

MURRAY VALLEY CITRUS
MARKETING BOARD



ANNUAL REPORT

For Year Ended 30th June 2004

Contents

	Page
Industry Affiliations	5
Board Directory	6
Board Members	6
Management and Board Officers.....	7
Bankers.....	7
Auditors.....	7
Charter.....	8
Goals of the Board.....	8
Functions of the Board	8
Strategic Plan.....	8
Chairman's Report	9
Management and Organizational Structure.....	10
Global Market.....	11
Domestic Market	11
Summary of Operations.....	12
Board Governance Statements	17
Production and Distribution	20
Australian Citrus Production	20
2003/04 Harvest	20
2004/05 Forecast	20
Murray Valley Orchard Statistics.....	21
Other Compliance Information.....	23
Financial Statements.....	25
Auditor General Victoria.....	26
Certification.....	27
Disclosure Index.....	49

28 September 2004

The Honourable Bob Cameron MLA
Minister for Agriculture
Level 17
8 Nicholson Street
EAST MELBOURNE VIC 3002

Dear Minister

The Board has pleasure in submitting its Annual Report for the year ending 30 June, 2004.

The report reviews the operations and achievements of the Board. Financial statements with the Auditor General's report thereon are included.

Yours sincerely,

Robert Mansell
CHAIRMAN
MURRAY VALLEY CITRUS MARKETING BOARD

28 September 2004

The Honourable Ian Macdonald MLC,
Minister for Primary Industries,
Level 30 Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

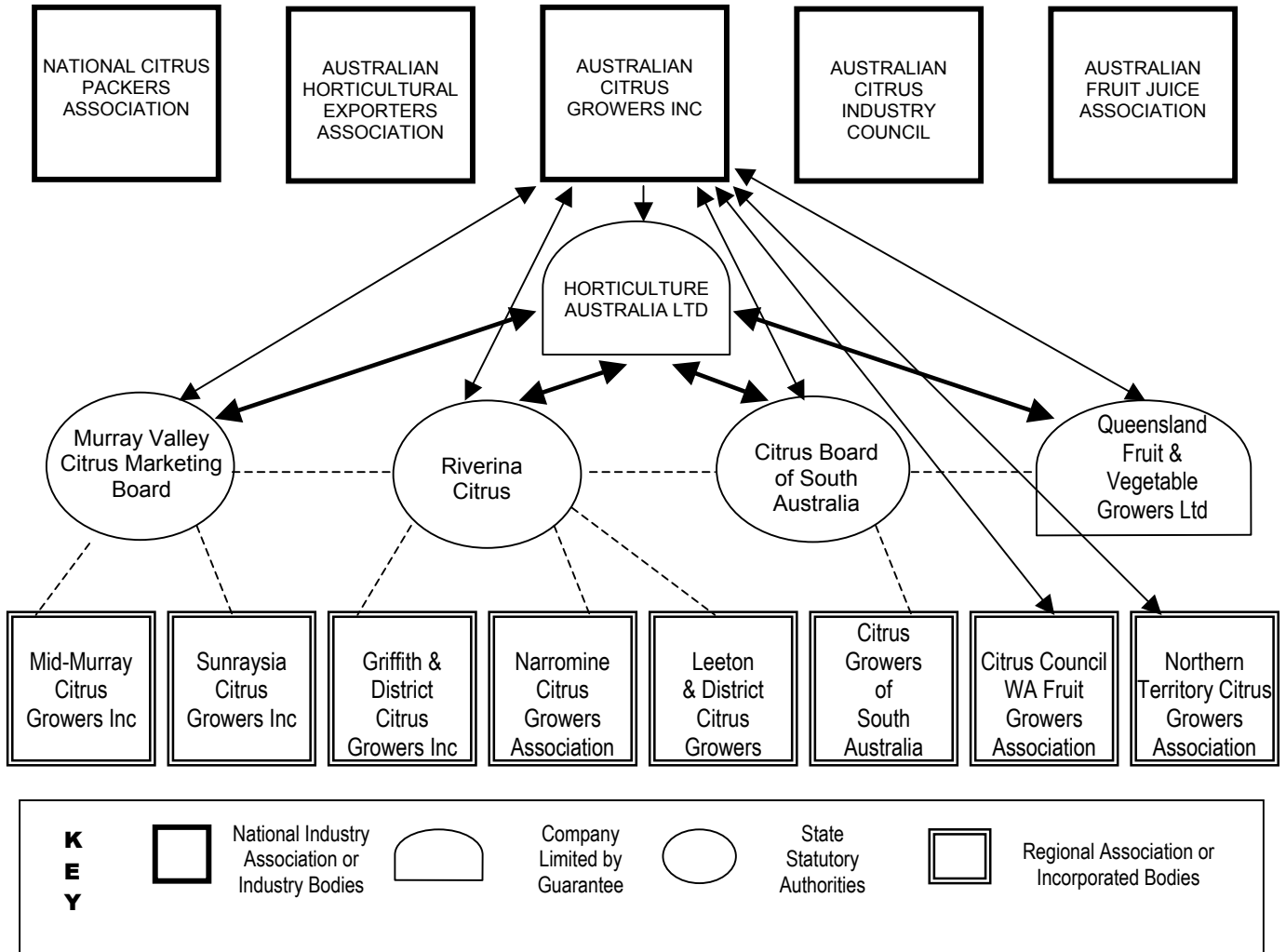
The Board has pleasure in submitting its Annual Report for the year ending 30 June, 2004.

The report reviews the operations and achievements of the Board. Financial statements with the Auditor General's report thereon are included.

Yours sincerely,

Robert Mansell
CHAIRMAN
MURRAY VALLEY CITRUS MARKETING BOARD

Industry Affiliations



Board Directory

Board Members

Chairman

Robert Mansell

Horticulturist

Colignan

Vice Chairman

Robert Farnsworth

Horticulturist

Trentham Cliffs

Ken Bevington

Senior Research Scientist

NSW Department of Agriculture

Dareton

Paula Gordon

Horticulturist

Trentham Cliffs

Stuart Holland

Policy Manager - Plant Industries

Department of Primary Industries

Melbourne

Andrew Hollingworth

Horticulturist

Packing Shed Manager

Koondrook

David Hunt-Sharman

Managing Director

W H Kirkness Pty Ltd

Melbourne

Colin Nankivell

Horticulturist

Mourquong

Keith Richards

Solicitor

Martin, Irwin and Richards

Horticulturist

Palinyewah

Management and Board Officers

Name	Position	Year of appointment
John Tesoriero	Chief Executive	2003
John Braniff	Chief Executive (Retired November 2003)	1991
Des McNamara	Field Manager/Authorised Officer	1988
Peter Morrish	Industry Development Officer/Cittgroup Co-ordinator	1998
Sarah O'Flaherty	Accountant	2004
Marian Tobin	PA to CEO/Administration	1999
Kerry Needs	Administrative Officer	1996
Casey Watt	Trainee	2003
Casual 1		

Bankers

National Australia Bank, Deakin Avenue, Mildura.
Bank of South Australia, Eighth Street, Mildura

Auditors

Auditor General's Department, Victoria

Offices

Head Office:

58 Pine Avenue, Mildura, Victoria, 3500,
PO Box 1384, Mildura, Victoria, 3502
Telephone: 03 5051 0500
Facsimile: 03 5021 1905
E-mail: executive@mvcitrus.org.au
Web Site: www.mvcitrus.org.au
Business Hours: 8.30 am – 5.00 pm weekdays

ABN Number: 53 401 561 375
ACN Number: 401 561 375

Charter

The Murray Valley Citrus Marketing Board was established by the Murray Valley Citrus Marketing Acts 1989 of Victoria and New South Wales to cover citrus produced in the defined areas of Victoria and southern New South Wales.

The Murray Valley Citrus Marketing Board commenced operations on 1 July 1990, succeeding the Citrus Fruit Marketing Board of Victoria and the Murray Valley (NSW) Citrus Marketing Board.

The Board is primarily concerned with the production, harvesting, packaging, processing and marketing of all citrus varieties, excluding lemons, grown in the Murray Valley citrus production area.

Goals of the Board

The Board, in carrying out its functions, must use its best endeavours:

- (a) to promote the best interests of the citrus industry,
- (b) to promote the orderly marketing of citrus fruit,
- (c) to improve the competitiveness of the citrus industry,
- (d) to promote measures to ensure the wholesomeness of citrus fruit in the interests of public health, and
- (e) to provide the services of the Board efficiently, effectively and economically.

Functions of the Board

The functions of the Board are:

- (a) to promote the domestic and export marketing of citrus fruit and citrus products,
- (b) to make arrangements for the marketing and processing of citrus fruit and citrus products,
- (c) to develop and provide marketing services,
- (d) to promote the sale and consumption of citrus fruit and citrus products,
- (e) to develop and assist in the development of improved methods of producing, handling, marketing and processing of citrus fruit and citrus products,
- (f) to develop and maintain minimum quality standards for citrus fruit; and
- (g) to investigate, report on and make recommendations to producers, the citrus industry or the New South Wales and Victorian Ministers on issues relating to marketing of citrus fruit and citrus products.

Strategic Plan

The Murray Valley Citrus Marketing Board Strategic Plan is available at the Board office, or alternatively, on the Board web site at www.mvcitrus.org.au.

Chairman's Report

This year's navel crop of 62,860 tonnes, was one of the lightest on record, being well below the previous year's record crop of 99,240 tonnes.

Navel fruit size was good but there was a larger proportion of blemished fruit caused by spring winds which in turn reduced packouts. This coupled with the strengthening Australian dollar saw reduced returns from export markets.

The Valencia crop was also extremely light with 33,750 tonnes harvested. Packouts were fairly good early in the season, but the fruit was in short supply. Fruit remaining in the new calendar year was mostly earmarked for fresh juice contracts.

There was significant flowering in spring raising industry concerns about a huge crop following last seasons light crop. As a result growers worked hard to try and control their crop load. However, Mother Nature took over and a combination of extreme climatic factors resulted in fruit drop and a lighter crop set.

In August our Chief Executive John Braniff announced his retirement after 12 years of service with the Murray Valley Citrus Marketing Board (MVCMB). An appropriate farewell dinner was held to acknowledge his valued contribution to the citrus industry. We wish him well in retirement.

In December the Board appointed John Tesoriero as Chief Executive. John came from the rural water industry and brings skills in management, strategic planning and finance. John has quickly embraced industry matters and has demonstrated his ability to work closely with the Board, growers, industry and government.

