnormally high ambient temperatures during the EDB venting period of containers in Australia prior to shipment. They requested measures to minimise temperature damage to fruit in 1987 be adopted whereby temperatures for the venting period be maintained below maximum limits that still allowed effective EDB dissipation. The measures became irrelevant from the 1988 season with the switch to cold treatments. However the money industry spent in 1986 to take John Snell to Japan to improve the operational efficiencies of the Japanese trade was to have lasting effects. The restrictions and impediments he imposed on Queensland's Japanese citrus trade in 1987 and there subsequent refinements until his retirement in 1995/96 ended up costing industry millions of dollars (estimate a minimum of 10 million dollars over 9 years) due to increased compliance costs, unnecessary product rejections and lost sales as growers were unwilling to pack all fruit available for Japan due to the high risks involved in non compliance with the ever changing regulations. It is unlikely without the abnormal marketing conditions for valencias of 1991 involving more growers and the supposedly imminent access prospects of mandarins from 1992 that the Queensland trade to Japan would have been able to outlast the reign of John Snell. Even the 1992 AQIS admission that the protocol for Citrus Black Spot was one that AQIS chose to implement and was not required by the Japanese, see Attachment 7, did not help Queensland industry's efforts of the previous 5 years to remove the requirements.

1987 - Cold treatment confirmation trials undertaken for oranges to allow Japanese trade to continue in 1988 after EDB fumigation treatments, under which initial access to Japan was gained, were finally banned at the end of 1987.

1987 - Taiwan trade taking smaller sizes not required by Japan stopped during its second year after AQIS and or Dept. of Foreign Affairs intervention.

1988 - On death of Mr. Niimura Nisseyko importers group starts to split up. At the same time the Japanese quota system under new legislation starts winding down to allow free trade from 1992.

1988 - Founding shareholder of Central Burnett Exporters Pty Ltd (CBE) setup by the 6 QCEC growers actually exporting oranges to Japan at the time to remove the possibility of liability from other grower & exporter members of QCEC not involved in the Japanese trade if there were a problem. CBE takes up shareholding on behalf of Queensland growers in Australian Japan Citrus Exporters Pty Ltd also setup in 1988 to take over the national marketing operations from the 1986

association because of changes to unincorporated associations law. Kazu Osada, the secretary of Nisseikyo, accepts an offer by the company to be its Japanese Sales Representative.

1988 - New cold room installed for $30,000 to comply with specifications as supplied by AQIS to enable both land based cold treatments and future pre cooling prior to in-container cold disinfestation for which AQIS had started negotiations with MAFF. Coldrooms1st and only cold treatment to date for Japan takes 32 days to finish after equipment failure at day 10 of the treatment can only be resolved by intervention of the MAFF inspector on site faxing Tokyo and gaining permission for the equipment problem to be resolved and the treatment restarted as no one in AQIS was prepared to make a timely decision that allowed a viable outcome to the situation. 3 other existing cold rooms modified for under $10,000 allow the bulk of our available valencias to participate in the first year of cold sterilisation treatments to Japan in two rounds of treatment using meshed cartons. NB. The high temperature operating specifications supplied by AQIS for the new room were above the allowable ranges set by Japan which caused some of the equipment problems encountered.

1988 - At the prompting of our Japanese importers, after seeing murcott mandarins during a visit to inspect valencia orange pack outs, we join with other CBE growers in providing cash funding and fruit to researchers in order to start gaining access for mandarins to Japan. Project management readily handed over to Dr Chris Rigney on his appointment as initial manager of the newly created Horticultural Research & Development Corporation (HRDC) due to his previous involvement in the final EDB trials for oranges in the early 1980's. Expected time frame for completion of trials based on experience with oranges was 1991 at the latest ready for exports to commence with ellendales by the middle of 1992 season with our importers notified accordingly.

During the same visit Japanese importers are taken to the local juice factory and are appalled at the amount of exportable fruit being juiced. Causes a reassessment of Schedule 13 requirements prior to the 1989 season to meet importers demands causing a 250% increase in fruit for Japan and the imminent decline of the European valencia trade.

1989 - By February, the 1988 Japanese sales arrangement with Kazu Osada are in disarray due to the non supply by Victorian and South Australian shareholders and the subsequent resignation of their representatives from the Australian Japan Citrus Exporters Pty Ltd board effectively rendering the company inoperable. A new company, Australian Joint Citrus Exporters Pty Ltd (AJCE), is established by CBE and the two NSW grower groups wishing to continue the Japanese trade. The new company pays out the previous Japanese sales arrangement debts and employs Kazu Osada as its Japanese sales consultant with Alan Jackson employed as its Australian General Manager.

1989 - By June most major growers in the Central Burnett, even those with no oranges, join CBE so that they can participate from the ground floor in the mandarin trials for Japan, by funding research and being part of the commercial size in house trials of imperials, ellendales & murcotts. Shareholders increase from 6 to 15 and cover over 95% of Central Burnett growers with other areas declining involvement at this point in time due to lack of suitable infrastructure and quantities of mandarins.

1990 - Mesh area installed for 3 old cold rooms after approval granted to allow the use of a normal carton. Previously cartons had to have mesh hand glued across each vent hole causing manufacturing delays and extra carton costs with the possibility of undetected damage to any of the mesh at any time from carton manufacture to the completion of arrival inspections in Japan causing the carton and or the consignment to be rejected.

The year's first inspection is delayed for a few hours when industry is told of the requirement that

the mesh area has to be sprayed out just prior to inspection commencement using the same methods and application rates that were currently in place for the control of fruit fly in the field. After demonstrating the impracticability and health risks of the proposed treatment and providing a can of household fly spray as an alternative it again takes the intervention of the MAFF inspector on site to telephone Tokyo to resolve the issue. Nobody that could be contacted in AQIS at the time could or would make a decision in time for the consignment to meet its shipping deadlines citing that the dangerous spray method was the only one approved at recent bi-lateral talks and could not be changed until approved at a future bi-lateral meeting.

NB. By 1990 the retirement of Jack Blick at the end of 1986 season after 25 years of involvement in all aspects of the Japan citrus trade since just after its conception was not only noticeable in the gaps left in industry ranks, but also from the lack of practical solutions to operational problems that the loss of his presence at MAFF & AQIS bi-lateral negotiations had caused. Our perception is that through the 1990's AQIS had become a culture that considered its own self importance before its customers needs with the unbalanced need to appear to maintain the charade of its own integrity being its prime objective. This has permeated an aloofness from the industries it is designed to assist with exporting produce out of the country. The segregation has caused a general lack of knowledge by staff of industry requirements, especially new staff that have entered the service without field experience, leaving very few staff capable of making an informed decision that helps industry and an unwillingness by most to collaborate with experienced industry representatives for fear that it may set a precedence for undesirable future co-operation with industry or that there will be departmental recriminations for perceived errors in judgement in making the original decision. The problem has been exacerbated by the recent efforts to multitask staff throughout the service with the level of inexperience in a field generally dictating the degree of inability and or indifference to providing assistance. In the same period industry has found people to fill some of the gaps created, but with the loss of direct access to negotiations and in most instances the ability to even contact AQIS participants the only options left open to industry to progress issues have been to use either the MAFF officer when in Australia to directly contact MAFF in Tokyo, our Japanese importers to approach MAFF directly on our behalf or in times of desperation when serious trade threatening issues arise seek Australian political intervention to induce AQIS support to resolve the issue. Shame that multi tasking was not available for John Snell prior to his going to Japan in 1986 as the position he retained in AQIS for the next ten years until retirement enabled him to easily destroy the 25 years of groundwork put in place by Jack Blick and dishearten most growers to the stage of seriously considering if the prospects of some day supplying mandarins to Japan warranted the effort to maintain limited valencia exports.

