

**Enhance the market
performance of the
Queensland citrus industry**

Judith Damiani
Citrus Australia Limited

Project Number: CT06031

CT06031

This report is published by Horticulture Australia Ltd to pass on information concerning horticultural research and development undertaken for the citrus industry.

The research contained in this report was funded by Horticulture Australia Ltd with the financial support of Citrus Australia Limited.

All expressions of opinion are not to be regarded as expressing the opinion of Horticulture Australia Ltd or any authority of the Australian Government.

The Company and the Australian Government accept no responsibility for any of the opinions or the accuracy of the information contained in this report and readers should rely upon their own enquiries in making decisions concerning their own interests.

ISBN 0 7341 2208 X

Published and distributed by:
Horticulture Australia Ltd
Level 7
179 Elizabeth Street
Sydney NSW 2000
Telephone: (02) 8295 2300
Fax: (02) 8295 2399

© Copyright 2009



Know-how for Horticulture™



CT06031
(30/09/2009)

**Enhance the market performance of
the Queensland Citrus Industry**

Author(s): Chris Simpson et al
Citrus Australia Ltd



CT06031 Enhance the market performance of the Queensland Citrus Industry

Project Leader(s):

Judith Damiani
Chief Executive Officer
Citrus Australia Ltd
PO Box 5091 Mildura Vic 3502
Ph (03) 5023 6333
Fax (03) 5023 3877
Email judith.damiani@citrusaustralia.com.au

Chris Simpson (previous)
Executive Manager
Queensland Citrus Growers Inc (now in liquidation)

Funding Sources:

Horticulture Australia Ltd
Queensland Citrus Growers Inc (now in liquidation)
Citrus Australia Ltd

Date of Report:

December 2009

Disclaimer:

Any recommendations contained in this publication do not necessarily reflect current HAL policy. No person should act on the basis of the contents of this publication, whether as to matters of fact or opinion or other content, without first obtaining specific, independent professional advice in respect of the matters set out in this publication.



Table of Contents

1. SUMMARY	4
2. INTRODUCTION	6
3. PROGRAM MANAGEMENT ISSUES	6
3.1 Project Term and Timing	6
3.2 Program Management Arrangements	6
3.3 Industry Development Officer	6
3.4 Project Leader	7
3.5 Structural Change to Project	7
3.6 Budget	7
4. PROJECT METHODOLOGY AND ACTIVITIES	8
4.1 Aims of the Project	8
4.2 Managing Supply (and Relationship to Market Prices)	8
4.3 Quality	9
4.4 Promotions	10
4.5 Communications	11
4.6 Funding	12
4.7 Challenges	13
5. OUTCOMES	14
5.1 Market Prices/Grower Returns	14
5.2 Supply	14
5.3 Quality	14
5.4 External Influences	15
5.5 Rumour Mill/Industry Unity	15
5.6 Overall Benefits of Project	15
6. EVALUATION	17

7.	RECOMMENDATIONS.....	17
8.	ACKNOWLEDGEMENTS	18
9.	APPENDICES	18
	Appendix A: Weekly Imperial Packing Figures 2006 - 2008	
	Appendix B: Imperials Annual Production 2004 – 2008	
	Appendix C: Imperials Weekly Pricing 2006 - 2008	
	Appendix D: 2009 Season Review PowerPoint Presentation	

1. SUMMARY

Project CT06031 is essentially a marketing focussed IDO project. The profitability of horticultural industries is largely determined by the performance of the supply chain, rather than production issues. To this end, Queensland Citrus Growers Inc initially carried out a consultancy project to examine the issues pertaining to the domestic marketing of Queensland citrus, and particularly Imperial mandarins, which identified the need for greater co-ordination and co-operation within the industry, developed a Queensland Mandarin Marketing Action Plan, and recommended that the industry engage an Industry Development Officer to facilitate the implementation of the Plan.

The five key strategic areas in the project were:

Managing Supply:

Establishing systems and compiling supply information for the purposes of market intelligence and market co-ordination. Particular initiatives included crop forecasts, compilation of weekly packing figures, introduction of the InfoCitrus program, acquisition of commercial market reports, retail monitoring and liaison, weekly marketing teleconferences, compilation of all market intelligence for distribution to growers, and the compilation of supply and price statistics to track each season and for year-on-year comparisons.

Quality:

Development and voluntary adoption by growers of internal (maturity) and external (physical) quality specifications. Quality initiatives started with new voluntary Imperial mandarin specifications including maturity standards, and was followed by on-farm and in-shed monitoring by the IDO of physical quality and maturity for season commencement, quality outturn monitoring of consignments into the Sydney Markets by Rudge Produce Service, trialling of Near Infrared Technology for the non destructive monitoring of maturity levels in the field, and ultimately the expansion of the quality specifications to all varieties of mandarins and all citrus types with the production of a Standards Manual and associated materials and aids for growers, fruit pickers and for packing shed staff.

Promotions:

Pursuing the long term aim of national mandarin promotions and co-ordinating short-term promotions. The project reconstructed the promotions capacity of the Queensland citrus industry which was lost when state statutory levies were abolished in 2003. Funding arrangements were established with voluntary grower/marketer levies. This funded promotions programs which increased in scale and professionalism each year and also enabled QCG to build up a reserve fund to provide a solid financial foundation for future promotions.

Communications:

In a deregulated growing and marketing environment where growers were free to do what they wished, communications were essential to build industry unity and to get growers on board with the marketing strategy. Components of the marketing strategy included a weekly IDO newsletter, pre and post season grower meetings, distribution of market intelligence information (market reports, supply information, weekly marketing group teleconference reports, and quality assessment reports), IDO farm and packing shed visits, and grower alerts/advisory notices as required.

Funding:

Most funding for the VC came from the QCG research fund topped up from membership fee income. Other Federal Government grant funding was obtained for the original RCS Pty Ltd consultancy on the Marketing of Queensland Citrus, and for the Standards Manual Project. Voluntary grower and marketer contributions also funded the promotions programs each year, and the project enabled QCG to construct a strong voluntary funding system for future promotions.

Outcome

Notwithstanding significant challenges, the project has delivered a number of important long term benefits, including: much better communication and co-operation throughout the industry, a more market focussed industry, a marked improvement in product quality and minimisation of the immature fruit problem at season commencement, a new set of resources in the form of a standards manual and associated resources (posters and picking/packing guides), the industry has trialled new technologies such as NIR for non-destructive maturity testing, and the industry has developed the capacity to run professional promotions programs in mainstream media underpinned by reliable voluntary funding arrangements.

2. INTRODUCTION

With \$100,000 funding provided by the Federal Government to the Queensland citrus industry in 2005, as part of the Citrus Canker assistance program, Queensland Citrus Growers Inc commissioned a consultancy project on the Marketing of Queensland Citrus. The project was undertaken by RCS Pty Ltd, and examined the issues pertaining to the domestic marketing of Queensland citrus, and particularly mandarins, and developed a Queensland Citrus Marketing Action Plan to enhance co-ordination and co-operation within the Queensland citrus industry.

The report recommended various strategies for the industry to pursue which included managing supply, quality, promotions, and communications. It also recommended that QCG develop a formal project and seek HAL funding for an Industry Development Officer who would co-ordinate the implementation of the Marketing Action Plan.

3. PROGRAM MANAGEMENT ISSUES

3.1 Project Term and Timing

The project term was 3 years commencing on 1 October 2006, and finishing on 30 September 2009. It was envisaged that it would be replaced with a follow-on project at that time.

3.2 Program Management Arrangements

The project was originally proposed and managed by Queensland Citrus Growers Inc, who also provided VC funding which was derived from members' annual membership fees and research contributions.

"Ownership" of the project was transferred to Citrus Australia Ltd on 1 April 2009, when the national citrus industry restructure resulted in the wind up of QCG, with its role, operations and resources merged into Citrus Australia Ltd.

3.3 Industry Development Officer

The primary resource for the project has been a Queensland based Industry Development Officer.

There have been disruptions to the project with the turnover of the IDO staff member on two occasions, and periods when the IDO position was vacant for extended periods of time, as follows:

1/10/06 to 16/3/07:

The position was vacant for an extended period at the outset, when it took two rounds of advertising to find a suitable person for the position in a tight labour market.