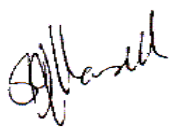
Maintaining area freedom from Fruit Fly is essential if we are to capitalize on export and domestic market opportunities. Recent outbreaks in the Riverina (Deniliquin) and North Eastern Victoria represented a significant threat to our citrus industry prior to the Easter holiday period. The Board worked very closely with government departments in both New South Wales and Victoria to ensure the threat was minimized. This was achieved through a major public awareness campaign.

While public awareness campaigns are an essential strategy, the board has been pro-active in approaching Government for the re-introduction of permanent road blocks at strategic locations around the Fruit Fly Exclusion Zone. The Board believes this is an essential component of an effective public awareness and eradication program. Permanent road blocks have proved to be very successful in South Australia and are always viewed in a positive light by our trading partners when assessing area freedom and potential market access.

The MVCMB will be re-constituted to operate solely under the requirements of Victoria's Agricultural Industry Development legislation following a successful poll of New South Wales and Victorian growers. The effective date for the re-constitution being 1 July 2004.

Of the 482 eligible voters in NSW and Victoria, 299 responded with 93% voting in favor of the Board operating under Victorian legislation with extra-territorial powers in the Murray Valley region of NSW.

The MVCMB conducted a series of six consultative meetings with industry prior to the poll in order to explain the planned changes and the impact of the new legislation. The Poll was a great success and a special thanks needs to go to Staff, Board Members and volunteer growers who worked tirelessly in the months leading up to the Poll.



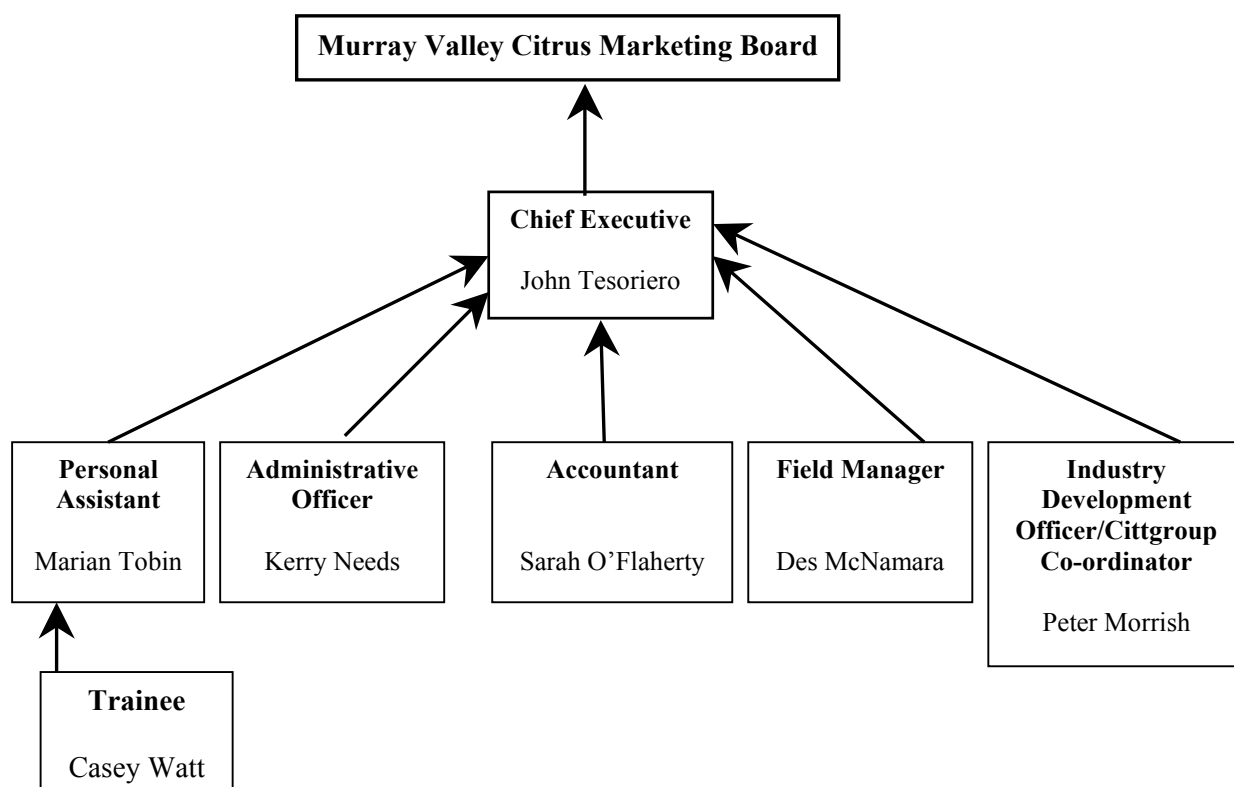
Robert Mansell
CHAIRMAN

Management and Organizational Structure

The Murray Valley Citrus Marketing Board (MVCMB) is a grower funded statutory authority established under complementary legislation in both New South Wales and Victoria.

The Board consists of nine members, of whom one is nominated by the New South Wales Minister for Agriculture and one is nominated by the Victorian Minister for Agriculture. Appointment of other members is subject to their application to, and subsequent nomination by, a selection committee. Members are appointed for a three year period. The term of current appointments commenced on 1 July 2002.

The organizational structure of the MVCMB can be summarized as follows:



Workforce Information

2002/2003

Male 4
Female 3

2003/2004

Male 4
Female 3

Equivalent Full Time Employees 2003/04

6.25

Business Environment

Global Market

Over 30% of Australia's citrus crop is now exported, therefore the industry has become increasingly sensitive to overseas trends.

Government trade policies over the last decade have exposed the Australian industry to greater import competition. Brazil and Florida dominate world trade in frozen concentrate orange juice (FCOJ). Given that the volatility of FCOJ prices will continue to impact on the viability of the processing sector, Australian growers are adjusting to reduce dependence on returns from processing fruit. Varietal adjustment in anticipation of meeting customer expectations and international competition will continue to challenge growers.

Total orange exports have declined by approximately 30% when compared to 2002/2003, brought about by a lighter crop and a strengthening Australian dollar. Official access to China is anticipated following their acceptance into the World Trade Organisation. Meanwhile, China continues to grow its fresh produce production (including citrus) and is fast emerging as a serious competitor in many export markets.

The growth in citrus production from emerging southern hemisphere countries such as Uruguay, Argentina and Chile, in addition to South Africa, is increasing competition in many export markets within similar seasonal windows.

To date, the World Trade Organisation has made limited progress in reducing trade barriers, with high tariffs and subsidies remaining in place in most target countries and competitive citrus producing countries.

Domestic Market

Per-capita consumption of citrus fruit is static or declining and there is a continuing trend towards substitute convenience foods. The increasing domination of supermarkets is driving change in distribution arrangements and the adoption of quality management programs to meet product specifications and food safety requirements. The fresh-style juice segment has grown strongly in recent years. Approximately 20% of the total orange juice market is dependent on local sources of supply for this segment. Some progress has been made towards establishing longer term contractual supply arrangements, however further improvements are needed to underpin a viable processing sector.

The domestic market is increasingly exposed to counter season imports plus increased competition from the USA, Spain and Southern Hemisphere countries. Therefore there is a need to have more consumer acceptable varieties in suitable quantity identified and grown in Australia.

Summary of Operations

Navel Orange Production:

The 2003/04 year saw production of 62,860 tonnes compared to 99,240 tonnes the previous year. Crop load per tree was one of the lightest on record with late navel varieties being particularly light. Adverse climatic conditions throughout our production areas during the growing season are thought to be a major reason for the light crop.

Total area under navel production is 4018 hectares (2003/04) compared to 3534 hectares in 2002.

Fruit quality was diminished due to excessive wind rub.

Valencia Orange Production:

Valencia production of 33,750 tonnes was well below the previous five year average of 58,000 tonnes, a trend that is likely to continue due to the removal of trees.

Production has reduced for the following reasons:

- Prices offered by processors being less than the cost of production
- Growers receiving better rates of return from navel varieties
- Trees being re-worked to other citrus varieties

The total area under Valencia production is 1601 hectares in 2003/04 compared to 1966 hectares in 2002.

Domestic Orange Promotion:

The MVCMB continued to support the National Orange Campaign with a contribution of \$43,500 and representation on the national promotions committee.

The campaign comprised the following:

- In-store demonstrations to raise awareness of Australian oranges
- Point of Sale Leaflets
- A comprehensive public relations campaign; and
- Promoting the health benefits of citrus and launching the CSIRO Health Report.

Declining consumption of citrus fruit and relatively static returns has motivated a group of major citrus handlers in the Melbourne Wholesale Market to address these issues. This has led to the formation of the Melbourne Citrus Committee.

Members made an initial contribution of \$2,000 and agreed to an on-going contribution of 5 cents per carton unit for citrus sold. These contributions will be used to fund awareness and promotional activities.

The Melbourne Citrus Committee is chaired by MVCMB Member Andrew Hollingworth with executive support from our Field Manager Des McNamara and MVCMB Member David Hunt-Sharman.

National Competition Policy Review - Successful Citrus Industry Poll

The MVCMB will be re-constituted to operate solely under the requirements of Victoria's Agricultural Industry Development Act 1990 following a successful poll of New South Wales and Victorian growers. The effective date for the re-constitution being 1 July 2004.

Of the 482 eligible voters in NSW and Victoria, 299 responded with 93% voting in favor of the Board operating under Victorian legislation with extra-territorial powers in the Murray Valley region of NSW.

This re-constitution emerged from the 1999 National Competition Policy Review of the Murray Valley Citrus Marketing Acts of Victoria and New South Wales from which the main recommendations were:

1. The Board should continue to provide industry services funded through a compulsory charge on growers.
2. The services funded through the compulsory charge would be limited to those which provide benefits of a public good nature; and
3. The Boards powers of market intervention be removed.

From 1 July 2004, the Board will be known as the “Murray Valley Citrus Board” with the term Marketing removed.

Benefits to growers from the re-constituted Board will include the following:

- **Improved efficiency**
It will make the running of the MVCMB simpler and more efficient by setting it up under one piece of legislation instead of two, minimizing duplication and reducing running costs; and
- **Increased accountability to growers**
Increasing the accountability of the Board to growers for how it spends your compulsory charge on regional initiatives with project plans and budgets conditional on grower approval in advance and a poll every four years to consider continuation of the MVCMB.

Research and development

The MVCMB has continued to provide voluntary financial contributions with matching funding from Horticulture Australia Ltd (HAL) to enable the Commonwealth Scientific and Industrial Research Organisation (CSIRO) to undertake important citrus research on the following projects:

1. The physiology of post harvest rind breakdown in navel oranges

As part of an investigation into the physiology of rind breakdown in navel oranges, symptom development has been described and the chilling-related injuries objectively classified as a first step towards ways of reducing incidence of the disorders.