1990/91 - CBE growers are notified that access for mandarins to Japan research is to receive funding boost from nationally collected HRDC levies to assist CBE growers in funding the last research requirements. However not advised that control of project will be lost in process and that tangelos for which no research has been done will be tacked onto the end of the project effectively causing delays of three years while catch up research is completed and results integrated into the submission for Japan.

1991 - Attend a meeting in Bundaberg on 24th January to gain information on the immanent increases in AQIS charging system rates. While there, requested John Landos as Deputy Director of AQIS to supply a copy of the Australian version of the protocol for cold treatment of oranges to Japan, a document we had been unable to obtain a copy of from John Snell during the previous 3 years since cold treatments started. With different methods of implementation by various inspectors of the so called protocol we were becoming confused as to what was actually required especially when some of the requirements seemed to have no bearing with the original translation we had done in 1988 from the gazetted Japanese regulations for cold treatment procedures. Local Federal

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Member was also in attendance and undertook to locate a copy of the protocol which initially led to the advice from his office that we couldn't export fresh citrus to Japan under cold treatment. Further investigation after we advised that we had been able to export for the last three years led to a copy of the required protocol being forwarded from John Snell's office in Brisbane.

1991 - Freeze in California at the end of 1990 dramatically boosts prospective prices for valencias into Japan with all remaining CBE growers who had valencias and previously avoided the hassles of sending to Japan lured into taking the plunge.

1992 - CBE looks outside grower ranks for a full time district co-ordinator for the 2 to 3 months of the Japan valencia season to liaise between growers and Alan Jackson at AJCE and to facilitate local packing and treatment programs, inspection schedules, shipping requirements and documentation details. Hire Malcolm Wallis through his employer Bugs for Bugs as a qualified IPM scout which assisted in his quality control monitoring of packing operations. Having grown up in the district on an orchard he had the added advantage of knowing what was involved in the trade and who all the shareholders were.

1993 - Approach AQIS staff while in attendance at the ACG conference for details on mandarin access to Japan and advised that still waiting for submission to be prepared for Japan. Notified that the Market Access Committee being a sub committee of the Australian Horticultural Corporation (AHC), which was set up at the same time as the HRDC, has taken over prioritising of access for all produce including citrus. It was understood that since citrus already had access to Japan for oranges the need to push mandarins had been reduced, even though it had initially been voluntarily funded prior to either Corporation being created, or at least involved.

1994 - Extend cold room and mesh area facilities at a cost of $500,000 to cope with increasing quantities of valencias while allowing for space to store murcotts for export to other countries and eventually Japan at the same time. Design improvements allowed for palletised loading of 40' containers, which came into effect in 1995, and other efficiencies which resulted in an increase in the maximum cartons per Japanese treatment going from 3680 to 6430 while reducing the treatment confirmation, inspection and loading times by 7 to 10 hours a treatment. Reduction in AQIS inspection and supervised loading charges resulted in savings of 50 to 90 cents a carton and along with comparable total savings from reduced MAFF inspector costs, district co-ordinator fees and labour inputs go someway towards covering the cost of the facility.

1996 - The VIII International Citrus Congress is held in May at Sun City in South Africa. Presentations on Citrus Black Spot (CBS) attended and papers collected on topic as a major disease problem for Queensland citrus. CBS threatens the existence of a viable Japanese valencia trade as growers preference to remove older valencia trees after recent droughts as an escape from the quarantine conditions imposed for Japan starts to effect quantities available. Have follow up discussions with G.C. "Tian" Schutte from the Outspan Citrus Centre in South Africa who prepared a number of papers on the topic. He indicated that Australian research in 1919 showed that the pycnidiospore that effect the fruit can't transmit the disease and that it is the ascospores on the twigs and leaf litter that is the virulent form of the disease and may transmit it if environmental conditions are favourable. Tian kept his promise to send copies of the papers on Australian and other relevant CBS research on returning to his office after the conference.

1996 - Japanese importers notify us on the 25th June that mandarins can be exported to Japan subject to the normal confirmation trial being completed and holding of the subsequent public hearing to ratify findings. To avoid further delays as it is nearly 8 years since CBE growers first started funding the project contact Senator David Brownhill as chair of the CMDG to seek approval to

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add confirmation trial funding discussions to the agenda of the next meeting on 12th July. Findings from the recent Citrus Congress on CBS are also mentioned warranting an invitation to put details in writing so that they may be passed onto AQIS for investigation and implementation.

1996 - At the 12th July CMDG meeting approval is gained for the in principal funding of the confirmation trial subject to an appropriate funding proposal being put forward. The draft CBS fax re Mandarins to Japan & CBS Quarantine Problems is reviewed and on its completion on the 19th July is faxed to Dr Bill Roberts at AQIS as requested along with a copy to Senator Brownhill's office, see Attachment 8.

1996 - meeting arranged on the 9th August between AQIS representatives being Bill Hetherington a senior officer outside of Plant Programs section brought in to chair the meeting, Rob Schwartz & Eileen Gosling from Plant Programs section in Canberra and Ian Hassler the Chief Inspector Exports in Queensland having recently replaced John Snell with Industry representatives being Alan Jackson & Steven Benham. See Attachment 9 which relates to correspondence after the meeting to effect changes with the final 2 pages being a summary of the resolutions reached. The progress of these resolutions to date is:

- CBS papers submitted still being reviewed with no update from AQIS to date on progress of submission to be tested in New Zealand.

- CBS requirements dropped from protocol with industry self regulation guidelines treating as a commercial blemish problem effective to date. More workable conditions for CBS inspections has eased the pressure on growers and staff and helped stabilise valencia supplies.

- Fullers Rose Weevil requirements dropped from protocol. Not sure of effects as not a Queensland pest but assume it would be easier to supply fruit without previous restrictions

- Haven't had to use draft emergency procedures to inspect evaporators during treatments since they were put in place and hopefully won't need to use the seals issued in 1996.

- Have had casual staff available since 1996 to supervise loadings. Availability has become a necessity to maintain trade in light of reductions in AQIS field staff available to district.

- Strapping and seals provisions removed at next bilateral talks after 6 years of prior requests.

- Ian Hassler was able to resolve most problems over the next few years with some common sense and the treatment of growers as fellow human beings making the unsupplied contact lists irrelevant. Ian's attitude was a refreshing change from the John Snell era when growers were treated like criminals and were supposedly rich enough to be able to pay for all costs that any extra unnecessary procedures entailed.

- Next manual was available for review prior to its general release.

- Offer to use Joey establishment to train AQIS officers to common standard never taken up.

- First direct involvement in bi-lateral talks since was a telephone hook up on 30th November 2001 prior to talks on 3rd to 5th December 2001 with no feedback to date on the effectiveness of the input made by industry. Since 1986 bi-lateral talks have generally been shrouded in secrecy as to when they are held and the results achieved with no accountability of the Australian participants to industry. Result is that even basic requests

from industry to improve the trade can take 5 or more years to resolve via this process.
- No further need to hold meetings in 1996 while Bill was still available to industry to resolve problems.