19/4/07 to 13/11/07:

The position was filled by Mr Ben Pratt. However this appointment was not confirmed at the end of his probation period, due to skills limitations of the provisional appointee, relative to the needs of the position.

14/11/09 to 28/3/08:

The position was vacant for a second time during a recruiting process. Industry Consultant, Ms Anne Larard assisted QCG in the search process for a new IDO, and also performed some of the IDO duties on an interim basis.

31/3/08 to 2/10/09:

The position was filled by Mr Simon Powell. He proved to be an excellent appointment, and was the key resource under the project for the 2008 and 2009 Queensland citrus seasons. However, he left on 2 October 2009 to undertake overseas travel. His departure effectively coincided with the end of the initial 3 year term of this approved project.

3.4 Project Leader

QCG Executive Manager/Citrus Australia Project Co-ordinator Chris Simpson, managed the project for most of the period. He also carried out certain market based activities associated with the project (but not funded under the project), and has filled in on certain aspects of the IDO's role whilst the position has been vacant.

3.5 Structural Change to Project

The project was originally established with the IDO being a regionally based position, located at Mundubbera in the Central Burnett – Queensland's main production area.

With the change of the IDO at the end of the first year, the position was relocated to Brisbane, but with extensive field travel then being required. This changed the cost profile of the project, particularly in areas of office accommodation, and vehicle/travel costs.

3.6 Budget

The project concludes with a substantial cash surplus, due largely to periods when the IDO position was vacant, and other variances in the project cost structure.

Unspent project funds will be returned to HAL, and HAL will be requested to recalculate and return that part of the surplus derived from the industry VC, to Citrus Australia Ltd.

4. PROJECT METHODOLOGY AND ACTIVITIES

4.1 Aims of the Project

Project CT06031 was aimed at enhancing the market performance of the Queensland citrus industry, particularly through greater co-operation and co-ordination within the industry. Accordingly the project sought to facilitate the voluntary implementation of various initiatives, and to provide resources, particularly an Industry Development Officer, to assist growers in implementing strategies in the Marketing Plan.

The key issues in the project were:

Managing supply: establishing systems and compiling supply information for the purposes of market intelligence and market co-ordination;

Quality: development and voluntary adoption by growers of internal (maturity) and external (physical) quality specifications;

Promotions: pursuing the long term aim of national mandarin promotions and co-ordinating short-term promotions;

Communications: to communicate the project initiatives and encourage participation; and

Funding: arrangements to make the project self funding.

Through this project, QCG was implementing a hands-on project which would result in growers producing product of a standard required by consumers, which would have agreed voluntary standards adopted across the industry in a uniform manner, which would ensure that growers were constantly aware of what was happening in the markets, and through value chain co-operation would also ensure that marketers were committed to supporting accredited product produced by committed growers. If all of this was achieved, growers should have been rewarded with improved returns.

4.2 Managing Supply (and Relationship to Market Prices)

The initiatives involved in the supply management strategy were as follows:

- Compilation of crop forecasts: long term (for season totals), and short term (harvest/packing rates and market supply);
- Long term crop forecasts were compiled in the first years of the program from estimates provided by growers at the annual Pre Season meeting, as well as direct calls to all major, medium (and some small) growers/packers;
- Industry adoption of InfoCitrus Program (in the second half of the project term), progressed the forecasting methodology to a self-reporting system. The IDO co-ordinated grower participation in InfoCitrus;
- Weekly packing figures (and forward projections) initially by direct advice from growers/packers, and subsequently from InfoCitrus grower inputs;

- Direct monitoring of Brisbane Market to observe market intakes, product build-ups (carry-over of stock), strength/weakness of market demand, and consequential impact on market price levels and trends;
- Retail price monitoring;
- Weekly teleconference of major packers and marketer representatives from Brisbane, Sydney and Melbourne, to share information about current and expected packing figures, expected market supply, and market price movements;
- Specific initiatives to respond to episodes of market oversupply (and price crashes) including advisory notices to growers recommending cutbacks in harvest/packing rates, and grower meetings called to discuss action to be taken; and
- Compilation of statistics (direct collections, and later InfoCitrus) for end of season analysis, price/volume correlations, year on year comparisons, and reporting to industry.

4.3 Quality

In order to meet consumer expectations, the industry had to improve the quality of its product. Accordingly, quality was a major plank of the Marketing Plan. The focus of the quality objective was to improve uniformity/consistency across the industry in the application of quality standards, and this work was a major role for the Industry Development Officer.

Components of the Quality strategy were as follows:

- New Class 1 and Class 2 (voluntary) standards for Imperial mandarins, based on chain store specifications, were developed by QCG and agreed to at grower meetings. The spec sheets were distributed to all growers who were encouraged to adopt them.
- The new standards included a minimum maturity specification for the commencement of harvest, as the harvesting and marketing of immature (sour) fruit at the commencement of the season has been a long standing problem within the industry.
- The Communications strategy also included advisories to growers warning them to be aware of immature fruit in the early part of the season, and urging them to hold back the commencement of harvest until they were confident that their fruit met the minimum maturity standards.
- The Industry Development Officer undertook farm/packing shed visits on a regular basis to monitor fruit maturity before or at harvest, physical quality on farm, and of fruit being packed.

- Rudge Produce Services Pty Ltd was contracted to monitor all consignments coming into the Sydney Markets (2006, 2007 and 2008), and to evaluate them against the standards. Quality survey reports were received by QCG three times weekly, and a consolidated report was circulated to participating growers weekly.
- In 2008, QCG undertook a major parallel project (funded under a matching Federal Government Industry Partnerships Grant) to develop a standards manual and associated materials. The voluntary standards were expanded to encompass all other mandarin varieties and types of and citrus (oranges, lemons, limes, etc), and were compiled in a high quality loose leaf standards manual. This was supplemented by various on-farm/in-packing shed aids: fruit picking and fruit packing pocket guides (including foreign language translations), and picking and packing posters to be put up in work spaces. A free distribution was made of a set of these materials to all participating growers, for adoption in the 2009 season.
- In 2009, QCG trialled the use of Near Infra Red technology, leased from the University of Central Queensland, for the non-destructive testing of internal brix levels of Imperial mandarins. NIR technology had not previously been used at the commercial level in the Australian Citrus Industry. The IDO used this tool when visiting growers, to map the maturity of their orchards. It gave growers immediate feedback on which sections of their crops were reaching maturity the earliest, allowing them to make harvest decisions based on real time information.

4.4 Promotions

There has always been recognition within the Queensland industry of the need to promote, with generally strong support for promotions initiatives. The Queensland industry has a long history of well resourced promotions programs under Queensland Fruit & Vegetable Growers, funded through state statutory levies.

This capacity was lost in 2003, with the abolition of State statutory levies. Since then, the Queensland citrus industry has been lobbying for the reinstatement of a national marketing levy on mandarins to create a new promotions vehicle, underpinned by whole of industry funding. To date, this has not as yet occurred.

In the meantime, QCG has taken incremental steps to build a credible promotions capacity with voluntary funding arrangements.

2006:

Sydney Markets Ltd offered QCG the opportunity to have additional mandarin advertisements under their Sydney Markets generic *"Everybody's body loves fresh fruit and vegies ..."* program in Sydney. Growers agreed to fund this with 2 cents per carton contributions on Imperial mandarins, paid as lump sum payments (based on crop forecasts rather than actuals) at the commencement of that season. This raised approx \$36,000 which paid for this program which was run in Sydney only.

2007:

Ambitious plans were proposed to extend the above Sydney program to Brisbane and Melbourne, with proposed additional funding to come from a matching 2 cents per carton marketer contribution. However this failed. More work, and more lead time, was needed to develop a larger scale voluntary funding system. With a lighter crop, and with improved market prices in 2007, the lack of promotions during the year proved not to be a serious problem. Nevertheless, 2 cents per carton was still collected from growers, and this raised \$50,000 which provided a good foundation (seed funding) for 2008.

2008:

QCG worked in partnership with Sydney Markets and developed a larger scale Mandarin Module for the *"Everybody's body ..."* program, which was then run in Brisbane, Sydney and Melbourne. The project budget was \$260,000, and growers and marketers (except Sydney) agreed to contribute 10 cents/matching 10 cents per carton on all mandarins. With only \$50,000 at the outset, and a lag between when the promotions were run and when the 'per carton' contributions would come in, cash flow had to be carefully managed (as well as underwriting from the Sydney Markets Promotions Committee being necessary). However, by the end of the year, contributions reached \$399,000 providing a good level of carryover funding for the start of 2009.