Six basic types of chilling-related injuries were identified during the 2003 navel orange season. Type 1 is distinctive in the appearance of small, discrete pits, which tend not to coalesce. Type 2 chilling injury is easily distinguished by irregular, sunken pits, which brown as the symptoms develop. Type 3 is easily identified by the visual collapse of oil glands causing small dimples in the rind tissue, which eventually coalesce and become bronzed. Type 4 is characterised by an oleocellosis-like appearance and is commonly known as ‘gooseflesh’, due to the pebbly appearance of the injured area. Type 5 is a stem-end type breakdown, thought to be associated with fruit aging, and symptoms are exacerbated by chilling. Type 6 is a scald-like injury, which may be associated with freezing temperatures.

The different expressions of chilling observed during these symptom development studies may be due to differences in storage conditions, as temperatures can vary significantly, both spatially and temporally, as the coldroom cycles around the set temperature. Microscopic studies suggest that oil gland collapse and subsequent rind oil release appear to play a critical role in the development of rind injury symptoms in navel oranges. Studies on the physiological basis of the various types of symptom development are continuing.

2. Optimising citrus fruit size by regulating flower numbers and crop load

To date, this project has identified four citrus flowering genes, while two additional flowering genes have been identified in a related project. This result demonstrates that citrus contains flowering genes that are similar to those used by other plants, including the model plant *Arabidopsis*. Based on what is known about the function of related genes in other plants, the citrus genes are predicted to be involved in flowering, seed formation and fruit growth. They are also likely to be involved in other aspects of fruit development such as the formation of albedo and flavedo tissues. All of these genes are expressed in dormant winter buds during flower initiation. Initial experiments suggest that the expression of these genes in winter buds can be used to predict the effectiveness of Ralex (a commercial GA formulation) to regulate flower numbers in the following spring. Thus, the results obtained so far suggest that a “Floral Index” to predict flowering can be developed, at least in terms of predicting the effectiveness or otherwise of winter GA treatments. Future experiments will focus on using the expression of these genes to predict flowering before Ralex treatments. For this purpose buds have been harvested from trees with different crop loads and will be used for the analysis of gene expression.

This project also has a number of other potential beneficial outcomes to the citrus industry. Since the flowering genes identified are likely to control various aspects of citrus flowering and fruit development, they can also be used as molecular markers for citrus breeding. For example, molecular markers associated with important characteristics such as seedlessness or fruit size can be used to predict the fruit phenotypes of seedlings generated in the CSIRO breeding program years before the plants flower and produce the first actual fruit. Given that significant resources are required to grow individual trees, this approach has the potential to greatly improve the efficiency of citrus breeding in Australia.

3. Optimising the quality of citrus for Asian Markets

A major trial was conducted to test the effect of CSIRO’s moisture control technology (MCT) liner, fitted within cartons, on fruit moisture loss and the subsequent developmental expression of chilling injury following cold storage. The experiment was conducted using 24 cartons each containing 28 replicate navel oranges of ‘Lanes Late’. Fruit were packed using the MCT carton liner or packed in unlined cartons, and stored at 1 or 5° C for 56 days before being transferred to a common observation room at 22° C for 21 days. Fruit fresh weight and the incidence of chilling injury were assessed after 21 days of cold storage. Chilling injury assessment was based on the proportion of affected fruit per carton.

At the end of the experimental period, fruit in MCT-lined cartons exhibited significantly lower levels of moisture loss and maintained greater fruit firmness than those from unlined cartons. The developmental expression of chilling injury was also significantly reduced in the MCT-lined cartons. There was, however, no effect of storage temperature on these factors. The reduced levels of moisture loss and chilling injury were due to the maintenance of higher relative humidity (RH) conditions within MCT lined cartons, averaging 100% RH versus approximately 90 % RH in unlined cartons. There was no observable difference in mould between MCT-lined and unlined cartons. Thus the use of MCT liners can provide a dual benefit of not only maintaining fruit turgidity but also decreasing subsequent moisture loss leading to lower expression levels of chilling injury. Results of a trial sea shipment comparing oranges in MCT lined versus unlined cartons are currently being collated and will be reported in the near future.

Tri State Fruit Fly – Area Freedom

A financial contribution of \$35,000 by the MVCMB to fund a community awareness program was continued during the year with contributions also from Riverina Citrus and the Citrus Board of South Australia. The aim of the program is to stimulate public awareness about the Fruit Fly Exclusion Zone (FFEZ) and is targeted at travelers into the zone from major population centres.

The Community Awareness Program to support the FFEZ was managed by the Tri State Fruit Fly Committee (TSFFC). The Committee provided a forum for the state and federal governments, researchers and industry to exchange information to promote the effective control of fruit fly.

The roles and responsibilities for managing the FFEZ were defined in a Memorandum of Understanding (MOU). This MOU expired in 2000.

Since the expiry of the MOU, two reviews have been undertaken, namely:

1. A technical review into the science of prevention and control of the pest; and
2. A cost benefit review which has had a controversial outcome

The technical review broadly supported the current practices while the cost benefit review brought into focus the financial split between government and industry for ongoing management of the pest.

Until all the parties have an MOU to define their responsibilities, it's very difficult to effectively manage the FFEZ.

The Board has raised this concern with the relevant government ministers.

CITTGROUP and IDO Activities

The Industry Development Officer (IDO)/Cittgroup Co-ordinator continues to focus on best practice (on farm cultural practices). These practices aim to inform growers of the latest information to enhance fruit quality, size and profitability. Market access is also a function of the role facilitating training for orchard inspectors on pest issues for specific markets and conducting leaf and fruit inspections for access to Korea.

The MVCMB continues to support the Cittgroup program viewing it as the most effective tool to get information on best practice to growers.

23 Cittgroup meetings were conducted on best practice topics covering:

- Citrus Best Practice
- Fruit Sizing
- Crop Regulation and Nutrition
- Uruguayan Citrus
- Drought Management
- Citrus Pest Update
- Citrus Varieties of USA – T Mulholland
- Crop Regulation, Rind Quality and Fruit Sizing
- Fruit Sizing Trials and Harvest Lead In
- Ralex Trial Results and USA Season Preview

No meetings were conducted during March or April 2004 to reduce overlap of topics with the Australian Citrus Growers Conference conducted in Mildura during April 2004. The IDO and Field Manager were involved in the planning and conduct of the conference supporting the Sunraysia Citrus Growers.

International Exposure & Research

Peter Morrish MVCB IDO presented a poster and abstract form of the Murray Valley Citrus Planting Database at the 10th International Society of Citriculture Congress in Morocco in February 2004. The study tour incorporated investigating Blood Orange varieties in Italy and Sicily, and easy peel mandarins in Morocco. The tour was jointly funded by the MVCB and Horticulture Australia Ltd.

Analytical Systems

The MVCMB collects data on planting statistics, crop load and fruit size. The input, storage and analysis of this data has been streamlined with the development and incorporation of two computer based programs. This has resulted in an overall improvement in productivity.

Delegation to China 4-11 June 2004

The Murray Valley Citrus Marketing Board (MVCMB) was invited by the Sunraysia/Malley Regional Economic Development Board (SMREDB) , to participate in a delegation to Yunnan Province in China from the 4th to the 11th of June 2004.

The SMREDB visited Yunnan Province three months prior to the above delegation mainly because of linkages between La Trobe University (Mildura) and Yunnan Agricultural University.

During that previous delegation, the Yunnan provincial government made the following requests

- That Mildura receive a delegation from China
- That Mildura investigate a sister city relationship with Dali (Yunnan Province)
- That the delegation from Mildura visit a major international trade fair; and
- The Chinese Government would introduce the Mildura delegation to high level Chinese business leaders (importers and exporters)

The MVCMB felt that our involvement represented an excellent strategic opportunity for high level relationship marketing with Chinese business and government leaders prior to official market access to China being granted and approved our participation in the delegation.

Participation by Board Member David Hunt-Sharman and Chief Executive John Tesoriero in the delegation proved to be extremely worthwhile. There are many opportunities for Australia in China in the fresh fruit industry; Yunnan Province (Kunming being the capital city) is the hub for product distribution to six provinces. There are also excellent opportunities for technology transfer.

Meetings with key Chinese business people were productive and focused on market access, quality of product, quarantine, logistics, insurance and retail marketing.

The logistics of getting fresh product to Kunming presents challenges due to the city's remoteness from major sea ports, however following discussions with COSCO Shipping in Kunming we were able to identify the potential for transporting citrus through bills of lading facilities from Australian ports to Kunming. The logistic issues such as transportation, cool storage and distribution have been identified and partially addressed.

The major trade fair was really about border trade opportunities and our presence was useful from a networking and relationship building perspective. Exhibits from the west were not generally evident; Sweden and New Zealand were notable exceptions. The SMREDB are considering the possibility of an exhibit at the Trade Fair next year, to promote Sunraysia and its agricultural advantages namely its clean green image.

The foundations for building ongoing relationships have been laid and commencement of trade will obviously be reliant on successful market access outcomes and the development of quarantine protocols.

Board Meetings

The Board formally met on nine occasions through the year and the Annual General Meeting was held in December. Smaller sub-committees, as listed below, also met or held teleconferences on a number of occasions to develop recommendations to the Board.

Board Committees

Finance, Audit and Legal: Keith Richards, Stuart Holland, Rob Farnsworth, Paula Gordon, Robert Mansell

Best Practice: Ken Bevington, Paula Gordon, Colin Nankivell, Mick Hollingworth, Keith Richards, David Hunt-Sharman, Robert Mansell

Market and Export: David Hunt-Sharman, Colin Nankivell, Mick Hollingworth, Ken Bevington, Robert Farnsworth, Robert Mansell

Board Governance Statements

Equal Employment Opportunity

Murray Valley Citrus Marketing Board is an equal opportunity employer. Appointments and promotions are based on merit and staff members receive appropriate training and experience to enhance their skills by training in a number of ways relevant and meaningful to the Board's activities and responsibilities.

Industry Participants

No. of Registered Orchards 661 (*based on citrus ID registration*), 468 growers

No. of Approved Receivers:

Packers 48

Processors 9

Annual Report

360 copies produced for distribution to industry participants and to meet statutory requirements. Cost per copy: \$5.70 excluding GST.

A copy of the Annual Report is available for download from the MVCMB web site at www.mvcitrus.org.au.

Declaration of Pecuniary Interests

A comprehensive register is maintained relating to Board Members and senior Board staff.

Change in Prices or Fees

With effect from 1 June 2002 the Board's levy was reduced from \$7.00 per tonne to \$5.50 per tonne. Income from levies in the financial reports will reflect the lower rate for the whole of the 2002/2003 reporting year. For the 2003/2004 year the levy remained at \$5.50 per tonne.