1997 - Takes almost 12 months to co-ordinate all of the various corporations, committees, researchers, government departments and other interested parties that include industry in order to prepare an acceptable mandarin confirmation trial funding proposal for CMDG. Without the vigilance and political might of Senator David Brownhill in his position as chair of the CMDG and the backup of Lindy Hyam as executive officer of HRDC to bring pressure to bear on some of the researchers involved it is unlikely that the project would have even started in 1997.

1998 - Valencia trade to Taiwan reopens some 12 years after it was closed now operating under a quota system following CMDG funded investigations.

1999 - Access for mandarins to Japan granted at Public Hearing just under 11 years from initially starting the access process with CBE growers exporting Ellendale & Murcott mandarins in 1999. Problems with Ellendales as initial shipments clash with dumping of local greenhouse mandarins on Japanese market after heatwaves with clearance problems compounded by large volumes shipped due to loss of other Asian markets from financial crises. Market eventually recovers from problems incurred with ellendales in time to clear all murcotts shipped.

2000 - CBE containers of hybrid variety's shipped by other areas of Australia in 1999, including the first shipment of mandarins from Australia, are rejected for export to Japan by AQIS after initially clearing final inspections with reason being that no longer acceptable to send such varieties.

2000 - After complete cancellation of ellendale trade by importers due to problems in previous season murcott exports by CBE growers more than double to over 65 * 40' containers.

2001 - Requires 6 months of ministerial intervention ending in March by Minister for Primary Industries to sort out with AQIS acceptable conditions for the export of all mandarins to Japan that are also suitable to industry and will be applied consistently to all growing regions in Australia.

2001 - CBE shipments include a successful trial shipment of 7 * 40' containers of an early hybrid variety, no mid season ellendales again & around 70 * 40' containers of murcotts with sales not as easy as 2000 due to a combination of a slowing Japanese economy, international food safety concerns and no flow on effects from Sydney Olympics and associated sales promotions.

2001 - Darrell Wallis passes away in mid November leaving a void in Industry ranks including the need to locate only the 2nd Chairman of Directors for both CBE & AJCE since setup. New incumbents will be able to actively pursue the use of the recently approved in transit cold treatments to Japan that Darrell had actively sought for the last 15 years. Other positions to be filled where his practical experience in exporting citrus assisted decision making include:-

- As a Mundubbera delegate on the QFVG's Citrus Committee.
- As a Queensland representative on the Australian Citrus Growers Incorporated (ACG) board.
- As an ACG representative on the Horticultural Market Access Committee.
- Appointment to the newly formed Citrus Industry Advisory Committee (IAC).

One would hope that Government departments will work more co-operatively with all of the positions new industry appointments in order that effective progress can be made in their life time.

2001 - Again requires Ministerial interest at the end of November in the week prior to bi laterals with regard to agreements made by AQIS in March before industry is specifically requested for some

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input to Japanese bi laterals prior to there occurrence.

PROBLEMS currently faced by growers in supplying the Japanese market:

- After 19 years of continuous supply to Japan (one of only 3 such establishments in Australia) still generally treated as a novice supplier by AQIS. No recognition that we are trying to remain in the trade for the long haul, with most of our suggestions to improve regulation compliance and product outturns made to improve long term returns and not just to turn a quick buck.

- The lack of input into procedural changes since 1987 to make them workable prior to their adoption. It is nice to know that AQIS officers are paid no matter what decision they make with industry reliant on a workable solution being made into which they have no prior input in order for them to even stay in business let alone remain viable.

- Lack of recognition by AQIS and other Government departments of industry appointed product champions as liaison's to work with industry to improve working conditions of all concerned, i.e. the MAFF officer on site, AQIS field staff as well as industry participants in the trade.

- An automatic response by Australian Government Officials to blame any delays in trade negotiations on the Japanese side, even when it is known not to be the case.

- No accountability to industry by AQIS participants in bi lateral talks and general disregard to consult with industry prior to talks unless political pressure has been brought to bear.

- Lack of consistency between AQIS officers in interpreting and applying its own Australian version of the protocol especially between states, eg. the recent difference in treatment of mandarin varieties to Japan that had to see the Minister for Primary Industries intervene so that growers in his own electorate could receive similar treatment to the rest of Australia.

- Ease with which AQIS officers can vary the Australian version of the protocol for Japan they use from what is actually required by the Japanese regulations and in the process burden industry with unnecessary cost. For example, the 1987 CBS inspection requirements, FRW pre harvest block inspections & counting number of Red Scale on inspection fruit being a few of the more costly and onerous impositions that have had to be borne.

- The non existence of a mechanism for growers to appeal impositions as cited above to an independent arbitrator. To date growers only right of appeal has been to the same people who have introduced the impositions, with "falling on deaf ears" & "talking to a brick wall" being meaningful sayings that come to mind when considering an appeal. The extension of the right to appeal to an arbitrator for the removal of specified AQIS staff that either repeatedly abuse their position of power to inflict unnecessary requirements or continually show a lack of competency to effectively carry out their duties could also reduce the incidence of unnecessary costs being inflicted upon our industry and help us remain competitive in comparison to our competitors.

- Unwillingness by AQIS in light of the win by USA over Japan under WTO regulations deeming it unnecessary to prove the efficacy of a known quarantine treatment for all new varieties of apples to promote same case for mandarin varieties to Japan from Australia.

- Lack of recognition by AQIS that due to the rapid globalization access to markets is being sought by a greater number of competitor countries and gone are the days of sitting back and waiting for things to happen in an orderly fashion as evidenced by Chile gaining access to Japan for

mandarins in approximately ½ the time it took Australia and some 3 to 4 years earlier.

- Constant rotation of AQIS personal through various jobs leaves no one person responsible for progressing issues with industry to an acceptable conclusion.

POSSIBLE SOLUTIONS to continue maintaining the Japanese market:

- Maintain working relationship with MAFF on site inspector's to be able solve day to day problems with working procedures.

- Continue to use importers contacts in MAFF to keep abreast of gazetted Japanese quarantine requirements.

- Where time is of the essence, continue to seek political intervention to rectify problems.

- Seek change in AQIS culture to one that works with industry to improve trade including appointment of officers dedicated to working with industry to resolve issues.

- Seek appointment of full time independent arbitrators to resolve issues on imposition of restrictive requirements if can't get AQIS staff to work with industry.

- Question MAFF as to how many years required to undertake supervised treatments before merit recognition that have systems in place capable of completing treatments unassisted. It is a waste of MAFF & AQIS staff resources and an unnecessary cost imposition on us that is passed onto Japanese consumers by maintaining the current restrictive procedures indefinitely.

Recapping Our Assessment of Queensland's Involvement in the Australian Citrus Industry

As you can see most of time from 1953 to 1992 was spent growing, packing and marketing citrus and finding ways to improve on these activities with the occasional drought thrown in for good measure. Since 1993, the position has reversed and we have spent most of our time and financial resources looking for water and finding ways to spread a lessor quantity of poorer quality further in an attempt to keep our trees alive and occasionally get them to crop so that sometime in the future we can again grow, pack and market citrus on a profitable basis.