Late 2008:

The year was a season of lower returns, and many growers were questioning the value of promotions. A post program evaluation module was not included in the Sydney Markets program (to save on costs) and therefore QCG saw the need to carry out a post season independent review of the strategy. The outcome was a recommendation that QCG develop its own independent program in 2009.

2009:

QCG appointed a new agency, Gallery De Pasquale, to develop a new independent program for 2009. The 2009 program involved radio advertising in Brisbane, Sydney and Melbourne, supplemented with internet banner ads, under the creative concept, *"As juicy as it gets"*. A conservative budget of \$256,000 was maintained. Cash flow still had to be carefully managed, but by the end of the year grower/marketer contributions exceeded \$450,000, thus further increasing the carryover (seed funding) for 2010 to a level where a program could now be funded from accumulated funds, without any reliance on the next season's cash flow.

4.5 Communications

In a deregulated growing and marketing environment where growers were free to do what they wished, communications were essential to build industry unity and to get growers on board with the marketing strategy.

Components of the Communications strategy were as follows:

- IDO weekly newsletter to growers (particularly during the second half of the project).
- Pre-season grower meetings (in February/March each year). These were season planning meetings, where growers came together to consider elements of the strategy which would be implemented that season, where QCG would present the proposed promotions program to growers for endorsement, and where grower feedback would be sought in relation to crop estimates, quality expectations, season timing, etc.
- Post-season meetings (October/November each year). These were post mortem meetings to look at the season just concluded which focussed on general assessment of the season (good or bad), to look at statistics compiled through the season (supply volumes, price graphs, quality assessments, and comparisons with previous years), consider the effectiveness of the marketing strategy, and to consider any changes that may be needed for the following year.
- Distribution of Market Intelligence: Commercial market reports from Brisbane, Sydney and Melbourne were purchased and distributed by e-mail or fax to all growers three times per week. In addition, the weekly marketing teleconference minutes (reports), and the Rudge Quality Monitoring Report were similarly distributed each Friday (same day service).
- IDO farm and packing shed visits to communicate the strategy, and to provide an opportunity for one-on-one discussions on various issues of particular interest to any grower/packer at that time.
- Grower alerts/advisory notices, or ad-hoc grower meetings, calling for a particular short term industry response to, for example, adverse market conditions (call to cut back on harvest rate, or sending fruit to market at times of market oversupply).

4.6 Funding

The industry needed resources (money) to implement the marketing plan in the absence of state statutory levies, and with complete reliance on voluntary funding arrangements.

Important funding initiatives under, or parallel to this project were:

- The project emerged from a consultancy project undertaken with a \$100,000 grant from the Federal Government in 2005, as part of the Citrus Canker Assistance Package.
- VC funding for the project was raised from industry (growers) in the form of an R&D Charge paid by QCG members to QCG. As this was insufficient to cover the

full cost of the VC, it was supplemented from QCG general funds, which were mostly derived from QCG membership fees.

- As per the recommendations of the RSC Consultancy report, the HAL funding provided under this project leveraged industry funds, and gave QCG the capacity to employ an Industry Development Officer (and fund other marketing strategy costs as per the project).
- An Industry Partnerships grant of \$45,000 was obtained from the Federal Department of Agriculture, Fisheries and Forestry for the Standards Manual Project,
- Voluntary grower and marketer funding has been raised for the promotions programs from year to year as follows:

2006	2 cents per carton (Imperial mandarins only)	\$36,000
2007	2 cents per carton (Imperials)	\$50,000
2008	10 cents grower/10 cents marketer	\$399,000
2009	10 cents grower/10 cents marketer	\$466,000 (to date)
TOTAL		\$951,000

Notwithstanding this excellent response, there are a small proportion of Queensland citrus growers who have not been members of Queensland Citrus Growers Inc, and who have therefore not contributed to QCG's R&D or general funds, or to the promotions program. Therefore the cost burden has not been shared evenly by all growers in the Queensland industry.

Nevertheless, through this project, the Queensland citrus industry (with the support of marketers) has demonstrated a real commitment to pay its way in order to undertake important initiatives to improve the profitability and viability of the industry.

However there is still an important unmet funding need; that being the restoration of a national mandarin marketing levy to fund future promotions. This is essential so that in the future, all growers will contribute to fund promotions on an equitable basis.

4.7 Challenges

The project was essentially about communications and industry unity. However, not all growers participated (or contributed to the industry VC funding), and therefore complete unity of industry action could not be achieved.

Also the goals of openness and cooperation were sometimes in conflict with the changing structures within the industry, and commercial competitiveness within the industry. There are a number of major grower groups in the Queensland industry, who are mostly bound into vertically integrated marketing arrangements. These groups are in competition with each other commercially, and at times when market conditions were difficult, they would act according to the needs of their marketing alliance which was not always in the best interests of the industry as a whole, and certainly not in accordance with the industry marketing strategy.

5. OUTCOMES

The performance of the project was continually monitored and measured through observed impacts on the market and the returns delivered to growers.

5.1 Market Prices/Grower Returns

Market information shows that market prices for Imperial mandarins were not substantially improved over the period of the project. The best returns were achieved in Year 1 (2007), which was a year of light supply. Years 2 (2008) and 3 (2009) were characterised by a return to a pattern of the sharp price crash in the early weeks of the season (April), dropping too low (early-May) and a fairly weak rebound after that. The main reason was a substantial increase in supply, with the weakness in prices occurring during periods of market oversupply.

5.2 Supply

The Queensland Imperial mandarin season runs from April to June each year, and the statistics show a substantial increase in annual production, from 2.345 million cartons in 2007 (10% down on 2006) to 2.930 million cartons in 2009. That is, a 25% increase in production over the 3 year term of the project.

Ironically drought conditions which have prevailed in recent years meant there were very few episodes of inclement weather, which is otherwise a major factor which puts the brakes on, when supplies are building up to heavy levels. Episodes of wet weather usually slows down harvest, creates a break in supply, causes losses through increased soft rots and a proportion of fruit becoming unmarketable, and importantly gives the markets an opportunity to clear from any oversupply situation.

5.3 Quality

Physical: There was a significant improvement in fruit quality from season to season, as measured by the Rudge Market Monitoring Program (Sydney Markets).

Also, the project period has been characterised by drought, the effects of which were severe in Year 1 (2007), but moderating in Years 2 and 3. Accordingly, fruit quality in Years 2 and 3 was generally very good, but these favourable growing conditions (from a quality point of view), also contributed to the large crop and created the oversupply situation in those same years.

Maturity: Marketing of immature fruit at the start of the season has been a long standing problem for the Queensland industry. Through the quality monitoring program (and maturity testing), and QCG communications urging growers to hold back commencement of their harvest yielded an excellent response, and after 3 years this problem has been substantially minimised.

5.4 External Influences

The major chains are a major problem. They purchase 60% of fruit produced, and their dominance as buyers skews the normal supply and demand forces of the price setting mechanism of the central markets. The chains can and do force price movements (usually downwards) to where they want them to be in order to run their pre-programmed specials. The sellers (growers/packers/marketers) usually succumb to these pressures, for fear of losing vital sales in the short term, and to maintain good relationships with their key buyers.

The chains also manipulate the system in other ways e.g. the weekly "quoting process" is an invitation for sellers to tender (submit price quotes) to supply for the following week. In the normal commercial world, quotes like this are confidential and this is respected. However, the chains use quotes of one supplier to play off against other suppliers (i.e. give suppliers an opportunity to re-quote at a lower price), with the alternative being a loss of sales that week. Other suppliers then tend to drop their prices, for fear of losing a major sale, in the absence of alternative buyers of a similar scale.

5.5 Rumour Mill/Industry Unity

Chain stores playing growers off like this results in information (and often misinformation) being spread around the industry about one supplier or another dropping his price (undercutting the market) when this does not appear to be warranted based on market conditions, and thereby lowering the benchmark price which flows on to all growers. This leads to ill feeling and a lack of trust between growers and marketers.

The chain stores benefit from this 'divide and conquer' approach as it keeps the pressure on suppliers and ensures that they can always obtain supplies at the best price for them, and it maintains disunity and works against grower co-operation (needed if growers are ever to achieve some equivalence in negotiating power in the selling process).