Details of Shares held in Statutory Authorities or Subsidiary

There is no record of any shares of this nature being held by the Board or staff members.

Disclosure Index

An index identifying the Boards compliance with statutory disclosure requirements is contained at the end of the report.

Consultancies during the Year

There were no consultants engaged over \$100,000.

Consultants engaged under \$100,000:

Consultant	Project	Expenditure 2003/2004
Agricultural Appointments	Recruit Chief Executive	\$15,085
Grant Hamence Software Design P/L	Planting Statistics Database	\$14,207
Grant Hamence Software Design P/L	Crop Forecasting Database	\$9,779
Grant Hamence Software Design P/L	Contacts Database	\$9,119

Major Contracts

There were no major contracts entered into during the 2003/2004 year.

Occupational Health and Safety

There were no OH & S issues recorded during the reporting period.

Reporting of Office-Based Environmental Impacts

There were no significant office-based environmental impacts during the reporting period.

Compliance with Building Act 1993

The Board's office is located in leased premises and complies under the maintenance provision of the Building Act 1993.

Victorian Industry Participation Policy Disclosure

During the year there were no contracts commenced in which the VIPP applied.

Industrial Relations

During the year there were no industrial relation issues reported to management or Board Members.

Freedom of Information

Murray Valley Citrus Marketing Board is a prescribed authority for the purposes of the Freedom of Information Act 1982. During the reporting period, twelve months ending 30 June 2004, no FOI requests were received by Murray Valley Citrus Marketing Board. The officer responsible to finality is Des McNamara, Field Manager and Authorised Officer. Freedom of Information requests must be made in writing and addressed to:

Mr Des McNamara,
Authorised FOI Officer
Murray Valley Citrus Marketing Board
PO Box 1384
Mildura, Vic. 3502

Availability of Information

As required, relevant information in relation to the financial year is retained by the accountable officer and made available to the relevant Minister, Members of Parliament and the public upon request.

Multicultural Statement

The Murray Valley Citrus Marketing Board is committed to policies, programs and strategies that deliver culturally appropriate services to all Australians. Special initiatives were not needed by the organisation during the period 1 July 2003 to 30 June 2004.

Ethical Standards

The Murray Valley Citrus Marketing Board operates under the Code of Conduct for the Victorian Public Service, which provides guidance addressing possible or perceived conflicts of interest. All employees are required to act with the utmost integrity and objectivity at all times in all dealings. Victorian Public Service guidelines for protecting merit and equity are observed.

External Auditors

Davidsons, Accountants and Business Consultants, Geelong Victoria are agents for the Auditor General Victoria for 2003/2004 audit of accounts.

Whistleblowers Protection Act

The Whistleblowers Protection Act 2001 came into effect on 1 January 2002. The Act is designed to protect people who disclose information about serious wrongdoing within the Victorian Public Sector and to provide a framework for the investigation of these matters.

The Protected Disclosure Co-ordinator for the Department of Primary Industries (DPI) acts as an agent for the Authority to receive disclosures under the Act, and applies DPI procedures in managing disclosures. Disclosures of improper conduct by the Authority or its employees may be made to the following:

The Protection Disclosure Officer
Stuart Atkins, Freedom of Information Officer
Department of Primary Industries
PO Box 500
East Melbourne, Vic. 3002
Telephone: (03) 9658 4030 Facsimile: (03) 9637 8129
Email: stuart.atkins@dpi.vic.gov.au

The Ombudsman Victoria
Level 22, 459 Collins Street
Melbourne, Vic. 3000
Telephone: (03) 9613 6222 Toll free: 1800 806 314

Ethnic Affairs Priorities Statement (EAPS)

The Murray Valley Citrus Marketing Board is committed to principles of multi-culturalism.

Production and Distribution

Australian Citrus Production 2003/04 Harvest

VARIETY	TONNES						TOTAL
	SA	MVCMB	RIVERINA & NSW	QLD	WA	NT	
Valencia	55,200	33,750	104,000	9,000	3,000	NA	204,950
Navel	57,100	62,860	69,000	13,000	6,000	NA	207,960
Lemon/Lime	6,500	6,000	8,000	10,000	1,000	NA	31,500
Mandarin	11,300	6,860	6,000	66,000	4,000	NA	94,160
Tangelo	2,300	860	NA	NA	NA	NA	3,160
Grapefruit	2,600	4,120	1,000	1,000	1,000	NA	9,720
Total Tonnes	135,000	114,450	188,000	99,000	15,000	NA	551,450

Source: Australian Citrus Growers Inc and MVCMB
NA = Not Available

2004/05 Forecast

VARIETY	TONNES						TOTAL
	SA	MVCMB	RIVERINA & NSW	QLD	WA	NT	
Valencia	65,000	28,000	107,000	8,000	3,000	NA	211,000
Navel	60,000	80,000	82,000	14,000	6,000	NA	242,000
Lemon/Lime	6,500	6,000	10,000	12,000	1,000	NA	35,500
Mandarin	11,500	7,000	7,000	79,000	5,000	NA	109,500
Tangelo	3,500	2,000	NA	NA	NA	NA	5,500
Grapefruit	2,200	3,000	1,000	1,000	2,000	NA	9,200
Total Tonnes	148,700	126,000	207,000	114,000	17,000	NA	612,700

Source: Australian Citrus Growers Inc and MVCMB

MVCMB Market Distribution 2003/04 Harvest

VARIETY	TONNES					TOTAL
	EXPORT	MELBOURNE	SYDNEY	OTHER	PROCESSING	
Valencia	6,690	4,830	850	790	20,590	33,750
Navel	31,740	12,770	5,400	2,510	10,440	62,860
Mandarin	2,070	2,380	1,160	220	1,030	6,860
Grapefruit	190	900	390	160	2,480	4,120
Tangelo	560	120	140	20	20	860
Lemon/Lime	600	2,000	500	100	2,800	6,000
Total Tonnes	41,850	23,000	8,440	3,800	37,360	114,450

Source: Murray Valley Citrus Marketing Board

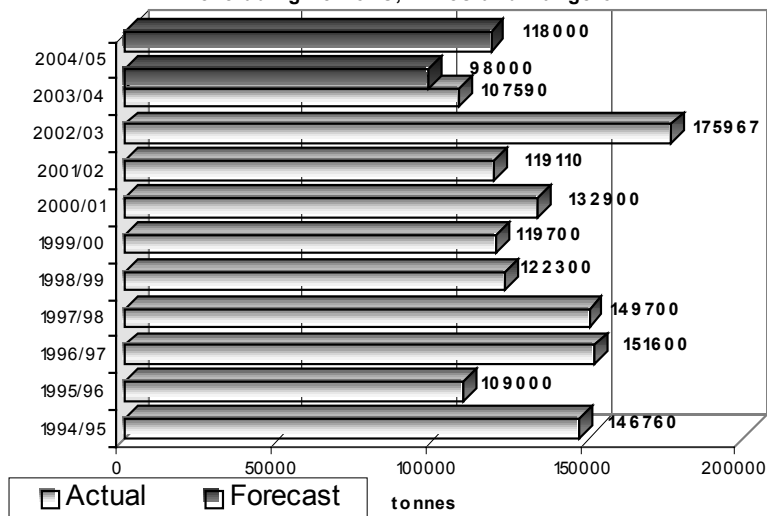
Murray Valley Orchard Statistics

Murray Valley Orchard Statistics as at 30 June 2004				
Subcategory:	Total Hectares	Bearing Hectares	Non Bearing Hectares	Percent Bearing Hectares
Blood Orange	20.33	13.60	6.73	0.24%
Grapefruit - Red Fleshed	21.45	4.63	16.82	0.08%
Grapefruit - White Fleshed	162.16	140.10	22.06	2.43%
Lemon	161.23	137.19	24.05	2.38%
Lime	9.34	2.99	6.35	0.05%
Mandarin - Early Season	343.00	280.57	62.43	4.87%
Mandarin - Late Season	70.63	60.43	10.20	1.05%
Mandarin - Mid Season	104.14	87.87	16.27	1.53%
Mandarin - Misc. Variety	15.63	2.73	12.89	0.05%
Miscellaneous Citrus	14.12	11.97	2.15	0.21%
Navel - Early Season	1084.25	852.22	232.03	14.80%
Navel - Late Season	2093.13	1798.55	294.58	31.24%
Navel - Mid Season	736.40	629.83	106.58	10.94%
Navel - Misc. Variety	105.07	95.76	9.32	1.66%
Orange	40.88	26.96	13.92	0.47%
Tangelo	109.25	56.54	52.72	0.98%
Valencia Seeded	1585.63	1551.30	34.33	26.95%
Valencia Seedless	16.02	3.63	12.39	0.06%
TOTAL	6692.66	5756.87	935.82	100%

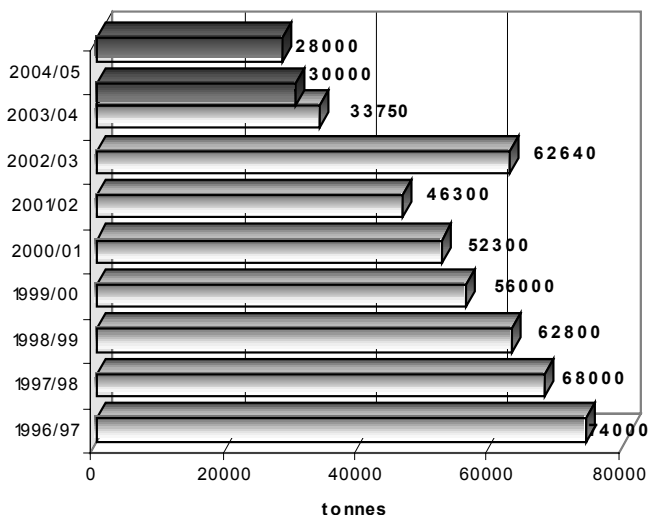
Please note that all varieties have now been brought under national seasonality standards.