The Major Problem to be overcome in order that we may stay in existence is to have suitable Water Infrastructure put in place to supply reliable quantities of quality water at economically affordable prices throughout the trees thirty to fifty year life cycle so that they can crop consistently during that time. Again No Water > No Application (expert or otherwise) > No Industry > No Jobs > No Rural Communities.

When water is available to set and grow a crop the need for an effective IPM program that is continually adaptive to control pests of citrus within economic levels is required so that the majority of the crop produced will be Class 1 fresh fruit for which the end consumer is willing to pay premium prices. From crop set it takes 7 to 12 months with acceptable growing conditions including water supply and IPM control before one can start to harvest and pack the various varieties ready to start marketing.

Need a range of markets that compliment each other to be able to take the total crop since it is impossible to grow all 1st Class fruit in the 2 or 3 optimum sizes required by an increasingly larger sector of the total market place. Most varieties will produce a range of between 8 and 14 different sizes each season with 6 to 8 sizes normally being 90% or more of the available Class 1 & 2 pack outs. Aim for a pack out of around 70% or higher of Class 1, 20% of Class 2 & 10% or less of Juice Fruit in a normal year with the difference in classes generally based on the visual appearance of fruit. Class 1 fruit has low levels of skin blemish caused by the weather, pests and disease's, Class 2 fruit has moderate levels of skin blemish with

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Juice Fruit being the balance that can't otherwise be sold and includes medium to heavy skin blemish as well as growing defects and out sizes i.e. fruit that is to large or small for a viable return from the market place.

Recapping Our Assessment of Queensland's Involvement in the Australian Citrus Industry

Recent trends that are seeing the rapid increase in the supermarket trade worldwide, which has a general preference for just a couple of sizes of Class 1 fruit, are making it increasingly difficult to sell the total crop on a viable basis. This is where access to as many markets as possible is required to provide alternative options for the viable sale of the total crop. As previously noted most of the viable export markets still to be accessed are closed for quarantine reasons and need government support for industry to gain access and be able to increase its marketing options. The supermarket trade in Australia has followed global trends and with its growth from approximately 30% to 70% during the 1990's has reduced the capability of the domestic market to continue to take the majority of Class 2 and out sizes of Class 1 fruit putting increasing pressure on the overall viability of the industry as the Juice Fruit % of the crop grows with its low returns with no compensating increase in the prices of Class 1 & Class 2 produce still being sold.

No Viable Markets (domestic and export) > No Industry > No Jobs > No Rural Communities.

Although secondary in nature to the water, IPM and market access problems noted above, the increasing employment problems in recent times as outlined due to the stress factors placed on family members are making it hard for us to want to remain in business. Employing a large number of people straight off the road on a casual basis with history and skills unknown from 1 hour up to the six months required to complete a harvest season under current regulatory conditions, especially workers compensation and workplace health & safety regulations, makes selling up the farm and investing all our money in the share market seem a relatively risk free option in comparison with a lot better odds of protecting our asset base.

In its 50th year the future retention and operation of the business by family members is in doubt for the first time due to the combination of the groups structural complexity, the recent resignations of 2 junior directors outside the scope of succession planning, the immanent retirement of the 2 senior directors and the size that the business has grown to over the years to remain viable. The capital gains, stamp duty and GST implications alone may end up preventing the final transfer from the 2nd to the 3rd generation especially with the mix of companies and trusts setup at various times over the years to cope with death duties, retention of working capital in the business, protection of the business from outlandish employee claims, compliance with changed regulatory requirements and the provision of succession funding with the latter being ineffective to date as no excess profits have been made since their setup in 1993.

It is worth noting that there are a number of apparently minor regulatory impositions that have appeared in the last 10 to 15 years that we haven't previously mentioned that have to be complied with taking the focal point of our concentration away from our principal business activities. For example, super fund regulations (especially for a family fund with more than 4 members), SGC super requirements, workplace health and safety regulations, quality assurance schemes, food safety regulations, various diesel fuel rebate schemes, immigration department requirements, social security department forms and pay garnishee orders, local government and fire services building regulations to cite a few where compliance time and costs have increased dramatically with no real benefits to the business. In some cases such as the building regulations there are serious impediments to the future expansion of the business.

We along with a majority of other orchards in the district consider ourselves to be small family business's, however there is a lack of Government recognition of this fact mainly due to the size that a family business in citrus has had to grow to in Queensland to remain viable. The number of large corporate entries into the Queensland industry in the 1990's and the effects the size of their operations will have in the rapidly changing market place as their production comes on line fully in this decade will probably see the need for our size business to expand further to stay viable or as we have done form alliances with others to try and stay competitive. To retain effective family business's in our sector of the industry in the immediate future will require recognition by all government departments of some reasonable small business limits for us to survive eg 40 to 100 employees to harvest a crop (recent unfair dismissal laws limit small business to 20 employees), turnover of 1 to 5 million dollars & reasonable concessions for the generational transfer of the business (current estimates are that the taxes to complete the 2nd to 3rd

generation transfer would at least cover the remaining 50% of under tree sprinklers we have not been able to afford to install in the last 6yrs).

2.2 Current Situation and Outlook for the Industry

In this section we intend to answer specific questions asked by the Commission that we feel are relevant to us and haven't been covered in our Queensland Citrus Industry overview, or require further clarification.

Australia's trade in citrus products

- Australia's Imports

What effect have imports had on Australian markets?

Introduction in the early 1980's of Californian navels for sale from February to mid April has generally been beneficial to our domestic navel trade by setting and maintaining higher opening season prices than were previously achieved. Problems have arisen in seasons when over ordering or late supply occurs causing domestic buyers to hold off buying our product until the more expensive imported product is cleared. The occurrence of this problem in recent years has had more serious consequences on our navel trade as it now also receiving pressure on the closing end of its market window from the increasing quantities of earlier navel varieties being marketed from Southern States causing our viable domestic market window to shrink from 8 to 4 weeks and sometimes less in the last 10 years. With no export alternative for Queensland navels further erosion of our market window from either end will require serious reductions in the quantities produced to suit the available market window if one is left at all.

Is there scope for the importation of … fresh fruit in Australia's peak harvesting periods?

Based on the Californian navel experience we would have to say no as retailers importing an expensive product have stopped stocking our local product until the imports are cleared reducing the market window we have available to clear our product. May be some short term benefits for consumers from cheap product being available from the clash between Queensland and Southern State produce for a reduced market window until either one or both were forced from the marketplace leaving only the more expensive imported product.

- Australia's Exports

What strategies could the industry employ to expand export markets further?

As previously outlined all viable markets currently under consideration are closed for quarantine reasons with industry at the mercy of the various government committees and departments that firstly determine the priority of seeking access and secondly have to undertake the negotiations to gain access. Currently industry has to wait patiently on the sidelines until access is gained before it can start trading and work towards building relationships with selected importers willing to work with us to expand the trade. To decrease the time spent patiently waiting industry could seek renewed funding along CMDG guidelines from Government for the sole purpose of developing and fast tracking market access projects. An added improvement to the previous CMDG projects would be for Government to provide staff from the various departments as required under an overall co-ordinator to assist industry to progress the projects in a timely manner. NB. The domestic market is also aided in over supply situations from increased export alternatives by helping to clear the overall crop at a better average rate of return.

What are the advantages and disadvantages of adopting a more coordinated approach to the marketing of citrus exports?

