



MOORA CITRUS

**REVIEW OF NON-FORESTRY MANAGED INVESTMENT SCHEMES
BUSINESS TAX DIVISION
THE TREASURY
LANGTON CRESCENT
PARKES ACT 2600**

Moora Citrus is a family owned farming operation which has utilised a MIS structure in developing a 210 ha citrus orchard in the Moora-Dandaragan area (two hours north of Perth). The family have farmed in the Moora-Dandaragan district since land was opened up for agricultural development.

Our other farming interests include cropping, wool production, pork and genetic material production, partnership in a nursery, and consulting services. We employ 40 people in three different communities across the Wheatbelt (Wongan Hills, Kojonup and Moora-Dandaragan). We are a diversified family company that has been farming in the Wongan Hills district for over 80 years. We have children who have indicated they desire to come home farming and make Agriculture their career and we are seeking to develop a dynamic, profitable and sustainable business that they can establish professional careers within. Our vision is to be Leaders in Sustainable Agribusiness.

We are family farmers and we have undertaken the formation of a company to undertake capital raising via a Managed Investment Scheme structure, in conjunction with other business partners. The project was staged over 4 years and has completed its third year of capital raising.

We do not have a business association with the Finance company, other than to finance our growers. We manage the orchard, and have been integrally involved and managed each stage of development of the orchard. The family has owned the land since settlement and did not pay inflated prices for the land. Our family has pioneered the development of underground water resources in our area, and the allocation processes implemented by the Department of Water are sustainable and conservative.

Once in production, we will grow, pack, store, transport and market the produce, as any standard farming operation does. Our growers receive quarterly reports on the status of the project, and we communicate directly with them about the project. We encourage their participation and have had personal visits from most (if not all) of our growers. We believe that our MIS operation demonstrates the positive social impact of connecting rural and urban Australia. We think our growers are part of our project because they believe in what we are trying to achieve and they want to be involved in a family business that believes in investing in Agriculture and rural Australia.

We are a recent entrant to the MIS industry, so we cannot comment on our production performance as our trees are yet to come into production. We have been independently assessed and that assessment reaches a view on the sharing of benefits and risks between growers and the MIS company and that is reflected in the star rating given by the assessing agency. The review wishes the MIS industry to comment on the sharing of profits and risks,



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but it is our view that this is addressed in the assessment process for each project and communicated extensively in documentation provided to each grower.

Our project, when fully completed will employ 70 people. The land area being utilised would traditionally employ 0.2 FTE of a staff member under traditional grazing/broadacre usage. To date, over \$10M of investment has been injected into the local economies from MIS projects in our district, with indirect flow-ons of many more millions, and employment opportunities.

We have employed people locally and imported staff from other horticulture industries and regions in Australia and other nations. We have been developing a partnership with TAFE to train all our staff, and our workplace policy is that all staff will undertake training with the local TAFE. Horticulture is new to our region, and we are keen to see career professionals develop in the industry, and through our partnership with TAFE, local people will be able to pursue horticulture as a profession.

The project is market driven, and in response to a market opening in our local market. Citrus is imported into Western Australia from other countries and other states, and our project has been developed to capitalise on some key opportunities:

1. There are few commercial citrus producers in Western Australia with the ability to supply sufficient volumes of fruit with the required quality and performance characteristics to satisfy merchants.
2. Consequently 14,000 tonnes of fresh eating oranges are imported into WA from the eastern states of Australia to satisfy demand.
3. WA consumers prefer locally grown fruit when product performance is comparable to imported fruit.
4. Retailers are looking for consistent supply, reliable product performance, verifiable quality assurance systems, ability to supply product in critical volumes, and suppliers that establish across the supply chain coordination.

The project has not been developed to create a glut in the market and the scale of the project has been carefully designed to protect the favourable market conditions. We have always been clear our intention is to work with other local growers through the Industry Association to deliver the best quality product to the local market, and to jointly export when our joint capacity as an industry enables export. This will take some time however, as our project will not even fill the current demand shortfall.

We have introduced water efficiency technology from Israel that will become highly important for the irrigation industry in Australia to combat the impacts of long-term climate change and lessening water supplies. It is our belief we are the first citrus orchard to trial the technology and the efficiency results will be extended to the industry once fully tested and documented.

The impact on the local and regional community has been hugely beneficial. The housing industry in the local community has benefited, new local businesses have developed, new accommodation facilities are being developed, a new housing estate area is being developed by the local Council and a new retail development is planned. The development of the



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Horticulture industry is fully supported by the Department of Agriculture, the two Local Governments (Shire of Moora and Shire of Dandaragan), the Local State Member, farming organizations, NRM organizations, local Chamber of Commerce and Development groups and as previously mentioned the local TAFE. The local view of MIS structures in our region is extremely positive.

The Australian Government vision for Australian agriculture (as we understand it) is professional industries competing at a global level, marketing their product to the world market, and becoming better managers of climate variability. This is exactly what our family farm is endeavouring to do, and we have used this form of capital to get the scale we require to move on a market opportunity.

We are an example of a MIS company, which is developed by a family farming operation. MIS's are professionalising Agriculture across Australia, particularly those industries that have long lead times from investment to income. We offer professional career path development opportunities in Agriculture and we plan to partner with family farmers in our industry to market our product competitively. We believe we are helping to achieve the Australian Government vision for Australian, and part of the pathway to achieving that vision has been through the use of a MIS structure.

MIS's are presented as either "all bad" or "all good" and the reality is somewhere in between, and the decision that needs to be made about continuing non-forestry MIS arrangements should be based within a vision for Australian agriculture, not just a cost-benefit analysis. From our business's perspective, we would like to comment on the fact that we need a future generation of young Australians who believe in Agriculture and want a career in a profitable, dynamic and sustainable industry. Attracting investment to agriculture is an important issue in being able to provide that environment for those young people, and the review of the MIS arrangements needs to be undertaken in that context.

Yours faithfully

Sue Middleton
Executive Director