Murray Valley Citrus Forecast and Actual Production

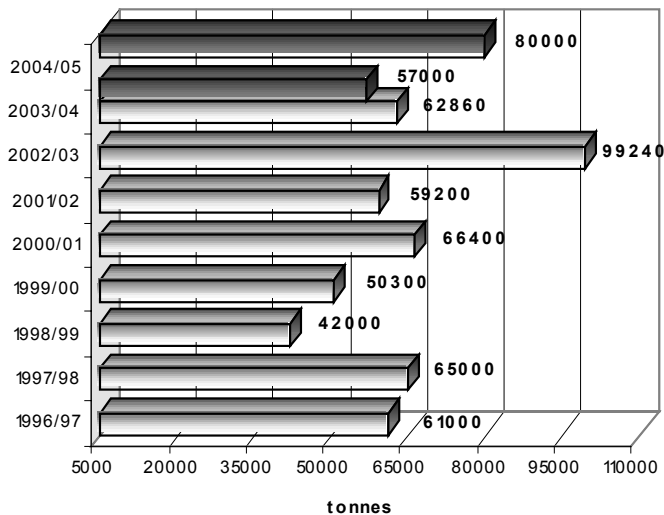
MURRAY VALLEY SEASONAL CITRUS PRODUCTION
excluding Lemons, Limes and Tangelo



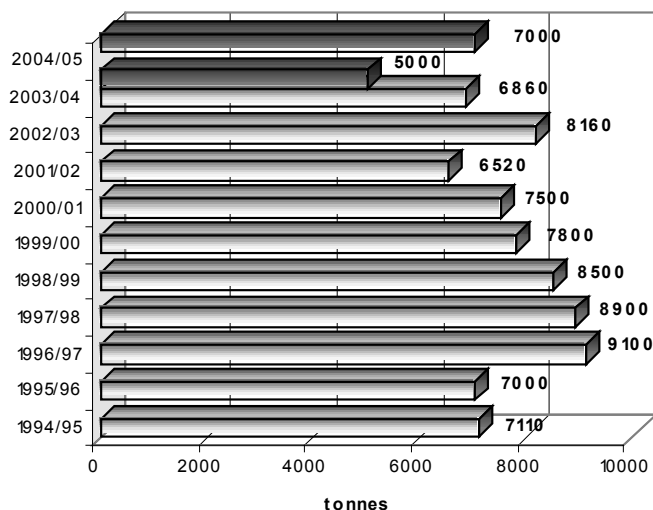
MURRAY VALLEY VALENCIA PRODUCTION



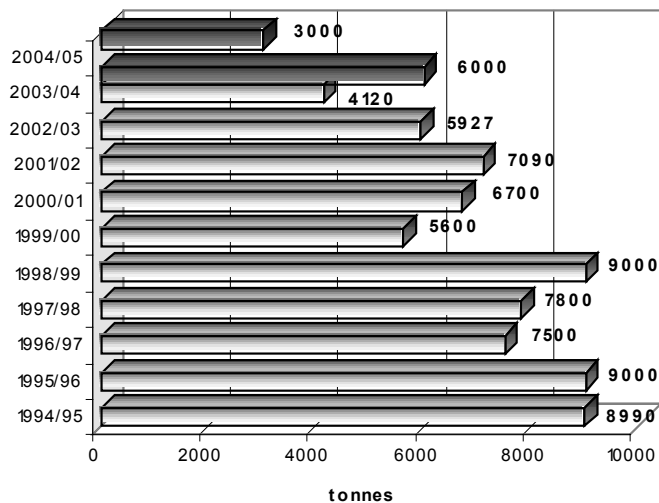
MURRAY VALLEY NAVEL PRODUCTION



MURRAY VALLEY MANDARIN PRODUCTION



MURRAY VALLEY GRAPEFRUIT PRODUCTION



Other Compliance Information

- (i) **Significant changes in Financial Position**
There are no significant changes to the financial position during the year.
- (ii) **Major changes or factors affecting performance**
There have been no major changes or factors which have affected the achievement of the operational objectives for the year.
- (iii) **Events subsequent to balance date**
There were no events subsequent to the balance date.
- (iv) **Other material revenue by class including sale of non-goods assets and contribution of assets.**
There were five asset disposals being two motor vehicles, two desktop computers and the telephone system. Refer to 14a in notes. There was no contribution of assets to third parties.
- (v) **Financing costs**
There were no financing costs on any event or item of equipment during the year.
- (vi) **Net increment or decrement on the revaluation of each category of assets**
There was no adjustment in the accounts on net increment, decrement of asset category.
- (vii) **Intangible Assets**
There are no intangible assets or goodwill in the business to note in the accounts.
- (viii) **Bank loans, bills payable, promissory notes, debentures and other loans**
None of the above instruments were used during the financial year.
- (ix) **Authorised capital, issued capital, reserves**
There is no authorised capital or issued capital reflected in the accounts.
- (x) **Ex-gratia payments**
There were no ex-gratia payments made during the financial year.
- (xi) **Charges against assets**
There were no charges against assets.
- (xii) **Commitments for expenditure**
Commitments for expenditure in future years

Year	2002-2003	2003-2004	2004-2005	2005 onwards
Amount	\$220,000	\$120,000	\$90,000	\$40,000

- (xiii) **Assets received without adequate consideration**
There were no assets received without adequate consideration.
- (xiv) **Transactions with responsible persons and their related parties**
There were no transactions with responsible persons and their related parties.
- (xv) **Motor vehicle lease commitments**
There are no motor vehicle lease commitments.

(xvi) Government grants received or receivable and source

Debtor	For	Amount including GST	Date
Horticulture Australia Ltd	Communication & Development of Citrus First Milestone Payment CT01033	\$33,014	13/11/03
Horticulture Australia Ltd	Communication & Development of Citrus Payment CT01033	\$33,014	13/02/04
Horticulture Australia Ltd via Australian Citrus Growers	Cittgroup Funding AGC AAD003	\$18,639	13/10/03
Horticulture Australia Ltd via Australian Citrus Growers	Cittgroup Funding AGC AAD003	\$18,639	19/02/04
Horticulture Australia Ltd	World Trends in Citrus Research & Industry Development	\$5,500	01/06/04

The Murray Valley Citrus Marketing Board contributes up front equally to the above projects before the remaining contribution is received from Horticulture Australia Ltd or Australian Citrus Growers Inc.

(xvii) Contingent Liabilities

There are no contingent liabilities known to management during the period of operations to 30 June 2004

Note: The above information does not form part of the audited financial accounts.

MURRAY VALLEY CITRUS MARKETING BOARD



FINANCIAL STATEMENTS For Year Ended 30 June 2004

Auditor General Victoria

Auditor General's Report

Certification

MURRAY VALLEY CITRUS MARKETING BOARD

CERTIFICATION

We hereby certify that the Financial Statements of the Murray Valley Citrus Marketing Board for the year ended 30 June, 2004 have been prepared in accordance with the provisions of the Financial Management Act 1994.

In our opinion, the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements present fairly the financial transactions during the year and the financial position of the Board as at 30 June, 2004.

At the date of signing the Financial Statements, we are not aware of any circumstances which would render any particulars included in the statements misleading or inaccurate.

Chairman

17 September 2004

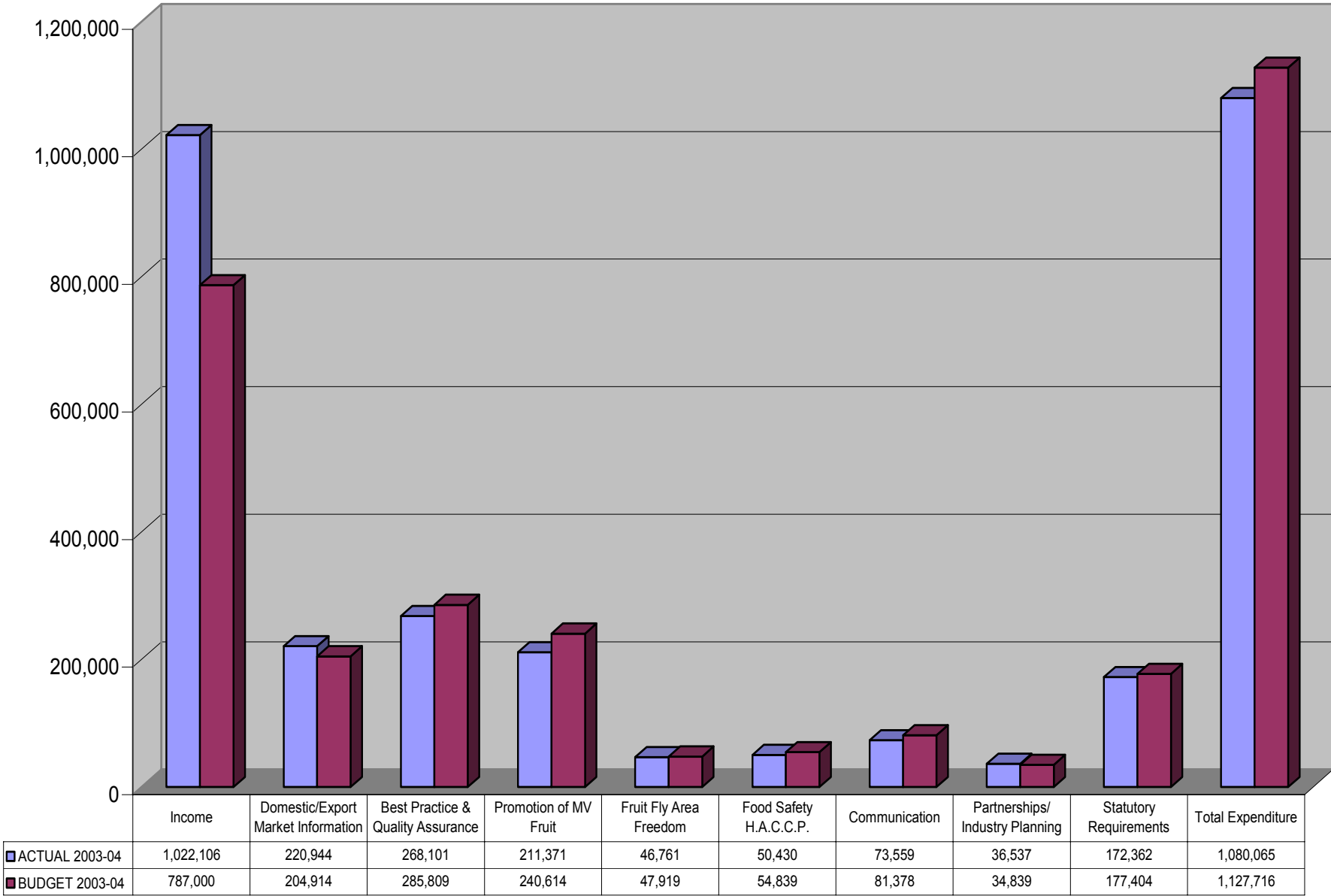
Chief Executive Officer

17 September 2004

Deputy Chairman

17 September 2004

**Murray Valley Citrus Marketing Board
2003/2004 Actual Results Against Budget**



MURRAY VALLEY CITRUS MARKETING BOARD

STATEMENT OF FINANCIAL POSITION as at 30th JUNE 2004

	2004	2003	2002	2001	2000
	\$	\$	\$	\$	\$
CURRENT ASSETS					
Cash Assets	41,010	6,338	5,017	35,230	135,414
Receivables	299,817	154,598	254,986	263,967	162,527
Inventories	21,183	26,805	35,353	33,128	33,252
Other Financial Assets	743,168	1,039,584	1,098,706	1,051,012	831,679
Total Current Assets	1,105,178	1,227,325	1,394,062	1,383,337	1,162,872
NON CURRENT ASSETS					
Property, Plant & Equipment	146,601	143,440	119,553	125,314	135,138
TOTAL ASSETS	1,251,779	1,370,765	1,513,615	1,508,651	1,298,010
CURRENT LIABILITIES					
Payables	124,382	116,772	108,349	144,945	128,050
Employee Entitlements	60,488	99,344	39,889	28,866	22,768
	184,870	216,116	148,238	173,811	150,818
NON CURRENT LIABILITIES					
Employee Entitlements	15,475	10,533	45,605	39,963	16,036
TOTAL LIABILITIES	200,345	226,649	193,843	213,774	166,854
EQUITY					
Retained Earnings	1,051,434	1,144,116	1,319,772	1,294,877	1,131,156
TOTAL EQUITY	1,051,434	1,146,116	1,319,772	1,294,877	1,131,156

The above Statement of Financial Positions do not form part of the audited accounts.