QCG's programs to share information and increase industry unity have to face these countervailing pressures, and this makes the marketing strategy objectives more difficult to achieve.

5.6 Overall Benefits of Project

QCG cannot claim that the Mandarin Marketing Plan has achieved better grower returns, and improved industry viability in the short term, as measured by the 3 year

period of this project. There are many factors at play, and they can't all be solved by an industry marketing strategy, e.g.

- In a macro sense the laws of supply and demand are supreme, and if the market crashes due to oversupply, nothing other than a structural change in industry (i.e. a reduction of productive capacity with a reduction in tree numbers) will provide a permanent solution to the problem.
- Chain store strategies: The chain stores are a law unto themselves. They operate to maximise their profits and in the interests of their shareholders. They do what they want, and when they want, and they aren't particularly interested in industry programs.

However, the project has delivered a number of important long term benefits, including:

- Much better communication throughout the industry, and much more co-operation (irrespective of the forces mentioned above), and this will continue to improve into the future.
- A more market focussed industry, with growers knowing more about market prices and market conditions on a real time basis than ever before. Growers will become increasingly proficient in using supply and price information and make better marketing decisions with this information.
- There has been a marked improvement in product quality, and the fruit immaturity problem at season commencement has been minimised.
- The industry has a new set of resources in the form of a standards manual and associated materials (posters and picking/packing guides) for uniformity/consistency in the application of the voluntary standards across the industry.
- The industry has trialled new technologies, such as NIR for non-destructive maturity testing, and this may be an important tool to measure fruit maturity and determine harvest commencement dates in the future.
- Promotions: The industry has developed the capacity to run professional promotions programs in the mainstream media.
- Industry has created the structure to raise a substantial level of funds through voluntary means.
- The promotions program and funding arrangements are a platform which can be developed further – an initial goal is to expand the program to mandarin producers/packers from other states, and eventually transition to a national program under national marketing levy arrangements.

6. EVALUATION

Continuous evaluation has occurred throughout the life of the project.

The project has been overseen by the QCG Management Committee and the activities of the Industry Development Officer have been guided at the micro level by a local IDO Steering Committee.

The project has also been accountable to industry annually through the reporting of project activities, and marketing strategy outcomes, at grower pre and post season forums in the major growing area.

Also the project has generated a lot of data – daily/weekly market prices from Brisbane, Sydney and Melbourne; weekly packing shed supply volumes (to each market); and, quality monitoring information. This data has been analysed and graphed to measure supply/price correlations, as well as year-on-year comparisons of supply volumes; pricing outcomes; and, quality improvements. Presentations of all of this information have been made to growers at the end of season meetings each year.

7. RECOMMENDATIONS

It is recommended that the Queensland mandarin marketing plan be continued with a new follow-on project. However any future project should be broader in scope and take a national mandarin industry (and eventually all citrus) focus.

A national mandarin marketing levy should be re-instated as soon as possible to establish a new national mandarin promotions program and to eliminate the need for voluntary arrangements, which are tenuous, and require a substantial amount of effort to develop and maintain.

Ongoing consideration needs to be given to options to deal with the periods of market oversupply which have a significant adverse impact on market prices and grower returns such as: is a reduction in productive capacity feasible and how could this be achieved; could the domestic market be further expanded to accommodate the growing supply volumes; could better ways be found to get growers to cut back on their packing and sending fruit to market in response to market glut situations; and, is there any means by which Imperial mandarins could be exported in sufficient quantities to take the pressure off domestic markets.

Ongoing consideration should also be given to measures to address the market power of the chain stores and to give growers more equal bargaining power in the buying/selling process i.e. fairer rules of trade; use of legislative tools such as the ACCC collective bargaining notification arrangements; and, breaking down the “us and them” aspects of the vertically integrated commercial structures which prevent growers from co-operating more closely.

8. ACKNOWLEDGEMENTS

Key personnel involved in this project have been:

- Project Leader – Chris Simpson, Executive Manager, Queensland Citrus Growers Inc (now in liquidation)
- Industry Development Officer – Ben Pratt (March-November 2007), and Simon Powell (March 2008 – September 2009)
- Consultant – Ms Anne Larard, assistance in the IDO recruitment and training process, and facilitator of the Standards Manual Project

Groups who have overseen, or have been an integral part of the operations of the project have been:

- Management Committee – Queensland Citrus Growers Inc
- IDO Steering Committee
- Industry (Grower/Marketer) Weekly Teleconference Group.

9. APPENDICES

Appendix A: Weekly Imperial Packing Figures 2006 - 2008

Appendix B: Imperials Annual Production 2004 – 2008

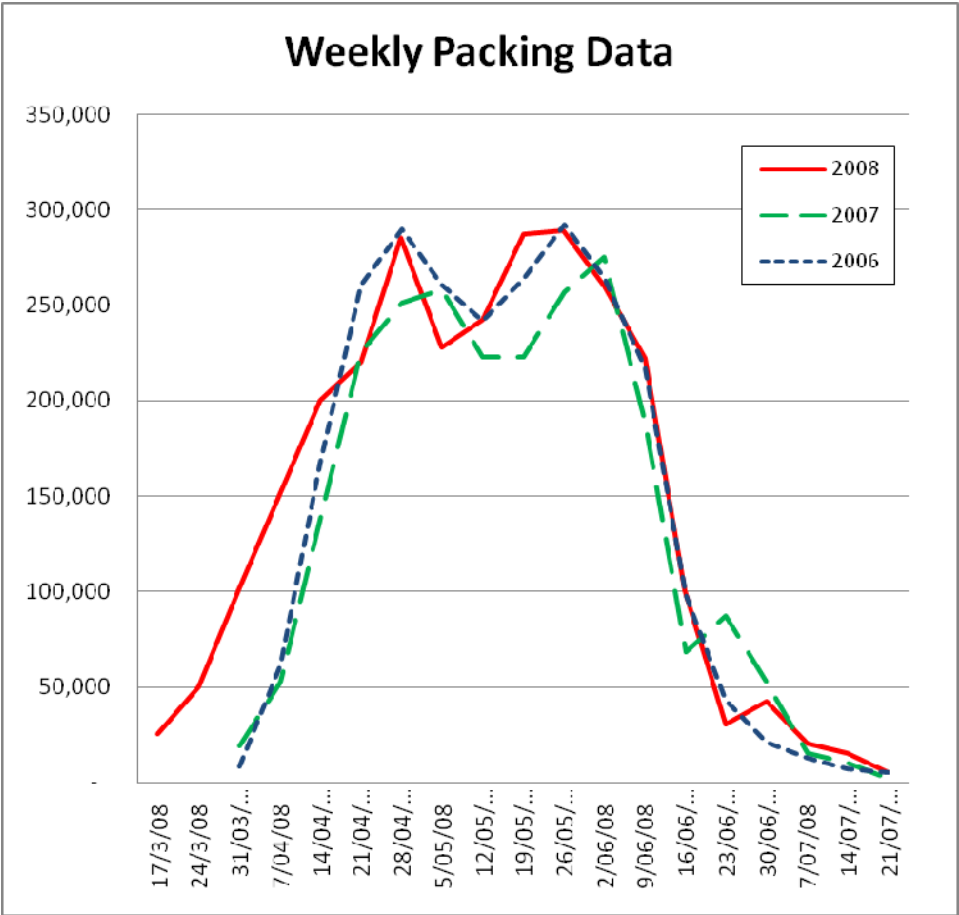
Appendix C: Imperials Weekly Pricing 2006 - 2008

