



& views

**AUTUMN
2024**

Your company finished 2023 with another sound profit result which again enabled the payment of rebates to all supplying growers.

We have just installed a second solar system on the roof of the packshed at Glass House Mountains. This follows the considerable savings we've been achieving with the initial panels, prompting the installation of an additional set.

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**Update
from
Paul Griffin
General Manager**

The result strengthened the company's financial position while increasing shareholder equity and book value.

Our 2023 volume was the highest for the last six years and 2024 is looking to be another strong year with estimates indicating a significant increase in packshed volume.

So it is with confidence we expect to surpass the record volume set last year.

The Lychee pack has now finished for 2024, and whilst prices and grower returns were very high, volume was well down on previous years.

Shepard out of North and Central Qld has begun, and it is pleasing to see prices holding ok at present. Hass volumes out of WA have now slowed, so hopefully this will support respectable returns for Shepard growers.

Export markets are still a work in progress and will take time to develop.

During the Christmas break we completed a major upgrade on the packing line and conducted our now routine preventive maintenance program. This will give us confidence in a trouble-free pack during the season ahead, and will contribute towards achieving our productivity objectives.

Another development, our new website is now live. The old website was more than 10 years old and due for an upgrade. We are very pleased with the functionality of the new site, our window to existing and potential stakeholders in the company.

A reminder to all that our Annual General Meeting will be held on Friday 10th May. We're particularly pleased to have made the decision to change venue and move to the coast for a more relaxed and less formal meeting. Details on Page 3 of the newsletter.

We urge all members to show their support for the company by attending the AGM not only for their contribution to meeting determinations but joining other members in good fellowship.

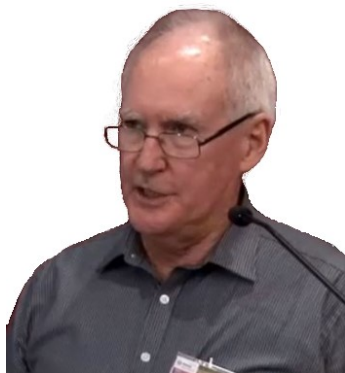
As a co-operative, our strength comes from our members (You!), so a sincere thank you for your continuing support.

United we stand.

**22nd Annual General Meeting
of
The Fruit Company Limited**

See Details Page 3

Message from the Chairman



John Tannock
Chairman

G'day Readers,

Although the packing shed at Glass House Mountains is only just cranking up to commence our 2024 packing season, the last few months have nevertheless been a very busy time at NFC, particularly with the release of our new web site. I encourage all members to visit the site. (the same web address: www.naturesfruit.com.au will get you there)

Preparations are now well advanced for our AGM. We have opted for a different venue this year, but the format will be similar to last year and will include a number of presentations at the Growers' Forum that will be of interest to growers. This concept was trialed last year and was well received by those attending. More details can be found on page 7 of the newsletter.

I particularly want to refer readers to the article on the proposed Biosecurity Levy on page 9 of the newsletter. With all the challenges and adverse events that are faced by Australian growers, it defies belief that a government would impose a levy on Australian farmers for fruit that is not grown or supplied by us but is grown overseas and imported by others. If the government has biosecurity concerns with the imported fruit, by all means apply a levy, but surely, unless your intention was to deliberately hurt Australian farmers, you would require those who have generated those biosecurity concerns to pay the cost - not domestic growers who already pay exorbitant levies to ensure our fruit is supplied risk free.

It is interesting to reflect where the trends are heading. In the 'good old days', governments imposed tariffs on imported products to protect local industries. Then we went through a phase when tariffs were removed, ostensibly to allow free market forces to provide a lower cost product for consumers while local industries were potentially being sent to the wall due to cheaper imports.

Taking the next step, we now have a government proposing to apply a 'tariff' on imports ... but it is the Australian producers who will have to pay the 'tariff' ... as I said, defies belief.

Many of you will have received an email from John Tyas (CEO Avocados Australia), seeking support for fighting this levy. I would urge all growers to read John's email and follow his suggested course of action. If you have any questions or queries on this issue, contact Anna Petrou, Avocados Australia's Communications Manager, email co@avocado.org.au or call 1300 303 971.

Last, but by no means least, many of you would have read my email from a few days ago, advising of the retirement later this year of our General Manager, Paul Griffin.

It goes without saying that Paul will be sorely missed at NFC. I have worked with many good people in my career, but rarely have I worked with someone who makes things happen as seamlessly as Paul does. Paul's early advice of his retirement intentions will assist in providing a 'seamless' transition to the incoming manager.

