

**Citrus Development Regional Benefits
Orchard Operations
Vitonga Citrus**

Vitonga Citrus (VC) currently has 200 hectares (Ha) under production with a further 50Ha to be planted in the spring of 2014

Citrus cost setup per Ha

Land & water allow 6Mgs Ha	\$20,000
Drip infrastructure pumps etc	\$15,000
Trees + planting	\$10,000
Operating costs till breakeven	\$15,000
Total cost per Ha	\$60,000

Yields on year 3 are around 7 tonne per Ha and roughly double every year after that until they reach 50 tonnes. Potential yields can reach up to 80 tonne per Ha with proper management. We are working on an average of 50 tonnes per Ha. Contracted prices are currently at \$305 a tonne with CPI increases built in to pricing annually.

Citrus operational and income breakdown

	Per Ha	200Ha
Income \$300T @ 50T per HA	\$15,000	\$3,000,000
Growing Costs	\$5,000	\$1,000,000
Picking Costs @ 50T per HA	\$5,000	\$1,000,000
Gross Margin	\$5,000	\$1,000,000

VC currently employs 5 full time staff at a cost of approximately \$360K. During the season up to 20 casual workers can be employed to either prune trees or pick fruit.

Post 2015 we will be importing citrus harvesting machinery form the US which will reduce our costs by 25 – 30%

Flow on effects labour on Farm 200 Ha to Moree community

Permanent Orchard Operational Costs	\$360,000
Casual Orchard Operational Costs	\$100,000
Picking Labour Costs	\$900,000
Total Labour cost per a year	\$1,360,000

To achieve economies of scale we will be growing our citrus out to 400Ha by 2016.

North West NSW and Southern QLD

The North West of NSW and Southern QLD has traditionally been a broad acre cropping area. Intensive horticulture crops such as citrus give farmers the opportunity to make returns that can be five times higher per a megalitre used than traditional crops as well as providing a steady contracted income stream that is not dependent on seasonal or commodity price fluctuations. We already have two major horticulture programs operating in Moree 800Ha of Pecans and over 250Ha of Olives.

Gross Margin per Megalite of Water growing Cotton

Price per Cotton Bale	\$475
Bales per a Ha	10.5
Total Revenue	\$4,987.60
Growing Costs EBIT (Combination bore & river water)	\$3700
Gross Margin per Ha	\$1287.50
Water used	7.5 Mgs/Ha
Dollars per Mg	\$171.66

Gross Margin per Megalite of Water growing Juicing Citrus

Price per tonne Citrus	\$300
Yield per a Ha	50
Total Revenue	\$15,000
Growing & Picking Costs EBIT	\$10,000
Gross Margin per Ha	\$5000
Water used	5.5 Mgs/Ha
Dollars per Mg	\$909.90

(Citrus will use 8Mgs a Ha on sandy loams no summer rain)

We expect to average 5.5Mgs/Ha in Moree with a high summer rainfall

The flow on effects of the increase returns per megalitre is what the Murray Darling Basin Authority is looking for. With Government water buybacks flowing through communities creating anger, higher value crops are a must if we are to maintain viable communities.

Capital Expenditure Flow on Effects to Communities

As well as employing and developing our own staff the Vitonga Citrus development has provided regional contractors with the opportunity for new business and the opportunity to develop new skill sets, from irrigation experts to electricians and specialist horticulture and energy consultants. We have spent \$3,750,000 on drip irrigation systems and pipelines, \$2,000,000 on trees coming from Renmark and Lismore and committed a further \$500,000 on trees that are to be planted by September 2014, with flow on effects through these communities

Grove's Warwick Operations

The first stage of Grove's Warwick factory was completed in January 2012 at a cost of \$5M. This comprises an orange and apple juicing raw production facility employing 5 to 6 people in the factory. A further 3 to 4 people are employed on transport and waste disposal (orange peel 50%, apples 25% of tonnage) and haulage of apples from Stanthorpe and oranges from Moree, Gunnedah, Narromine, Burke and Griffith. Currently Grove has around 7500 tonne of orange peel going to feed lots further value adding to this can be achieved with research the same for apple peel.

Stage two, at an estimated cost of around \$10M will be bring our existing two bottling lines from Brisbane to Warwick while adding a further two lines with robotics to the facility. We envisaged a staff of approximately 40 people, which will result in an annual wage bill of over \$4M that will go back into the town of Warwick

Grove has already successfully exported juice into South East Asia at present, we are unable to keep up with domestic demand but as our fruit supply grows there is enormous potential to build an export market into key Asian markets

The expansion of Grove has the potential to bring many regional benefits to our stakeholders from new jobs to higher value crops for farmers. With our clean green image in international markets our disease free status and the outbreak of Huanglongbing in the key growing areas of Brazil and America. There is a 1 million tonne export potential for Australia citrus producers to supply Asia from southern QLD and northern NSW. Although it will take many years to reach this number, it gives farmer choice.

Areas of Potential Benefit for Citrus Production

North Western NSW – Moree, North Star area, Narrabri, Wee Waa, Gunnedah, Bourke,

Central Western NSW – Wellington, Dubbo, Narramaine, Trangie, Gilgandra, Parkes, Forbes, Condobolin

Riverina – Griffith, Leeton

South East Queensland – Goondiwindi to Warwick, Darling Downs

Timing

It will take to the end of 2014 to finish Groves development at Warwick, by 2015 Vitonga should have enough information on the success of the venture to arranging field days to get more uptake in the industry.