Appendix D: 2009 Season Review PowerPoint Presentation

Appendix A

Weekly Imperial Packing Figures

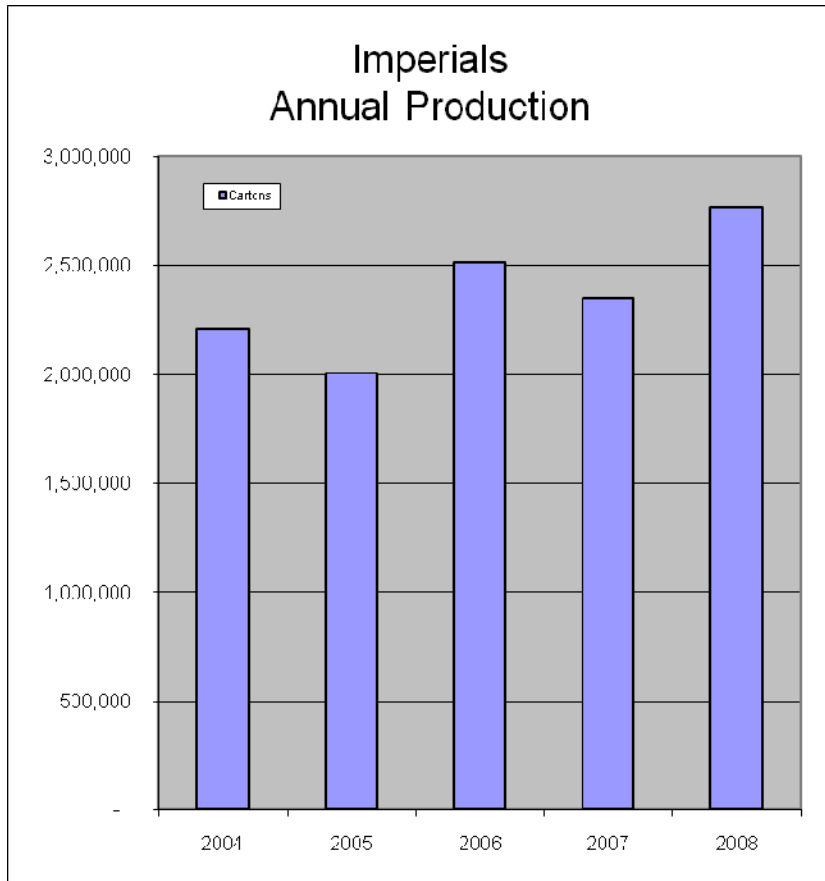
		2008	2007	2006
Week 1	17/3/08	25,000		
Week 2	24/3/08	50,000		
Week 3	31/03/08	100,000	19,039	7,918
Week 4	7/04/08	150,000	52,685	61,436
Week 5	14/04/08	200,000	137,342	167,172
Week 6	21/04/08	220,000	225,190	260,760
Week 7	28/04/08	285,000	251,090	290,093
Week 8	5/05/08	227,600	258,235	261,048
Week 9	12/05/08	242,111	222,632	241,723
Week 10	19/05/08	286,900	222,783	264,228
Week 11	26/05/08	289,000	256,655	292,514
Week 12	2/06/08	260,000	275,024	264,440
Week 13	9/06/08	222,000	188,977	217,165
Week 14	16/06/08	100,000	68,213	97,886
Week 15	23/06/08	30,000	87,396	42,649
Week 16	30/06/08	42,000	52,568	20,709
Week 17	7/07/08	20,000	15,233	12,498
Week 18	14/07/08	15,000	10,037	6,615
Week 19	21/07/08	5,000	2,157	5,000
		2,769,611	2,345,256	2,513,854
Increase in 2008 over 2007				424,355
Percentage increase this year				17%



Note: 2007 figures include a 300,000 carton estimate for growers not contributing figures

Appendix B

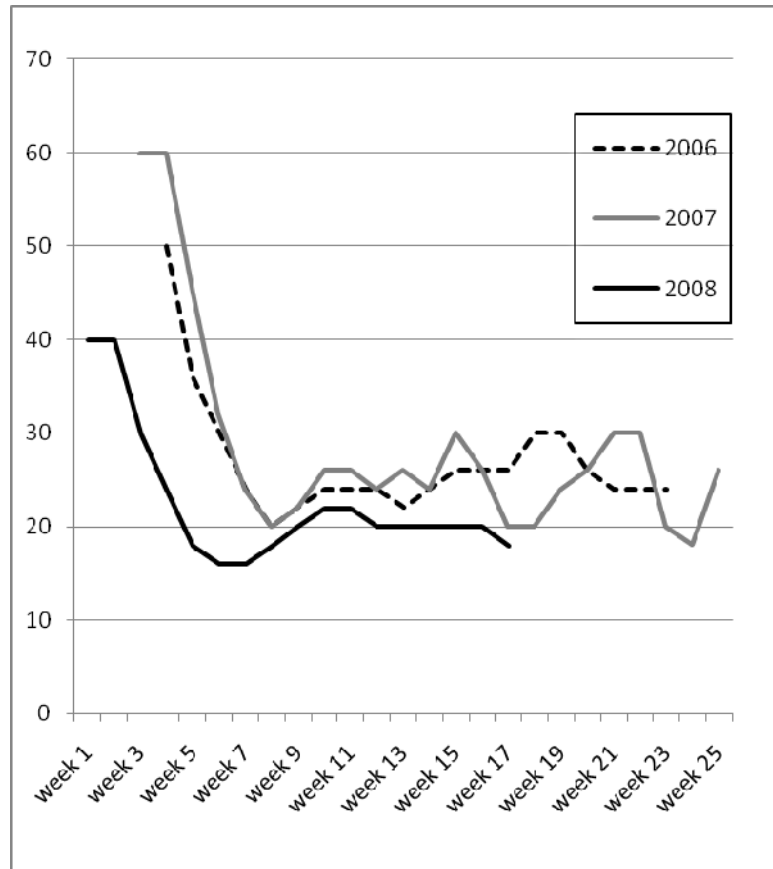
Year	Cartons
2004	2,206,500
2005	2,005,692
2006	2,513,854
2007	2,345,256
2008	2,769,611



Appendix C

Imperial Class 1 Weekly Pricing - Sydney

Date	2006	2007	2008	
12-Mar			40	
19-Mar	week 1		40	
26-Mar	week 2		40	
2-Apr	week 3	60	30	
9-Apr	week 4	50	60	24
16-Apr	week 5	36	45	18
23-Apr	week 6	30	32	16
30-Apr	week 7	24	24	16
7-May	week 8	20	20	18
14-May	week 9	22	22	20
21-May	week 10	24	26	22
28-May	week 11	24	26	22
4-Jun	week 12	24	24	20
11-Jun	week 13	22	26	20
18-Jun	week 14	24	24	20
25-Jun	week 15	26	30	20
2-Jul	week 16	26	26	20
9-Jul	week 17	26	20	18
16-Jul	week 18	30	20	
23-Jul	week 19	30	24	
30-Jul	week 20	26	26	
6-Aug	week 21	24	30	
13-Aug	week 22	24	30	
20-Aug	week 23	24	20	
27-Aug	week 24		18	
3-Sep	week 25		26	





Review of Season 2009



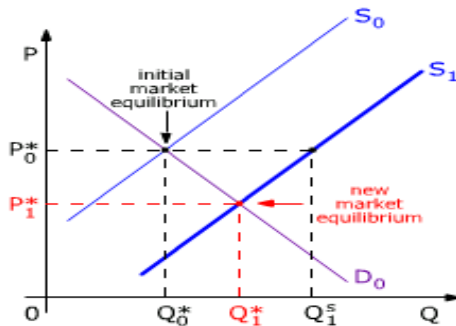
Simon Powell
Project CT06031 – Enhance the market performance of the Queensland citrus industry.

Post season Agenda

- 9.30** Meeting start – welcome address and industry update - Judith Damiani:
- 10.00** Marketing Review 2009 Season – Simon Powell
 - Box numbers for Imperials, Mid season, Murcott's
 - Price vs Production graphs
- Morning tea break -----
- 11.00** 2009 Promotions Review
 - Current financial positioning
 - Development of strategy for 2010
- 11.30** Crisis meeting update, and future discussion of the Brisbane CA branch
- 12.00** Update on upcoming events.