MURRAY VALLEY CITRUS MARKETING BOARD

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

	NOTE	2004 \$	2003 \$
REVENUE FROM ORDINARY ACTIVITIES			
Levy Revenue		684,226	994,393
Industry Project Funding		224,767	70,054
Sale of Goods	10	48,208	55,699
Interest Received		49,519	52,911
Other Revenue from ordinary activities		15,385	129,214
Total Revenue		<u>1,022,105</u>	<u>1,302,271</u>
EXPENSES FROM ORDINARY ACTIVITIES			
Domestic/Export Market Information	2	220,943	264,662
Best Practice & Quality Assurance	3	268,101	372,557
Promotion of Murray Valley Fruit	4	211,371	356,318
Fruit Fly Area Freedom	5	46,761	50,936
Food Safety/H.A.C.C.P	6	50,430	79,305
Communications	7	73,559	87,769
Partnership/Industry Planning	8	36,537	37,062
Statutory Requirements	9	172,362	183,539
Cost of Goods Sold	10	36,723	43,779
Total Expenses		<u>1,116,787</u>	<u>1,475,927</u>
NET PROFIT		(94,682)	(173,656)
MOVEMENT IN EQUITY			
Increase/(Decrease) in accumulated surplus as a result of a change in accounting policy for employee entitlements.		-	(1,899)
Total movement directly recognised as equity.		<u>-</u>	<u>(1,899)</u>
Total changes in equity other than those resulting from transactions with the Victorian Government and NSW Governments as owners.		<u>(94,682)</u>	<u>(175,555)</u>

The above statement of financial performance should be read in conjunction with the accompanying notes.

MURRAY VALLEY CITRUS MARKETING BOARD

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

	NOTE	2004 \$	2003 \$
CURRENT ASSETS			
Cash Assets	11	41,010	6,338
Receivables	12	299,817	154,598
Inventories	13	21,183	26,805
Other Financial Assets	11	743,168	1,039,584
Total Current Assets		1,105,178	1,227,325
NON-CURRENT ASSETS			
Plant & Equipment	14	146,601	143,440
Total Non-Current Assets		146,601	143,440
TOTAL ASSETS		1,251,779	1,370,765
CURRENT LIABILITIES			
Payables	15	124,382	116,772
Employee Entitlements	16	60,488	97,344
Total Current Liabilities		184,869	214,116
NON-CURRENT LIABILITIES			
Employee Entitlements	16	15,475	10,533
Total Non-Current Liabilities		15,475	10,533
TOTAL LIABILITIES		200,344	224,649
NET ASSETS		1,051,434	1,146,116
EQUITY			
Retained Profits	17	1,051,434	1,146,116
TOTAL EQUITY		1,051,434	1,146,116

The above statement of financial position should be read in conjunction with the accompanying notes.

MURRAY VALLEY CITRUS MARKETING BOARD

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

1. SUMMARY OF ACCOUNTING POLICIES

(i) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Financial Management Act 1994. The financial report is prepared on an accruals basis and is based on historical costs and does not take into account changing money values, or except where stated, current valuations of non-current assets. The accounting policies adopted for the financial year are consistent with those of the previous financial year unless otherwise stated. The following is a summary of significant accounting policies adopted by the Board in the preparation of the financial report.

(ii) Plant and Equipment

Fixed Assets include plant, equipment, furniture and motor vehicles are shown at cost unless otherwise stated. Items with a cost value in excess of \$300 and a useful life to the Board of more than one year are capitalised. All other assets acquired are expensed. Assets acquired at no cost, or for nominal consideration, are recognised at their fair value at the date of acquisition. Depreciation has been provided over the fixed asset's useful life using the Diminishing Value Method. The methods 2003-2004 are the same as 2002-2003. Fixed assets are depreciated at the following rates.

	2004	2003
Plant and Equipment	11.25% - 37.5%	11.25% - 37.5%
Motor Vehicles	22.50%	22.50%

(iii) Rounding Off

All amounts shown in the Financial Statements are expressed to the nearest dollar.

(iv) Investments

Investments are valued at cost. Interest revenue from investments is brought to account when it is earned.

(v) Revenues

- Levy Revenue is recognised upon the earlier of receipt from the receiver's self-assessment or based on a predetermined formula. Refer to (vii) Receivables for calculation basis of accrued income for levy revenue.
- Industry Project Funding is mainly funding provided by Commonwealth grants to assist meeting general and specific citrus project expenses. The funds are recognised when payment is received.
- Sale of Goods and the revenue is recognised when control of the goods has passed to the buyer. Credit terms are 30 day after month of invoice.
- Interest Revenue includes interest and other revenue earned during the financial year from bank term deposits. It is recognised on an accrual basis, based upon control of the right to receive.
- Proceeds from disposal of assets are recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at the time.

MURRAY VALLEY CITRUS MARKETING BOARD

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

(vi) Inventory

Inventories are stated in the Statement of Financial Position at the lower of cost and net realisable value. Costs are determined principally by the first-in, first-out method.

(vii) Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days of month end. Collectability of debts is reviewed on an on going basis. A total provision of \$44,500 has been provided for doubtful debts for sale of goods and levies accrued and in the Boards opinion, are adequate under current trading conditions. Levies accrued of \$162,954 under Note 11 are based on an estimate of levies unpaid at 30th June 2004. These levies are calculated on a fixed percentage of citrus fruit sold by Approved Receivers who act as agents for the Murray Valley Citrus Marketing Board (MVCMB) in the collection of levies from Citrus Growers. The MVCMB levy records are based from Approved Receiver self assessment declarations returned to the MVCMB on citrus fruit sold. Levies Accrued is calculated from Approved Receivers who have not returned monthly declarations to the MVCMB, and based on a formula using previous years Approved Receivers levy declarations taking into account past and current seasonal factors.

(viii) Change in Accounting Policy

(a) Employee Entitlements

In prior reporting periods (up to 30 June 2002), employee entitlements were measured using the remuneration rates that were current as at reporting date. For the reporting period ending 30 June 2003, the Authority has measured employee benefits on remuneration rates expected to apply when the obligation is settled (i.e. taking into account future increases in remuneration rates). The change in policy complies with the requirements of the revised Australian Accounting Standard AASB 1028 "Employee Benefits". The change in the measurement basis has resulted in higher liabilities of \$1899 being recognised.

(ix) Employee Entitlements

(a) Long Service Leave

The provision for long service leave, including on-costs, is determined in accordance with Accounting Standard AAS30. The entitlement becomes payable upon completion of ten years service. The proportion of long service leave estimated to be payable within the next financial year is a current liability. The balance of the provision is classified as a non-current liability measured at the present value of the estimated future cash outflow arising from the employee's services to date.

(b) Annual Leave

A provision for annual leave, including on-costs, is made for all employees based on the Board's accrued legal liability at 30 June each year. All leave is entitled to be taken in the next twelve months.

(c) Sick Leave

No liability for sick leave has been made, given that sick leave expected to be taken in future periods is not expected to exceed entitlements which are expected to accrue in those periods.

MURRAY VALLEY CITRUS MARKETING BOARD

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

(x) Trade Creditors

Creditors are recognised for future amounts to be paid in respect of goods and services received, whether or not billed to the Board. Terms for payment of Creditors are 30 days from receipt of invoice.

(xii) Comparative Figures

Comparative figures were, where appropriate, reclassified so as to be comparable with the figures presented for the current financial year.

(xiii) Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of GST except where the amount of GST incurred is not recoverable, in which case it is recognised as part of the cost of acquisition of an asset or part of an item of expense or revenue. GST receivable from or payable to the Australian Taxation Office (ATO) is included in the statement of financial position. The GST component of a receipt or payment is recognised on a gross basis in the statement of cash flows in accordance with Accounting Standard AAS 28.

(xiv) Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in the banks and investments in money market instruments, net of outstanding overdrafts. Cash at the end of the year as shown in the statement of cashflows is reconciled to the related items in the Statement of Financial Position.

(xv) International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

Major changes identified to date that will be required to the consolidated entity's existing accounting policies include the following:

(i) *Financial instruments*

Under the Australian equivalent to IAS 32 *Financial Instruments: Disclosure and Presentation* the current classification of financial instruments issued by entities in the consolidated entity will not change.

MURRAY VALLEY CITRUS MARKETING BOARD

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

Under the Australian equivalent to IAS 39 *Financial Instruments: Recognition and Measurement* there may be major impacts as a result of:

- financial assets held by the consolidated entity being subject to classification as either held for trading, held-to-maturity, available for sale or loans and receivables and, depending upon classification, measured at fair value or amortised cost.

In addition, liabilities subject to an in-substance defeasance will not qualify for derecognition. Under the transitional provisions of AASB 1, liabilities derecognised under previous Australian generally accepted accounting principles are not allowed to be recognised unless recognition is required as a result of a transaction or event occurring after transition.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents to IFRS on the consolidated entity's financial position and reported results.