Through the 1970's and 1980's QCEC growers (all located in the Central Burnett) and exporters worked reasonably well together setting minimum supply prices for each variety on a market by market basis to attain sustainable returns. Committee pooled crop forecast information from growers and market forecasts from exporters to work together to successfully move the crop available for export. Other benefits of working together included improved shipping rates and schedules, better insurance rates, self levied funds available for promotions in selected markets, agreement of self imposed quality standards and timing of entry into markets, liaison with AQIS on quarantine requirements for markets, joint trials of new packaging & joint investigation of and shipments to new markets to spread the risk across all in the industry who may benefit.

This system worked well for nearly 20 years because of the co-operation of the members involved. In the late 1980's and early 1990's a number of factors led to the deterioration of QCEC's effectiveness including:-

- AQIS liaison officer effectively working against the interests of members to export produce.
- The advent of the AHC and it powers to grant citrus export licenses which caused a 200% to 300% increase in exporter members with QCEC having lost it right to restrict new members. No increases in the fruit available for export at the same time caused some desperate measures to be adopted to try and gain market share including using EMDG money to subsidise prices and buying Class 2 fruit off the domestic market and substituting it for export fruit which caused us to lose export orders as the exporters we wished to supply couldn't compete on price. To retain our export murcott trade into Asia we had to introduce new cartons without reference to our Joey brand for domestic use so that there was no fruit available to undercut our export prices.
- The decline of the Central Burnett as the only export growing region in Queensland with a majority of the new large corporate players in the industry unwilling to work with the existing members of industry as their production came on line. The extra quantities produced from the significantly larger plantings still have the same seasonal harvest window constraints of the varieties applicable to all other growers, give or take a week or two for regional timing differences. Citrus, particularly mandarins, is a perishable product with a maximum shelf life of 12 weeks from harvest under optimum conditions. The quantities being produced by the larger players required the continual sales of fruit no matter what condition the marketplace was in just to be able to finish their harvest season. This resulted in some sales being made well below the desired QCEC minimum prices and led to an expectation by some importers that pressure could be brought to bear on all Australian exporters by initially dealing only with larger suppliers each season in an effort to reduce prices paid to all growers.

The lack of co-operation by some of the players now involved in the industry has resulted by the end of the 1990's in the original members of the QCEC not setting nominated minimum prices at the start of the season anymore as they were being used by larger players to work out how much they would need to discount prices in order to buy market share. In 35 years we have gone full circle to the point where we started before QCEC was setup with the importers using the lowest price on offer to try and reduce the price of all growers lower until they can source the product they want at the lowest price possible. No doubt the cycle of co-operation will start again when prices get low enough that even the economies of scale from larger operations can no longer cover the continual losses of selling at or below cost.

NB. Japan with its rigorous quarantine requirements and to date high facility costs has restricted new players from readily entering the market leaving shareholders of CBE as the main Queensland supplier to the market. Advantages for growers of adopting a coordinated approach to the marketing of citrus in Japan are best exemplified by two examples. Firstly, the valencia trade has remained strong since 1990 taking all of the Class 1 product that has been grown within the required size ranges and due to the relationship's built up with our importers has withstood a couple of years of South Africa dumping product onto the market in the late 1990's. Secondly, the murcott trade since starting in 1999 has grown significantly with importer support to utilise a range of sizes that were previously hard to sell into other markets with growers in turn developing a new style of package to suit the importers requirements.

Characteristics of Australia's citrus markets

- Competition in citrus markets

At the grower, packer … levels, do the world prices of various citrus products … affect domestic prices?
Yes. Basic principals of supply and demand come into effect with the prices and quantities supplied by our competitors into export markets have a bearing on our export prices and quantities shipped which in

turn affects our domestic prices. For example 1991 with a poor USA crop limiting their exports into Asia saw demand outstrip our supply with the highest average prices received for most varieties in most of our markets resulting in the highest total average price for the crop in the last 10 years. Whereas in 2000, a high crop in Australia and worldwide saw reduced domestic returns with Asian markets after the financial crises unable to significantly clear excess product with the lowest total average price received for the crop in the last 10 years, over $10 a carton less than the high of 1991. The loss of Indonesia in 1998 saw the 3rd lowest total average price for the crop in the last 10 years some $3 under the averages of normal seasons either side of it showing the lack of competitive world prices can also have an effect on the domestic market.

How do the returns to grower, packers … differ between the types of citrus product and between domestic and export markets?
As noted above the effects of supply and demand both domestically and globally can affect returns. The condition of crop including the sizes available and level of damage can also affect returns either in combination with supply factors like in 2000 or on there own as seen by the hail storm damaged crop of 1997 which saw the second worst total average price for the crop in the last 10 years. Varietal timing and characteristics and the quantities available can also cause differences in the returns to growers.

Because of the above factors the range of prices for the different classes of citrus product can vary considerably within the one year. For internal comparative purposes we normally record our net shed door average prices from all markets as 18 kg equivalent carton prices and for this exercise to possibly make them more meaningful we have converted them to tonne prices as well.

Class 1	$10 to $40 a carton	$550 to $2,200 a tonne	Domestic & Export
Class 2	$7 to $22 a carton	$400 to $1,200 a tonne	Domestic & Export
Juice Fruit	$0.55 a carton	$30 a tonne	Domestic

A couple of our costs for Comparison:

Picking Costs	$0.80 to $2.20 a carton	$44 to $120 a tonne
Cartons	$1.60 to $2.80 a carton	$88 to $154 a tonne

Average export prices are generally higher and more consistent than domestic prices as export normally has prices nominated for all sizes prior to shipment and usually has the pick of available sizes when varieties are split between the two markets. This makes direct comparisons between export and domestic markets in the same year almost meaningless as the quantities and size breakdown supplied to each market can have a significant bearing on the respective returns received.

How do these returns change within a year and how have they varied over the years?
Changes within a year are best illustrated by imperial mandarins as the early season mandarin variety usually sold on the domestic market with 2 * 9kg cartons making up the Class 1 18kg prices quoted below.

Timing	Supply	Returns	Market Conditions
Early April	light quantities	$40 to $60	depends on early quality & other products
Mid April	moderate quantities	$25 to $40	volumes increase as most growers start
Late April	moderate to heavy	$20 to $36	volumes near peak
May	heavy	$12 to $34	volumes at peak
June	light quantities	$20 to $36	depends on late quality & next varieties

For imperials medium sizes are generally preferred with different domestic markets tending to prefer some larger and smaller sizes as well. Range of returns for each timing period matches the range of sizes

available with the more preferred sizes earning the higher prices. As the season progresses some sizes lose their viability in the market place and drop off into Juice Fruit section at $0.55 per 18kg carton equivalent.

Over the last 10 years the average price returns for Class 1 imperial have averaged $26.50 and have varied from a high in 1991 of $34.63 down to a low in 2000 of $17.09. The last four years have seen returns around to well below the average.

What arrangements are used in the industry to manage the risks associated with volatility in production and prices?
Growing techniques including thinning of fruit a few months after crop set to reduce unwanted sizes, damaged fruit and excess crop set to maintain a more even production base of higher quality fruit from season to season. Especially important in high crop set years like 2002 where trees are coming off a low production year in 2001 due to adverse circumstances so that an alternate bearing cycle doesn't start.