Understanding our supplies effect on price



An **increase** in supply S with **constant** demand D will **decrease** the equilibrium price P^* and **increase** the equilibrium quantity Q^*

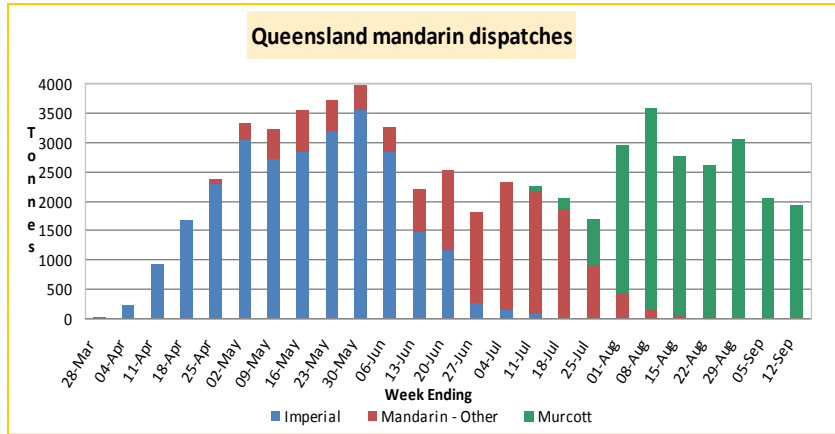


Season Timing/Commencement

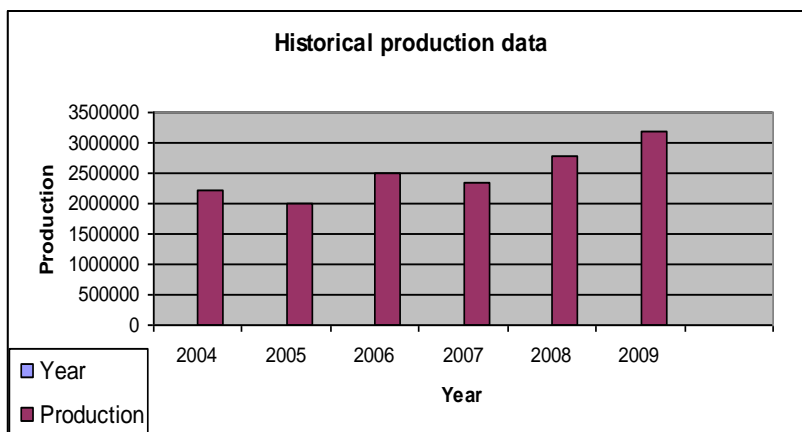
- Pre-season meeting 12th March 2008
- Points from meeting
 - 2008 production 2.9M (17% up on 2007)
 - 2009 large crop estimated
 - 2009 crop not as early as last season
- Season didn't begin as early in 2009 compared to last season.
- Fruit quality was excellent with very little dryness this season
- Gayndah/Biggenden started end of March
- Mundubbera started late mid April



All mandarin production 2009


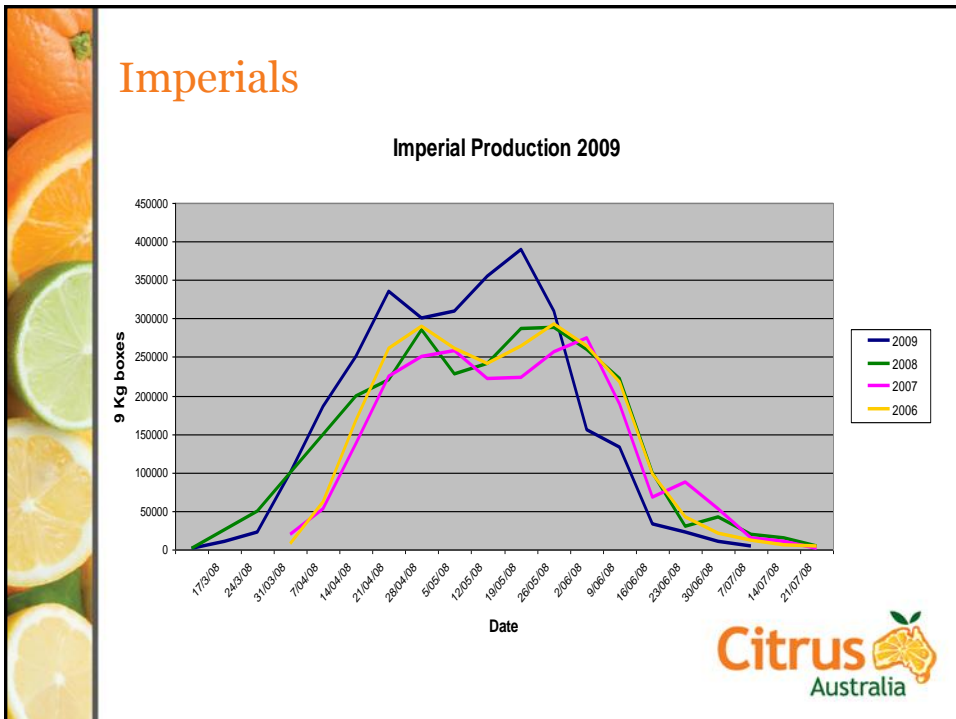


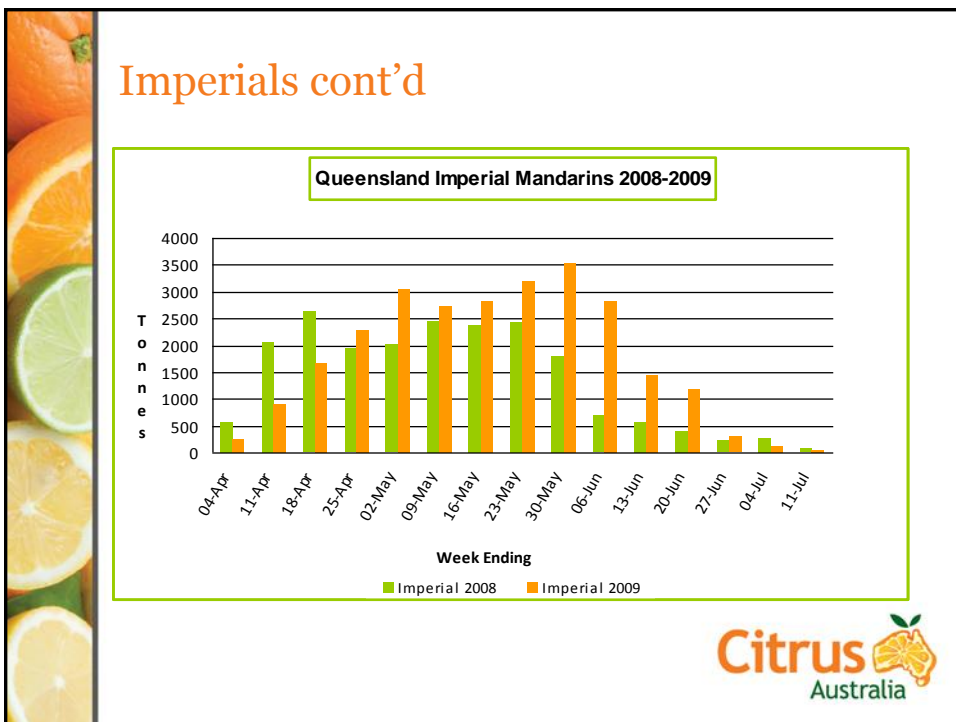
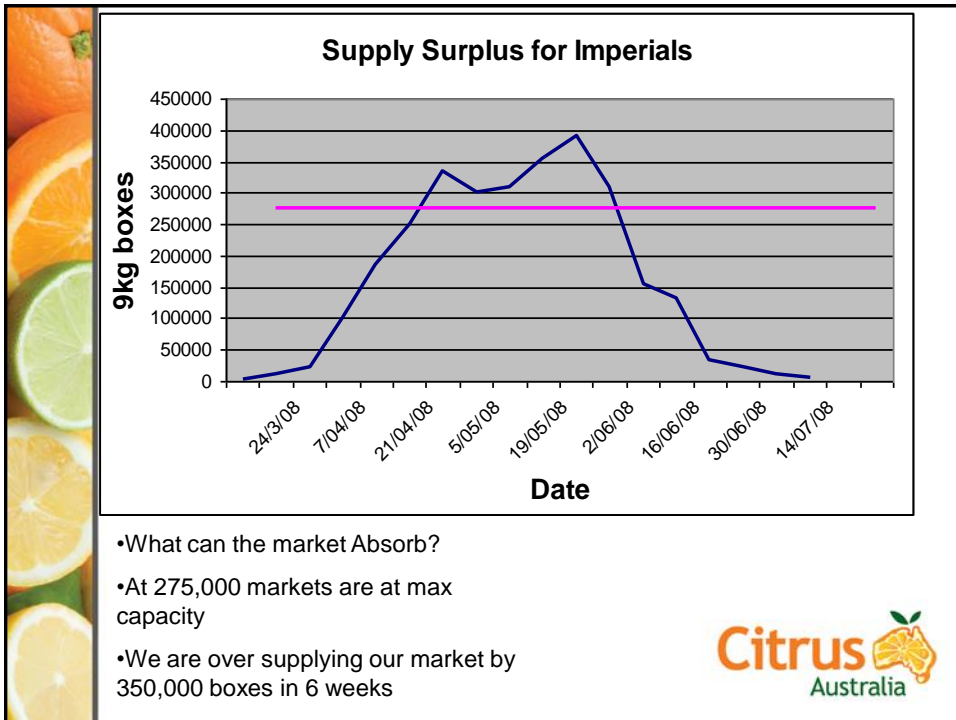
Imperial historical data