MURRAY VALLEY CITRUS MARKETING BOARD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

	NOTE	2004 \$	2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		884,069	1,353,724
Payment to Suppliers and Employees		(1,162,038)	(1,419,235)
Interest Received		49,519	49,331
Net Cash provided by Operating Activities	18	(228,450)	(16,180)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment		52,117	75,845
Purchases of Property, Plant & Equipment		(86,338)	(119,909)
Net cash used in Investing Activities		(34,221)	(44,064)
Net Increase in cash held		(261,745)	(57,801)
Cash at 1st July		1,045,922	1,103,723
Cash at 30 June	11	784,177	1,045,922

MURRAY VALLEY CITRUS MARKETING BOARD

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
2. DOMESTIC/EXPORT MARKET INFORMATION		
Planting Database	53,017	17,839
Crop Forecasting/Research	12,222	19,228
Brisbane Market Report	3,135	3,420
Melbourne Market Report	7,033	8,787
Sydney Market Report	7,473	8,008
Export Market Information	9,723	2,988
Market Research & Development	70	51,595
Written Down Value of Fixed Assets Sold	931	11,632
Depreciation	7,284	7,007
Rent and Rates	3,722	4,894
Repairs and Maintenance	4,516	3,335
Trainee Costs	6,852	-
Recruitment Costs	5,305	77
Communication Costs	3,722	3,842
Salaries & Related Expenses	71,556	87,737
Other Operating Expenses	24,382	34,273
	220,943	264,662
3. BEST PRACTICE & QUALITY ASSURANCE		
Best Practice Implementation	1,293	154,626
Cittgroups	5,474	4,629
Industry Projects / R&D	67,836	41,081
IDO Matching Funding	47,736	-
Written Down Value of Fixed Assets Sold	1,058	13,220
Depreciation	8,277	7,962
Rent and Rates	4,229	5,561
Repairs and Maintenance	5,131	3,790
Trainee Costs	7,786	-
Recruitment Costs	6,028	88
Communication Costs	4,229	4,366
Salaries & Related Expenses	81,313	99,701
Other Operating Expenses	27,711	37,533
	268,101	372,557

MURRAY VALLEY CITRUS MARKETING BOARD

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
4. PROMOTION OF MURRAY VALLEY FRUIT		
Citrus Shop	5,000	5,000
General Promotion	10,581	9,885
Grapefruit/Goldfruit	5,808	22,427
Navel Promotion	30,634	86,808
Tangelo Promotion	3,000	3,000
Valencia Promotion	15,008	47,003
Melbourne Show	4,876	10,490
Other Promotional Events	6,937	17,908
Sponsorship	255	1,743
Organic	1,000	500
Written Down Value of Fixed Assets Sold	931	11,632
Depreciation	7,284	7,007
Rent and Rates	3,722	4,894
Repairs and Maintenance	4,516	3,335
Trainee Costs	6,852	-
Recruitment Costs	5,305	77
Communication Costs	3,722	3,842
Salary & Related Expenses	71,556	87,737
Other Operating Expenses	24,384	33,030
	<u>211,371</u>	<u>356,318</u>
5. FRUIT FLY AREA FREEDOM		
Tri-State Fruit Fly Campaign	35,100	37,158
Written Down Value of Fixed Assets Sold	85	1,057
Depreciation	662	637
Rent and Rates	338	445
Repairs and Maintenance	411	303
Trainee Costs	623	-
Recruitment Costs	482	7
Communication Costs	338	349
Salaries & Related Expenses	6,505	7,976
Other Operating Expenses	2,217	3,004
	<u>46,761</u>	<u>50,936</u>

MURRAY VALLEY CITRUS MARKETING BOARD

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
6. FOOD SAFETY / H.A.C.C.P.		
Market Access	472	6,316
Chemical Residue Surveys	4,885	34,978
Quality Assurance	21,750	10,456
Written Down Value of Fixed Assets Sold	169	2,115
Depreciation	1,324	1,274
Rent and Rates	677	890
Repairs and Maintenance	821	606
Trainee Costs	1,246	-
Recruitment Costs	965	14
Communication Costs	677	699
Salary & Related Expenses	13,011	15,952
Other Operating Expenses	4,433	6,005
	50,430	79,305
	50,430	79,305
7. COMMUNICATIONS		
Publications & Citrep Magazine	21,912	27,036
Media Releases	450	5,137
Internet/Website	4,552	486
Written Down Value of Fixed Assets Sold	339	4,230
Depreciation	2,649	2,548
Rent and Rates	1,353	1,780
Repairs and Maintenance	1,642	1,213
Trainee Costs	2,492	-
Recruitment Costs	1,929	28
Communication Costs	1,353	1,397
Salary & Related Expenses	26,020	31,905
Other Operating Expenses	8,868	12,009
	73,559	87,769
	73,559	87,769

MURRAY VALLEY CITRUS MARKETING BOARD

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
8. PARTNERSHIPS/INDUSTRY PLANNING		
Industry Projects	13,216	9,507
Written Down Value of Fixed Assets Sold	169	2,115
Depreciation	1,324	1,274
Rent and Rates	677	890
Repairs and Maintenance	821	606
Trainee Costs	1,246	-
Recruitment Costs	965	14
Communication Costs	677	699
Salary & Related Expenses	13,011	15,952
Other Operating Expenses	4,431	6,005
	36,537	37,062
	36,537	37,062
9. STATUTORY REQUIREMENTS		
Audit Fees - Victorian Auditor General	7,123	5,700
Annual Report	3,960	5,370
Board Members Fees & Expenses	67,685	60,324
Directors & Officers Insurance	6,748	5,485
Other Auditors	-	14,715
Governance & Compliance	10,023	1,731
New Board Members	1,025	661
Written Down Value of Fixed Assets Sold	550	6,874
Depreciation	4,304	4,140
Rent and Rates	2,199	2,892
Repairs and Maintenance	2,668	1,971
Trainee Costs	4,049	-
Recruitment Costs	3,135	46
Communication Costs	2,200	2,270
Salaries & Related Expenses	42,283	51,845
Other Operating Expenses	14,410	19,515
	172,362	183,539
	172,362	183,539

MURRAY VALLEY CITRUS MARKETING BOARD

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
10. TRADING STOCK ITEMS		
Sales	48,208	55,699
Opening Stock	<u>26,805</u>	<u>35,353</u>
Plus Purchases	<u>31,101</u>	<u>35,231</u>
Closing Stock	21,183	26,805
Cost of Sales	<u>36,723</u>	<u>43,779</u>
Gross Profit / (Loss)	<u>11,485</u>	<u>11,920</u>
11. RECONCILIATION OF CASH		
Cash on Hand	570	245
Cash at Bank	<u>40,440</u>	<u>6,093</u>
Total Cash Assets	41,010	6,338
Other Financial Assets - Term Deposits	743,168	1,039,584
	<u>784,178</u>	<u>1,045,922</u>
12. RECEIVABLES		
Trade Debtors	146,744	51,194
Provision for Doubtful Debts	(44,500)	(44,500)
Levies Accrued	162,954	120,106
GST Receivable	29,623	19,517
Prepaid Expenses	4,996	-
Investment Income Accrued	<u>-</u>	<u>8,280</u>
	<u>299,817</u>	<u>154,598</u>

MURRAY VALLEY CITRUS MARKETING BOARD

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003	
	\$	\$	
13. INVENTORY			
Finished Goods	21,183	26,805	
	<u> </u>	<u> </u>	
14. PLANT & EQUIPMENT			
Plant & Equipment - at cost	163,633	162,310	
<i>less</i> Accumulated Depreciation	(100,240)	(103,625)	
	<u>63,393</u>	<u>58,685</u>	
	<u> </u>	<u> </u>	
Motor Vehicles - at cost	93,295	88,794	
<i>less</i> Accumulated Depreciation	(10,086)	(4,040)	
	<u>83,209</u>	<u>84,754</u>	
	<u> </u>	<u> </u>	
	<u>146,601</u>	<u>143,440</u>	
	<u> </u>	<u> </u>	
14(a) Reconciliation of Movement of Fixed Assets			
	Plant & Equipment	Motor Vehicles	Total
Balance at the beginning of the year	58,686	84,754	143,440
Additions	22,927	63,411	86,338
Disposals	(5,075)	(44,994)	(50,069)
Depreciation Expense	(13,146)	(19,962)	(33,108)
Carry amount at end of the year	<u>63,393</u>	<u>83,209</u>	<u>146,601</u>
	<u> </u>	<u> </u>	<u> </u>
		2004	2003
		\$	\$
14(b) Net Profit from disposal of asset			
Proceeds from disposal		52,117	64,545
Less: Written Down Value of Assets sold		(50,069)	(52,874)
Net Profit from Disposal of Assets		<u>2,048</u>	<u>11,671</u>
		<u> </u>	<u> </u>

MURRAY VALLEY CITRUS MARKETING BOARD

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
14(c) Depreciation		
Property, Plant & Equipment	13,146	16,608
Motor Vehicles	19,963	15,241
Total Depreciation	<u>33,108</u>	<u>31,849</u>
15. PAYABLES (CURRENT)		
Trade Creditors	90,887	83,305
Accrued Audit Fee	4,103	5,700
Accrued Superannuation	(767)	1,090
Accrued Salaries & Wages	(3,261)	3,722
FBT Payable	4,996	7,248
Group Tax Payable	5,035	6,936
GST Payable	20,018	6,328
Trust Funds	3,369	2,442
	<u>124,382</u>	<u>116,772</u>
16. EMPLOYEE ENTITLEMENTS		
Current		
Annual Leave	40,379	56,659
Long Service Leave	20,109	40,685
	<u>60,488</u>	<u>97,344</u>
Non Current		
Long Service Leave	15,475	10,533
	<u>75,963</u>	<u>107,877</u>
17. EQUITY		
Balance at Beginning of Reporting Period	1,146,116	1,321,671
Total Changes in Equity Recognised in the Statement of Financial Performance	(94,682)	(173,656)
Change in Equity as a result of a change of accounting policy for accounting standard AASB 1028 - Employee Entitlements	-	(1,899)
Total Equity at the Reporting Date	<u>1,051,434</u>	<u>1,146,116</u>
18. RECONCILIATION OF CASH FLOWS		
Profit from ordinary activities	(94,682)	(175,555)
Depreciation	33,108	31,848
(Profit) on sale of assets	(2,048)	(11,671)
	<u>(63,622)</u>	<u>(155,378)</u>
Changes in Assets and Liabilities		
Increase/(Decrease) in Receivables	(140,224)	55,888
Increase/(Decrease) in Inventories	5,622	8,548
Increase/(Decrease) in Payables	(31,915)	50,480
Increase/(Decrease) in Employee Entitlements	1,689	24,282
Net Cash provided by Operating Activities	<u>(228,450)</u>	<u>(16,180)</u>

MURRAY VALLEY CITRUS MARKETING BOARD

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

19. SUPERANNUATION CONTRIBUTIONS

The Board is required to make superannuation contributions to the following schemes in respect to permanent, casual and past employees.