We try and support a number of markets for each variety and when available generally supply some product to each available market to maintain a limited presence even when returns are up to $5 a carton less than the better preforming markets. The loss of the Indonesian market in 1998 highlights the importance of maintaining a presence in a number of other poorer preforming markets with our persistence in supplying the Canadian market through the mid 1990's at lower prices rewarded by the opportunity to vastly increase our ellendale quantities shipped to Canada in 1998 and clear our production at viable prices.

Monitoring market activity to try and avoid over supply situations or reduce the exposure to volatile conditions where possible to retain prices at viable levels. Stopping or reducing further shipments for the year to export markets is the only means of reducing price risks. Options for the domestic markets include redirection of fruit between markets, utilising available cold room space to carry product over a few weeks to see if the market improves, stop harvesting until market improves, stop packing the lowest priced class & size combinations to keep produce off the market or increase quality standards to keep product off the market. The last 2 options result in the Juice Fruit % being increased with the $0.55 a carton deterring some local growers that urgently require cash flow from taking the option and stopping others further a field as it only partially pays the freight component of over $1 a carton equivalent from surrounding regions.

What capacity, if any, do citrus growers, packers … have to respond to price fluctuations for citrus products by reducing or increasing supply?
Once the crop is set growers can't readily change the amount of supply except by pre harvest thinning. There is some degree of flexibility in changing the quantities supplied to various markets to respond to price fluctuations but with most mandarin varieties having a maximum harvest window of 4 to 8 weeks there are very limited opportunities to reduce or increase the supply of a variety without causing problems with the overall harvest schedule resulting in downgrading or loss of some produce.

Export markets due to lead times are less flexible than domestic markets with prior year's trade, current pre season market assessments by our exporters and forecasts of crop quality and quantity usually determining the level of export commitment for the upcoming season. Under estimations in available crop can result in increases in supply with reductions more likely due to market volatility or unexpected quality problems at the time of packing.

Domestic market is as per the answer in paragraph three of the previous question.

Who … bears the risks of price changes?
For domestic markets operating on supply and demand the grower bears the risks of downwards price

changes and conversely reaps most of the benefit if prices increase. For export markets where prices are normally set prior to shipment the only movement in price is downwards. Exporters and sometimes Importers have been known to bear some of the risks in price changes depending on the circumstances causing the price drop.

- Financial performance

What has been the recent and current financial performance of citrus growers, packers …with respect to … profitability and indebtedness?

For us more than 20 years of recording profits ended in 1996 with the severely drought affected crop. The 1997 hail storms, the 1998 marketing fallout from the Asian Financial crises along with some storm and drought damage each year since have seen the losses continue with over a $1,000,000 in losses currently being carried forward. The future recoupment of the losses will be slowed down by the loss of production from trees lost due to drought and the cost of tending replacement trees over 10 years until they come into full production. Estimate that it would take four good seasons in a row just to recoup current losses.

Prior to the purchase of Esmeralda at the end of 1994 there was no externally funded debt with internal shareholder loans usually under $500,000. In 1997 we had to apply for the first bank overdraft facility in more than 30 years and as previously outlined bank debt has had to be increased to continue funding day to day operations and drought mitigation works. Bank and internal debts at the present time have increased to $3,000,000 fixed with a further $1,000,000 at call debt to get through peak cash flow requirements.

What factors have influenced the recent financial performance of the industry?

In our case the hail storms of 1997 have had the biggest immediate impact on our recent financial performance followed by the various episodes of drought with the combined impact on the crops over the last 6 years now nearing the same level of financial pain. However unlike hail which normally only effects the current crop the droughts will continue to affect our financial performance for at least the next ten years while re-establishing plantings even without any further drought conditions during that time.

The loss of the Indonesian market in 1998 with the best crop quality wise of the last 6 years resulted in only slightly better average returns than the 1997 hail damaged crop even though over 100,000 more 18kg cartons of Class 1 fruit were produced. The rapidly changing dynamics of all sectors of the global marketplace combined with the increasing worldwide production of citrus, especially mandarins, will continue to put pressure on the maintenance of viable prices in the future. With 1994 being the last relatively normal season it is very hard for us to gauge what affect the changing marketplace and production levels will have on financial performance other than to assume that the overall downward trend in prices since 1991 may continue.

NB. Most growers in the region have been affected by the drought conditions with the severity depending on the location on the river system, age of orchard and type of irrigation system and due to the long lasting effects we would consider drought to have had the greatest influence on the industry's recent financial performance. This would be closely followed by the loss of the Indonesian market with the prospect that replacement markets will be found in less than ten years placing it a close second behind drought effects. Hail storms are usually localised and although we can testify that the result is more devastating for those directly in the path of one it is thankfully not as widespread and has less impact on the overall industry.

- Cost Structure and Productivity

What are the major cost drivers for growers, packers … respectively (eg. labour, water, fertilisers and pesticides, transport and finance)?

Percentage breakdown for the 1999 tax year operating costs are:

50.0% Wages & On Costs (Super & Workers Compensation)
13.5% Cartons, Packaging Materials

2.2 Current Situation and Outlook for the Industry

7.5% Freight, Pallets, Selling Costs
7.5% Fertiliser, Sprays, Wax & Dips
4.3% Repairs & Maintenance
3.8% Electricity, Fuel, Gas
2.5% IPM Fees & Insects, Hydro Probe Fees, Lab & Field Tests
2.0% General & Hail Insurance
2.0% Bank Charges, Borrowing Costs, Interest
6.9% Sundry Expenses & Administration (includes Direct Water Charges of 0.5%)

NB. Capital equipment costs & depreciation not included in operating costs of business.

One way of coping with decreases in the prices received for citrus products relative to the costs of producing them is to improve productivity --- that is, to reduce inputs such as labour, equipment, fertilisers and water per tonne of produce.
Bank currently has us working on means to contain the amount spent on wages as our major cost area with piece rates being extended to as many jobs as possible to attract and retain those more willing to work reducing the impact the high turnover of staff is currently having on business efficiency and productivity.
Reducing staff turnover also reduces the odds of suspect compensation claims and all the costs involved.

Equipment purchases since October 1996 have been reduced to the bare minimum with the majority of available capital works funds spent on irrigation drought mitigation equipment which has significantly increased the costs of supplying water. Due to tree losses reducing total production the planned 2000 upgrade of the Main Orchard packing line and sizer to incorporate the latest technological improvements will have to be deferred for at least another five years subject to maintenance costs of the current plant remaining within acceptable limits. This will allow further drought mitigation to be undertaken to try and finish upgrading current irrigation systems.

A balanced fertiliser program is required each year to help produce a viable crop. Reducing fertiliser inputs below basic requirements is a false economy if the quality and quantity of the crop is affected and will normally have more serious ramifications than over fertilisation especially if tree health is put at risk.

The only way to reduce our water and associated supply costs without causing crop and tree damage would be to have God make it rain weekly in Spring and Summer (50 to 75 mm) and fortnightly in Autumn and Winter (25 to 50mm) between 10pm and 11:30pm on Friday's so that as well as watering the trees for us it would keep staff happy by not disrupting their work program. Ps. would still like to see the Eidsvold Weir go ahead as a backup measure just in case God has an off day. It could also be utilised as a recreational facility by local residents as well as a reserve water supply for local townships.

Productivity levels would also improve if prices where increased to acceptable levels while maintaining costs at current levels. As previously outlined increasing the number of available markets that can be accessed would greatly enhance the possibility of improving prices.