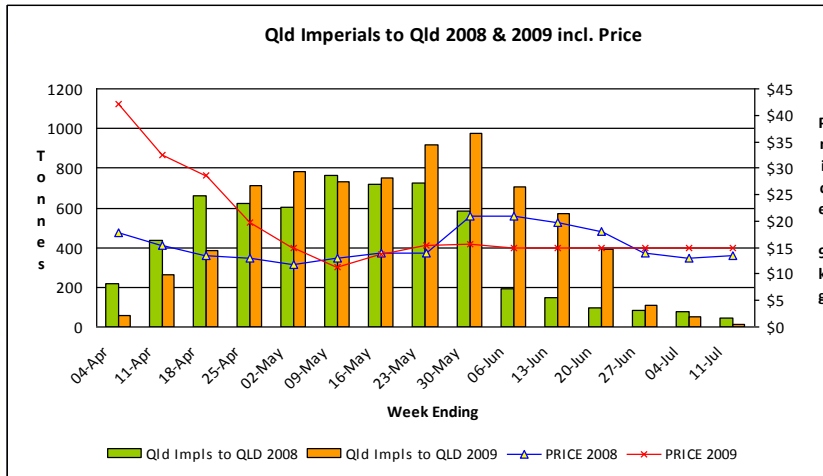
Variety Production data

Variety	Tonnes	Packs (15 kg)
Imperial	26,371.4	2,930,155
Murcott	17348.3	1,156,553
Mandarin Other	14241.4	949,426
Lemon	7,607.1	507,140

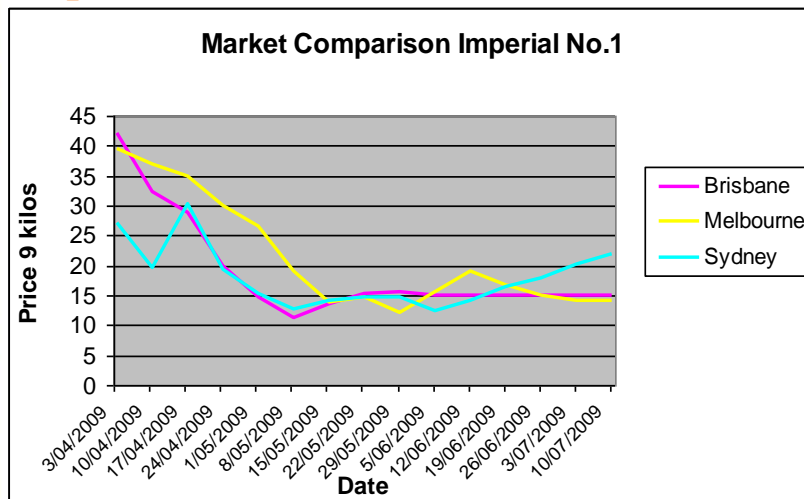





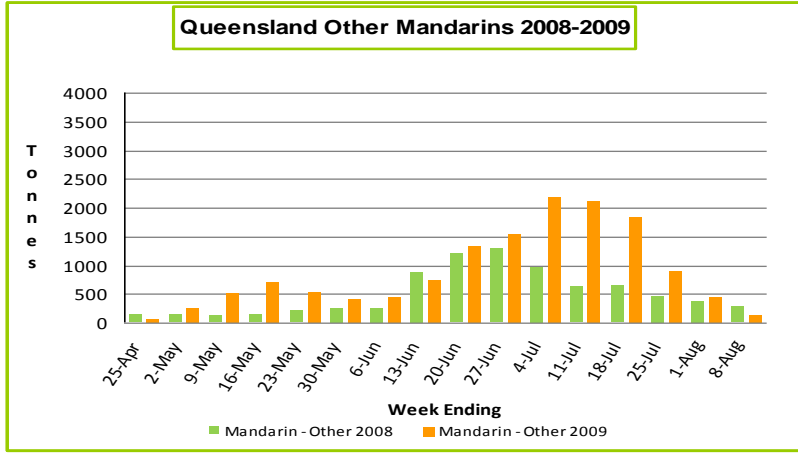
Imperials cont'd



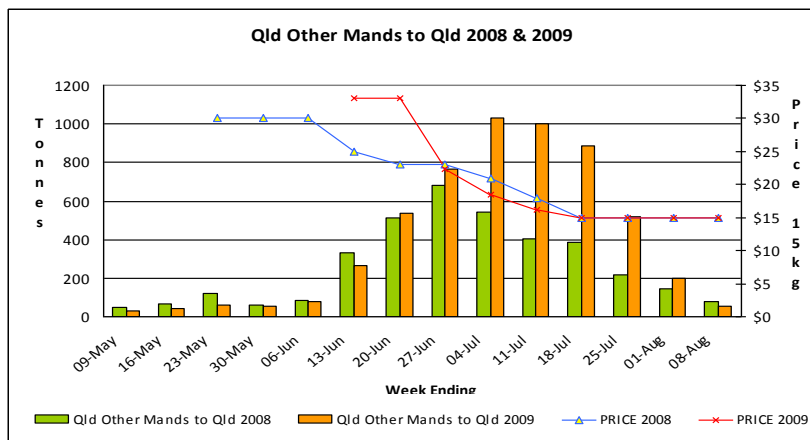
Imperials cont'd

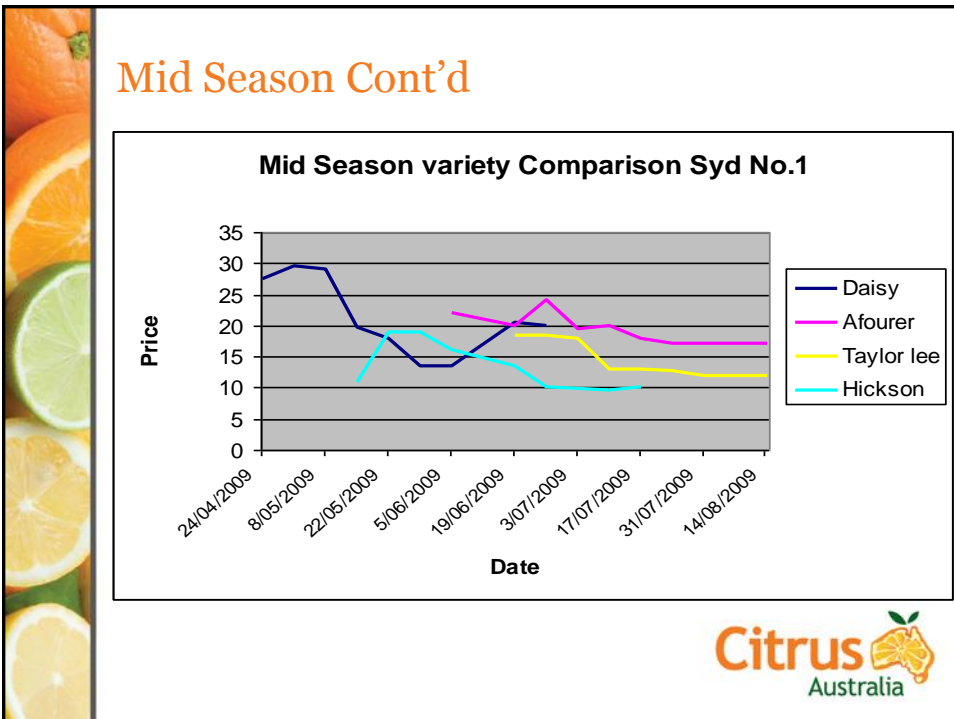
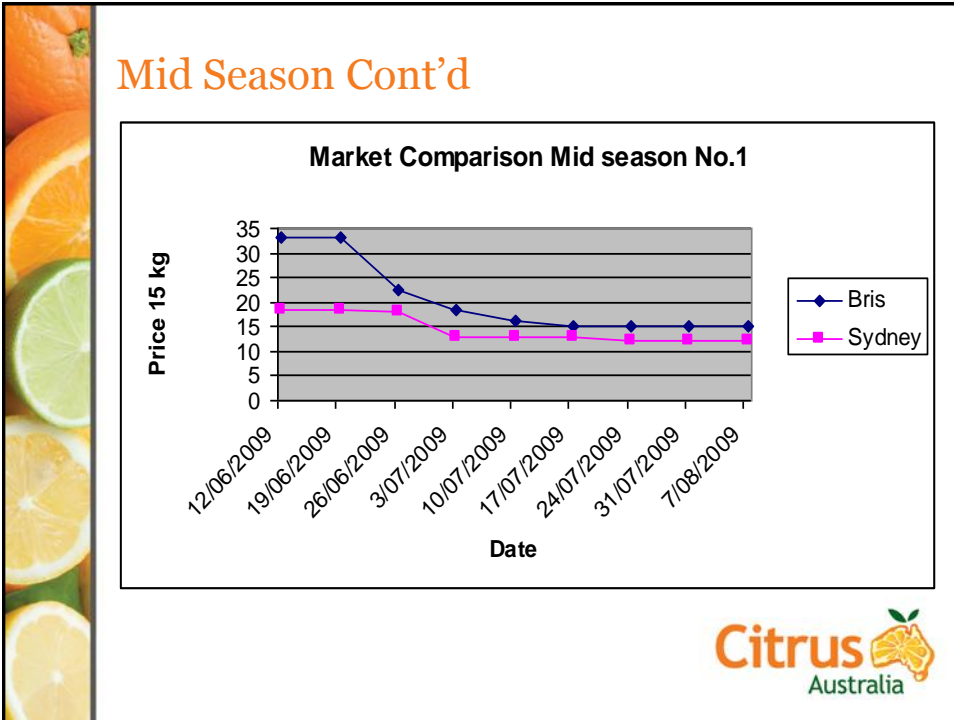