19a. National FlexiSuper Plus

- Contributions have been paid to this scheme on behalf of two (2) employees.
(2003: three (3) employees)
- Contributions paid to this scheme for the year amounted to \$24,864.41.
(2003 : \$23,187.08)
- Contributions outstanding at year end, nil. (2003:\$441.76)

19b. Australian Retirement Fund

- Contributions have been paid to this scheme on behalf of one (1) employee.
(2003 : one (1) employee)
- Contributions paid to this scheme for the year amounted to \$12,174.47.
(2003 : \$35,469.54)
- Contributions outstanding at year end, nil. (2003: \$447.84)

19c. Colonial First State Investments

- Contributions have been paid to this scheme on behalf of one (1) employee.
(2003 : one (1) employee)
- Contributions paid to this scheme for the year amounted to \$12,816.08.
(2003 : \$2,283.28)
- Contributions outstanding at year end, nil. (2003:\$48.13)

19d. Australian Primary

- Contributions have been paid to this scheme on behalf of one (1) employee.
(2003:one (1) employees)
- Contributions paid to this scheme for the year amounted to \$4,914.00
(2003:\$4,697.28)
- Contributions outstanding at year end, nil. (2003:\$90.00)

19e. RACV Financial Services

- Contributions have been paid to this scheme on behalf no employee. (2003:one (1) employees)
- Contributions paid to this scheme for the year amounted to nil. (2003:\$5,200)
- Contributions outstanding at year end, nil. (2003:\$16.49)

19f. VicSuper

- Contributions have been paid to this scheme on behalf of one (1) employee.
(2002:one (1) employees)
- Contributions paid to this scheme for the year amounted to \$144.61. (2003:\$480.87)
- Contributions outstanding at year end, nil. (2003:\$6.87)

19g. Macquarie Investment Management Limited

- Contributions have been paid to this scheme on behalf of one (1) employee.
(2003:one (1) employee)
- Contributions paid to this scheme for the year amounted to \$1,340.08.
(2003:\$1,342.08)
- Contributions outstanding at year end, nil. (2003: nil)

MURRAY VALLEY CITRUS MARKETING BOARD

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

19h. Westpac Financial Services

- Contributions have been paid to this scheme on behalf of one (1) employee. (2003: nil employees)
- Contributions paid to this scheme for the year amounted to \$215.69. (2003:\$522.40)
- Contributions outstanding at year end, nil. (2003:\$38.55)

19i. IRSF Pty Ltd

- Contributions have been paid to this scheme on behalf of one (1) employee. (2003:one (1) employee)
- Contributions paid to this scheme for the year amounted to \$5,634.07. (2003: \$5,137.05)
- Contributions outstanding at year end, nil. (2003: nil)

19j. CARE Super

- Contributions have been paid to this scheme on behalf of one (1) employee. (2003:nil)
- Contributions paid to this scheme for the year amounted to \$1483.69. (2003: nil)
- Contributions outstanding at year end, nil. (2003: nil)

General

- Applies to above Superannuation funds.
- At 30 June 2004 there was no unfunded superannuation liability.
- Contributions are paid at the rate of 10% of Gross Normal Earnings for the Field Manager and as per contracts of employment and at the rate of 9% for the remaining employees. The remainder of contributions come from Salary Sacrifice arrangements.
- There were no loans to the entity from the Superannuation Scheme.
- Each employee can nominate an approved superannuation fund to contribute their superannuation.

20. CAPITAL COMMITMENTS

At 30 June 2004 there were no known commitments towards capital expenditure, not otherwise detailed in these Financial Statements. (2003: nil)

21. CONTINGENT LIABILITIES

At 30 June 2004, there are no contingent liabilities for the Murray Valley Citrus Marketing Board. (2003: nil)

MURRAY VALLEY CITRUS MARKETING BOARD

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

22. RESPONSIBLE PERSONS

(i) Name of persons who are responsible persons through out the year are:

The Honourable Bob Cameron MLA, Minister for Agriculture, Victoria
The Honourable Ian Macdonald MLC, Minister for Agriculture, NSW

Robert Mansell	Chairperson
Robert Farnsworth	Deputy Chairperson
Andrew Hollingworth	Board Member
Colin Nankivell	Board Member
David Hunt-Sharman	Board Member
Dr Ken Bevington	Board Member
Keith Richards	Board Member
Paula Gordon	Board Member
Stuart Holland	Board Member
John Tesoriero	Chief Executive Officer (Commenced 15/12/03)
John Braniff	Chief Executive Officer (Retired 30/11/03)

(ii) Remuneration of Responsible persons

a. The number of Responsible persons are shown in their income range:

Income Range	2004	2003
\$0 - \$10,000	8	8
\$10,001 - \$20,000	1	1

Total Remuneration received, or receivable by Responsible persons during the year amounted to \$39,582 (2003: \$47,076).

Executive Officer remuneration is disclosed under Note 23.

There were no retirement benefits paid to responsible persons of the reporting entity or related parties. There were no other transactions of responsible persons and their related parties. Total superannuation received, or receivable by responsible persons during the year amounted to \$6,474.15. (2003: \$6,479).

23. EXECUTIVE OFFICER RECONCILIATION AND REMUNERATION

Executive Officer	Class	Gender	Remuneration exceeded \$100,000 for 2003/04
Former	EO-3	Male	No
Current	EO-3	Male	No

24. FINANCE LEASE COMMITMENTS

There are no finance lease commitments as at 30 June, 2004. (2003:nil)

MURRAY VALLEY CITRUS MARKETING BOARD

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

25. FINANCIAL INSTRUMENTS

(a) Terms, Conditions and Accounting Policies

The Board's accounting policies including the terms and conditions of each class of financial asset and financial liability instrument are as follows:

Recognised Financial Instruments	Statement of financial position notes	Accounting Policies	Terms and Conditions
(a) Financial Assets			
Cash and Deposits at Call	11	Cash Deposits deemed to be in excess of short term needs are placed in bank term deposits.	Cash in the Bank account has interest paid on a sliding scale, with an average rate of 3.00% for the year.
Receivables	12	Debtors are carried at the nominal amounts less any provision for doubtful debts. A doubtful debt provision is made for any amounts which are considered unlikely to be collectable.	Normal terms for Levies outstanding are 28 days after the end of the month outstanding. For trading debtors, terms are 30 days from after month end.
Fixed Term Deposits	11	Term Deposits are stated at the nominal amounts. Interest Revenue is recognised in the Profit and Loss Statement when earned.	The fixed term is 60 days maturity and effective interest rate of 5.25%.
(b) Financial Liabilities			
Payables	15	Creditors and accruals are recognised for future amounts to be paid in respect of goods and services received, whether or not billed to the Board	Terms for the payment of creditors are 30 days from the receipt of the invoice.

MURRAY VALLEY CITRUS MARKETING BOARD

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

(b) Interest Rate Exposure

The Board's exposure to interest rate risks of financial assets and financial liabilities recognised and unrecognised at balance date are as follows:

Financial Instruments	Fixed Interest Maturing in:						Total carrying amount per statement of financial position		Weighted average effective interest rate	
	1 year or less		Floating Interest		Non-interest bearing					
	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$
(a) Financial Assets										
Cash & Deposits @ Call	-	-	40,440	6,093	570	245	41,010	6,338	0.27%	0.22%
Receivables	-	-	-	-	146,744	154,598	146,744	154,598	n/a	n/a
Fixed Term Deposits	743,168	1,039,584	-	-	-	-	743,168	1,039,584	5.15%	4.6%
Total Financial Assets	743,168	1,039,584	40,440	6,093	147,314	154,843	930,922	1,200,520	-	-
(b) Financial Liabilities										
Payables	115,283	116,772	-	-	-	-	115,283	116,772	n/a	n/a

(c) Net fair Values

The aggregate net fair values of financial assets and financial liabilities recognised and unrecognised a balance date, are as follows:

	Total Carrying Amount Statement of Financial Position		Aggregate Fair Value	
	2004 \$,000	2003 \$,000	2004 \$,000	2003 \$,000
(a) Financial Assets				
Cash & Deposits @ Call				
Receivables	41,010	6,338	41,010	6,338
Fixed Term Deposits	146,744	154,598	146,744	154,598
	743,168	1,039,584	743,168	1,039,584
Total Financial Assets	930,922	1,200,520	930,922	1,200,520
(b) Financial Liabilities				
Payables	115,283	116,772	115,283	116,772

26. CREDIT RISK

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to be recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

27. AUDIT FEES

The fees payable to the Auditor General for the audit of the financial statements for the year ending 30th June 2004 was \$6,330, plus applicable GST.

DISCLOSURE INDEX

Legislation	Requirement	Page
Ministerial Directions		
Report of Operations		
<i>Charter & purpose</i>		
FRD 22	Manner of establishment and Relevant Minister	3-4
FRD 22	Objectives, functions, powers and duties	8
FRD 22	Nature and range of services provided	8.10
<i>Management & structure</i>		
FRD 22	Organisational structure	10
<i>Financial and other information</i>		
FRD 22	Statement of workforce data and merit and equity	10,46
FRD 22	Summary of the financial results for the year	25-48
FRD 22	Significant changes in financial position	23
FRD 22	Operational & budgetary objectives for the year and performance against those objectives	28
FRD 22	Major changes or factors affecting performance	11,12,23
FRD 22	Subsequent events	23
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	18
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	18
FRD 22	Statement on National Competition Policy	12-13
FRD 22	Application and operation of the <i>Whistleblowers Protection Act 2001</i>	18-19
FRD 22	Details of consultancies over \$100,000	17
FRD 22	Details of consultancies under \$100,000	17
FRD 12	Disclosure of major contracts	17
FRD 22	Statement of availability of other information	18
FRD 22	Occupational Health and Safety	18
FRD 15	Executive officer disclosure	46
FRD 10	Disclosure Index	17,49
FRD 24	Reporting of office-based environment impacts	18
FRD 25	Victorian Industry Participation Policy disclosures	18
FRD 8	Budget portfolio outcomes	28
Financial Statements		
<i>Financial statements required under Part 7 of the FMA</i>		
SD 4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements	32-33
SD 4.2(c)	Compliance with Ministerial Directions	26
SD 4.2(d)	Rounding of Amounts	32
SD 4.2(c)	Accountable officer declaration	27
SD 4.2(f)	Model financial report	32
SD 4.2(b)	Statement of financial performance	30
SD 4.2(b)	Statement of financial position	31
SD 4.2(b)	Statement of cash flows during the year	36
<i>Other disclosures in notes to the financial statements</i>		
FRD 9	Departmental disclosure of administered asset and liabilities	37-40
FRD 11	Disclosure of ex-gratia payments	23
FRD 13	Disclosure of parliamentary appropriations	N/A
FRD 21	Responsible person and executive officer disclosures	46
FRD 23	Superannuation liabilities and disclosure	44-45
Legislation		
Freedom of Information Act 1982		18
Building Act 1993		18
Whistleblowers Protection Act 2001		18-19
Victorian Industry Participation Policy Act 2003		18