- Horizontal and Vertical Linkages

What types of vertical and horizontal linkages exist in the citrus industry?
In the Central Burnett sector of the citrus industry there is one corporately owned orchard and packing business (up to 20%), one cooperative packing shed owned by family grower members with the remainder, some 50% to 65%, being family orchards generally with their own packing operations. There are a few relatively new orchards in the area that as yet have not been able to afford to build their own packing shed as they get established that have their fruit contract packed by shed's in the district that have some spare capacity.

2.2 Current Situation and Outlook for the Industry

A processing factory which is owned cooperatively by some of the family orchards with their own packing operations takes fruit from all sources in the district willing to supply at the basic rate of $30 a tonne that the factory can afford to pay in recent years to try and compete with imported concentrate. In recent years the factory has re-established some outlets for fresh orange juice which allow for some higher payments to growers for a few hundred tonne of late valencias. In the last four months contracts for up to three years have been put in place with a couple of Australian juice converters to supply substantial quantities of concentrate at reasonable rates removing us from the currently volatile concentrate market. After more than 8 years of development with a juice converter we have developed a range of stable mandarin juice products to help use the high volumes of mandarin concentrate produced. Local sales have progressed well in the 12 months since the products were launched with access to supermarket shelf space still unattainable at this point in time for various reasons including the size of discounts and rebates that have to be offered.
If the concentrate contracts continue and national sales of the mandarin juice are achieved to move a volume of product we expect that bank debt could be sufficiently reduced in 3 to 5 years to allow fruit payments to start to increase from $30 a tonne to between $100 and $150 so that picking as well as freight and levy costs could be covered in the future.

Due to the nature of the industry in the region we would consider that there are only horizontal linkages between the various segments of the production chain such as growing, packing and processing with varying degrees of linkage and level of commitment by the various entities involved in the region. Examples of other linkages that occur in the region, some of which extend beyond the production chain, include:

- Local Fruit Grower Associations that form part of the Queensland Fruit & Vegetable Growers which works on a number of fronts for the benefit of growers including market place liaison, domestic promotions, research and development projects & interface with government departments over current regulation problems and provide input into new regulations prior to adoption.
- QFVG's Citrus Sectional Group representation on the Australian Citrus Growers Inc. board which works at a national level to promote the interests of citrus growers.
- Central Burnett Horticultural Committee that was set us as a sub committee of Local Fruit Grower Associations to collect additional voluntary levies for research and development to fast track research into local industry problems. Funds used to cover delays in QFVG State funds or HRDC National funds because of the submission process involved or where it was unlikely that these funds would be readily available to resolve a localised problem in a timely manner.
- QCEC as an association used to locate and maintain sustainable exports into markets worldwide. This requires the cooperation of a majority of industry participants to work effectively which as previously noted is not currently the case. However there are still some benefits for those willing to participate from alliances built up over the last 30 years.
- CBE & AJCE as grower formed companies to directly undertake the marketing of citrus to Japan.

Because of the recent problems in the domestic market a few small alliances are starting to be formed between family orchards along similar lines to CBE in order to regain some competitive ability in the domestic market. Entering our second year in such an alliance it will be interesting to see how this idea progresses in the future for us and how many other growers will either form or join similar alliances.

- Barriers to Entry or Exit

Are there any regulatory or other barriers impeding entry into, or exit from, citrus growing, packing … ?
As previously noted we are currently negotiating the final changeover from the 2nd to the 3rd generation in the business through the various forms of taxation regulations in an attempt to retain the business for the remaining members of the 3rd generation. We are still no closer to a viable solution some 4½ years after

changing the super fund rules to allow senior directors to continue working until they are 70. Legal advice is that we should go out and win lotto once or twice so that we can afford to pay the fees to complete the changeover and in the process simplify our operating structure of over 20 entities as soon as possible so that we can get back to concentrating on our business activities and making them viable again.

Industry Restructuring and Competitiveness

What changes have there been in the types of citrus and other crops grown by citrus growers?
Most new orchards are predominately growing varieties of mandarins because of their suitability to our climatic conditions with a lot of effort being put into finding a new mid season variety that is suitable for both domestic and Asian export markets to replace the ellendale which is losing favour in the marketplace because of its acidic tendencies. Established orchards are generally moving to replace plantings of navels, because of the shrinking market window, and valencias, because their viability is solely reliant on the Japanese market, with mandarins as blocks die out or in some cases earlier by top working oranges to new mandarin varieties to allow a quicker assessment of their potential.

We are following the trend of replacing navels to reduce our relatively high proportion for Queensland of 20% of trees planted especially after the recent drought effects on older trees but for the time being will retain a similarly high proportion of valencia trees because of the capital tied up in Japanese treatment facilities. As previously noted we have utilised areas of our orchards not suited for citrus to plant mangoes as an out of season crop to utilise existing equipment and generate a further cash flow and have started to trial pecans for the same reason. Other growers in the area with different soil types and temperature conditions have planted table grapes, avocadoes and low chill stone fruit for similar reasons.

Does this differ by region?
Yes.

Have citrus growing, packing …enterprises become larger in size?

Yes.	1953	20 acres	1 family involved	
	1962		3 families involved	
	1968	80 acres	3 families involved	
	1983	140 acres	3 families involved	
	1986		5 families involved	start Boyne Orchard for Japan export
	1993	200 acres	6 families involved	
	1994	310 acres	6 families involved	purchase Esmeralda Orchard
	2001	350 acres	4 families involved	all currently available land planted
	2002	300 acres	4 families involved	remove 50 acres due to drought effects

Size of the packing shed and packing line has increased over the years to accommodate the volume of production from the increased acres including facilities to improve the cold chain for export fruit.

Are there regulatory or other impediments to growers, packers … responding to the various pressures on the industry (eg. overseas trade barriers, …government quarantine regulations …)?
Yes, please refer to earlier examples.

2.2 Current Situation and Outlook for the Industry

2.3 Effectiveness of Government Policies and Assistance Programs

Outlined below are some brief comments on various policy areas covered by this section.

Water Allocation and Pricing

As evidenced the lack of water has a more disastrous and long term influence on the costs of production of citrus growers than current water pricing policies. However, if water is treated by Government's purely as a means of raising short term revenue in the future with rights and allocation sold off to the highest bidder, then drought will not be the only cause of a lack of water.

Taxation

The timing of the tax financial year end on the 30th June right in the middle of the harvest season creates timing problems for compliance with departmental deadlines and limits the value of financial records when trying to compare production seasons as they include the results of two ½ seasons. For us, a tax financial year from the 1st October to 30th September that matches our citrus season would be a lot more workable as we would have time at the end of the season to comply with deadlines and the financial records would be far more meaningful as they would relate to a years production records.

Current example of a useful ATO adjustment to the Tax Act is the "Special Tax Tables for Individuals Seasonally Employed in the Horticultural Industry" which allows employees to pay a basic flat rate of tax while working making seasonal variations in work availably less significant.

Need to reduce the complexity of all the taxation implications involved in changing the ownership of a bona fide family agricultural business so that those members that wish to remain or are forced to by circumstance may concentrate on running the business viably without the constant pressure of losing everything because there is not enough cash funds available to pay the retiring parties, the applicable taxes and continue to run the business.