Mid Season Variety

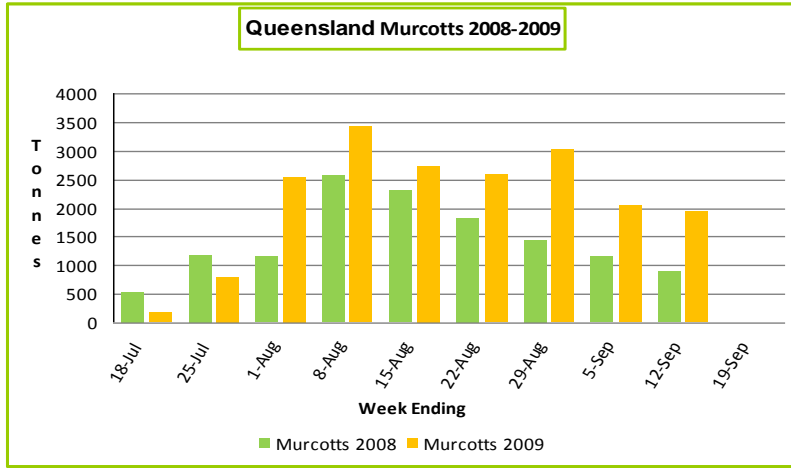


Mid Season Cont'd

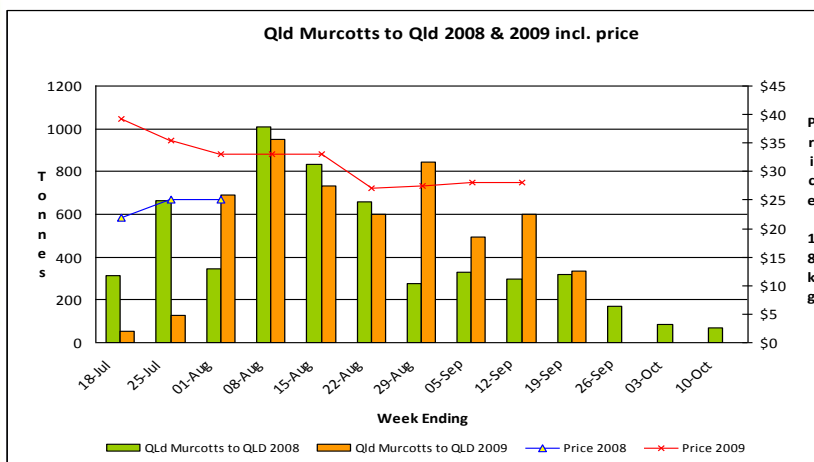




Murcott

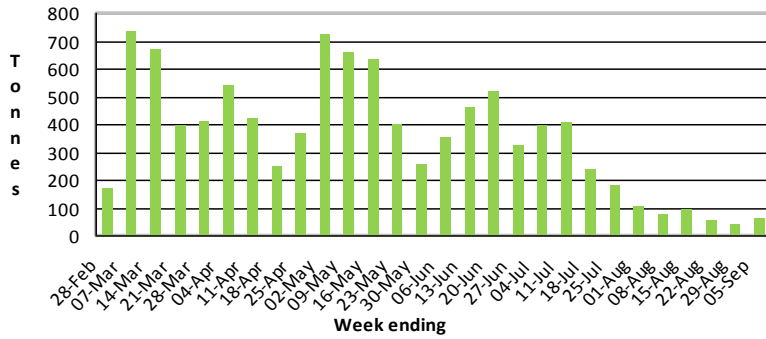


Murcott Cont'd



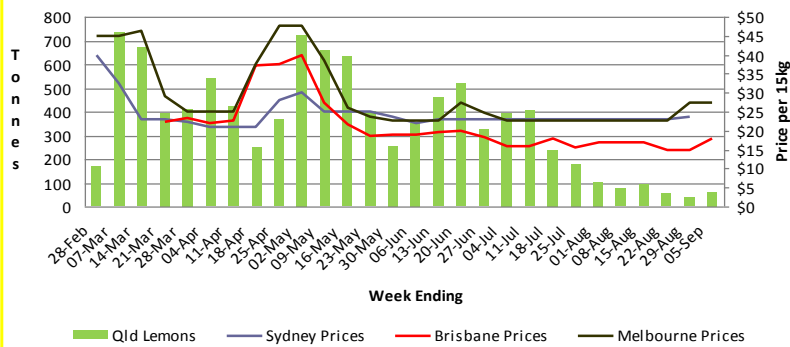
Lemon's

Queensland lemon dispatches

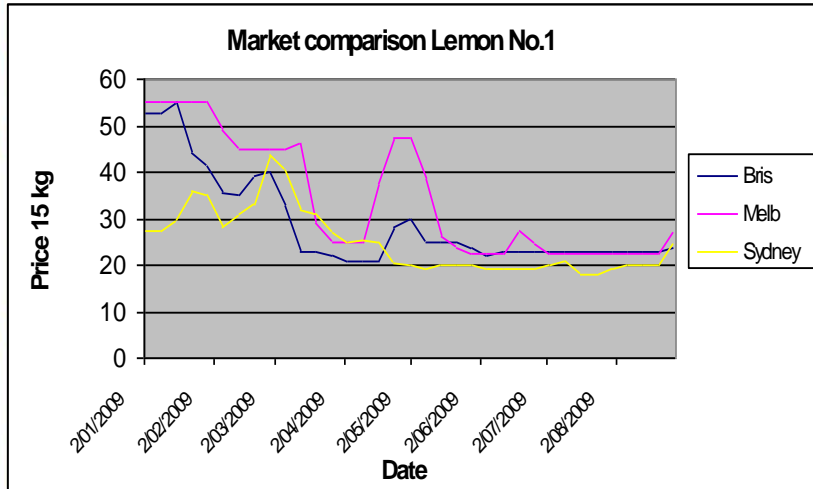


Lemon's Cont'd

Qld Lemons 2009 incl. prices



Lemon's Cont'd



Citrus
Australia

Season Highlights

- CITTgroup activity
- DPI Extension meeting
- WW Understanding the Citrus Supply Chain
- NIR Calibration for Imperial Mandarin Brix testing
- WW Agricultural Business Scholarship

Citrus
Australia