Industrial Relations

Worker's compensation needs reform. We are willing to pay for cover for legitimate claims of which we have had some, even if most of the family members are excluded from cover. However the rising incidence of suspect to fraudulent claims against growers in the district and the recently added wildcard factor of no win no pay lawyers pursuing common law claims makes us feel like we are paying Russian Roulette with the only option being to leave the industry before we get shot.

The increasing imposition of Work Place Health & Safety Requirements and the avenues for claims against the employer with no apparent need for the employee to be responsible for even basic common sense matters such as wearing suitable clothes and applying sunscreen without first being told gives us nightmares as the harvest season approaches and the employment lottery starts for another 6 months.

Need to look into the provision to adjust the award for casual employees to accrue a mutually agreed amount of time, say up to 40 hours, during the harvest season that can be used to cover lost time due to rain etc to provide them with a more consistent weekly pay packet. Also helps us reduce our staff turnover as firstly they don't move on because there is no money coming in and secondly if delays put the harvest program behind schedule we don't have to employ more people for just a week or two to catch up.

Quarantine

Refer to various problems and possible solutions throughout the submission.

Superannuation

Please see Attachment 10 which we request be treated as "Commercial in Confidence" with regard to the latest communication with APRA on the 30/11/01 with regard to the deadlines imposed on our family fund and our inability to meet them due to the citrus harvest season.

2.3 Effectiveness of Government Policies and Assistance Programs

Social Security

User pays principle applies and we get a rebate off our taxes for each form or letter we have to complete or respond to. Good to see during the 2001 season that Social Security and Taxation departments have started to work together to reduce our workload for them by sending officers into the field during the season to directly follow up incorrect "Tax File Number Declarations". Continuation of this process in the future will hopefully help reduce our staff turnover rate by reducing the number of people that have to leave in 3 to 4 weeks because they have knowingly supplied an incorrect number.

Immigration

With QFVG assistance we have thankfully overcame the impromptu property raids of the early 1990's were even family members where asked for identification if they happened to drive through the farm gate as a raid was in progress. The subsequent requirements to ask all prospective employees for proof of identification and when passports were provided to check for work visa's didn't do much to reduce our stress levels. In recent times a proposal to fine growers that don't undertake adequate immigration checks an employ people without the required work visa's has created more workload for QFVG staff and to us seems ludicrous when we can't get enough staff to pick the crop as was the case in 2000.

It should be noted that a majority of the international visitors that we have seen looking for work have been granted entry by the immigration department in the first place and have usually been issued with a tax file number. Accordingly we would like to be able to employ them when available to help harvest our crop without any harassment or threat of fines etc. Those that we have employed are generally willing to work without causing trouble making it easier for us to complete a harvest season with most backpackers spending any money earned in Australia to get around the country.

Telstra

In 1990 Telstra service personnel were located in town and could repair all parts of a telephone system including the lines in, the telephone equipment and the shed siren. They were easily contactable with any repairs undertaken as part of the normal service and usually carried out within a few days. Knowing the site and local conditions they could usually advise on suitable options to upgrade existing equipment. The world was simpler and mobile phones and e-mail hadn't invaded the bush.

In 2001 the Telstra service personnel left in town can only check the lines in once a fault has been properly reported and the appropriate job number received. If the problem is with the telephone equipment one then has to contact the third party service provider contracted by Telstra to repair the equipment with the nearest representative 200km away in Maryborough. One has to have a service contract not to be fully charged for any visit and even with a contract there is now a minimum call out fee for us of $264 for each trip on site because we are over 100 km from base. Neither group is allowed to repair the shed siren which now needs a suitably qualified electrician to carry out repairs. Currently waiting for the Esmeralda phone system to be repaired 2 months after it was damaged by lighting, that's progress for you.

At a recent meeting of our marketing group we decided to persist with fax communications over e-mail for the 2002 season because of the slow data transfer speeds and the continual drop out of connections. For CDMA mobile phone users the proposed installation of a tower in Eidsvold in March or April may give us coverage at all three orchards and at a number of points while travelling in between them.

Citrus Market Diversification Program

Highlights of the program from a Queenslander's prospective were:

- The number of new markets accessed as a result of projects even if some only got the green light for oranges and lemons and mandarins have to wait until another day. Highlight of this area was finalisation of access arrangements for mandarins to Japan.

2.3 Effectiveness of Government Policies and Assistance Programs

- Funding of research fast tracked to meet export market access requirements.
- The success of projects to promote the USA navel trade from Southern States with trade more than doubling during the CMDG era which in turn alleviated pressure on the domestic market.
- Approval at the final meetings for a project to work on adapting NIRS technology for use in citrus packing lines to determine the internal dryness and sweetness of fruit without destroying it which will revolutionise the sorting of citrus once perfected.

An appreciation that not everybody in the citrus industry grew mainly mandarins for the premium export and domestic fruit markets with limited quantities of water in areas endemic with pests like Queensland Fruit Fly (QFF) was also gained during five years of interesting attendance at CMDG meetings.

2.4 Measures to Enhance Competitiveness

The Commission invites comment from interested parties regarding what governments could do to enhance the international competitiveness of the citrus growing …industry.

1. Provide water infrastructure so that reliable water allocations of quality water at realistic prices are available to grow crops.
2. Assist industry to fast track required export market access projects to expand current market options.
3. Put procedures in place so that AQIS is in a position to help exporter's ship product out of the country and can be held accountable to do so.
4. Review taxation laws including capital gains and stamp duty requirements to allow bona fide family horticultural operations to transfer between family members, especially for generational changes.
5. Assist adoption of IPM programs and provide the means for their continual adaptation to remain effective.
6. Provide protection against suspect and fraudulent workers compensation claims and provide the right to sue or have criminal charges brought against fraudulent claimants and their no win no pay lawyers.
7. Develop adequate small business levels to accommodate the intensive nature of small family run horticultural operations including employment levels and asset bases.
8. Assist industry representative bodies such as ACG & QFVG to remain in existence.
9. Review award arrangements to allow for harvest period's to be exempt from excessive penalty rate clauses for the mutual benefit of employees and employers.
10. Provide a reliable telecommunications service with timely an affordable maintenance arrangements.
11. Introduce appropriate taxation financial year ends.

PRESS RELEASE: Weather Update as at 14th January 2002

At 3pm on the 4th January a severe storm hits the Main Orchard with high velocity wind gusts for ½ an hour and some hail with the accompanying 30mm rain. Causes further delays to the production of the never ending story on the Queensland Citrus Industry as clear damaged windbreak trees from the orchard, re-stand and brace citrus trees, remove 5-10% of the mango crop blown to the ground before the harvest starts the following week & assess the hail damage as minor at 0 to 10% across various orchard blocks. Same storm just misses the Boyne Orchard, but blows excessive numbers of QFF for the traps in our mango crop to handle from an abandoned 100 acre stone fruit orchard across the Boyne River.

Esmeralda receives 25mm of rain without damage and after some earlier falls in December it is enough to avert the water crises for the 50 acres in the balance to at least Australia Day 2002. A flow in the Burnett River from heavy storms of 100mm north of Eidsvold just prior to Christmas lasts for eight days with the 4th January storm resulting in a trickle for five days before it stopped. NB. If the Eidsvold Weir had been

in place we estimate that Esmeralda's water requirements would have been satisfied until at least 2005.

Why would any sane person pay good money to be a horticulturist? No bloody idea!