John Tannock
Chairman

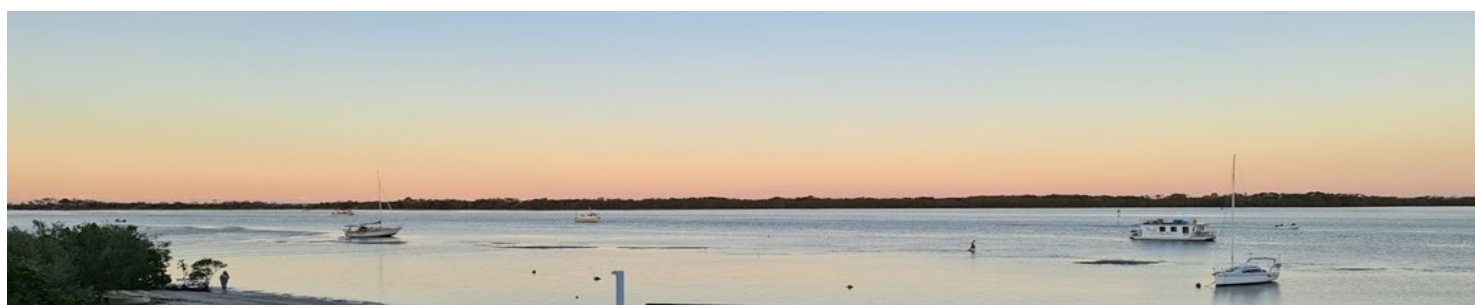
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22nd Annual General Meeting

Change of Venue

A change is as good as a holiday and what better place to have it than down by the sea. Your Board in its wisdom has chosen to hold our 22nd AGM on the shores of the Pumicestone Passage at the Caloundra Powerboat Club.

Boasting uninterrupted views across the passage to Bribie Island, the venue offers a casual ambiance in a relaxed setting.



The convening of our Annual General Meeting is a statutory requirement under Australian company law.

The meeting must be held by the 31st May each year.

Accordingly, the 22nd Annual General Meeting of your Company is planned for Friday 10th May.



All members are urged to attend. This is your opportunity as a shareholder to review and question operational outcomes, voice opinion and contribute to future policy and direction of your company.

Following the meeting we will announce the winners and present trophies for the 2023 Natures Champions Awards and introduce the Growers' Forum, INFORUM, featuring speakers on issues of interest to members. **See details Page 7**
Registration 1:30pm - Meeting commences 2:00pm.

AGM Dinner

Meeting attendees and partners are invited to join the Directors and Management for pre-dinner drinks followed by the AGM Dinner, a splendid seafood buffet accompanied by complimentary wines.

Drinks 6:00pm - Dinner from 6:30pm

Our after dinner Guest Speaker will be Kerry-Lee Gockel, inspirational presenter who without arms challenges her handicap by competing in open water swimming marathons.

What you need to know ...

Venue The Waves Room
Caloundra Powerboat Club
2 Lamerough Pde
Golden Beach

AGM Registration 1:30pm
Meeting Commences 2:00pm

Growers' Forum

Presentations 3:00pm to 5:00pm

Pre-Dinner Drinks
6:00pm

AGM Dinner
6:30pm

Farewell, but not Goodbye

General Manager, Paul Griffin has advised the Board of his decision to retire from fulltime duties in August.

He and wife Fran, with travel plans in mind, have resolved it's time to hang up the hat and smell the roses. Paul explains,



"Retirement (or when to retire) was something that I had been thinking more and more about during 2023. The older you are, the shorter life seems to get, so I decided it was time to turn off the calculator and close the

spreadsheet. Family and travel are the two focal points for Fran and me, so we will be spending more time on both after I finish in August. I have greatly enjoyed my years at NFC, and would like to be remain involved so we'll see what eventuates."

A desire for a change from his own taxation consultancy, Paul relocated from Yeppoon to enjoy the lifestyle of the Sunshine Coast. With itchy feet, he decided on a part time accounting role in 2012 with NFC, that soon became a full-time position.

Later following the retirement of then General Manager, Chris Murphy, October 2020, Paul was appointed to the GM position with the unanimous endorsement of the Board.

During his term at the helm, Paul has been the steward of growth for the business including three consecutive seasons of outstanding financial performance.

Meanwhile, the Board will immediately be putting in place a recruitment plan to find a suitable candidate to succeed Paul and take the business forward into the future.



Paul will not be totally lost to us however, as he is keen to remain involved to assist with the preparation of the 2024 accounts and helping to prepare our 2025 budget.

Thank you Paul for your contribution over the last 12 years. You have been a team player and a strong advocate for Natures. You are leaving with the company in excellent shape.

Nominations for Director Open

In accordance with the Constitution of The Fruit Company Ltd, the Secretary of the company has called for nominations for Director.

Any active shareholder member who wishes to become a Director needs to have a nomination form completed and submitted to the Company Secretary by March 27th.

Directions on how to nominate were forwarded to members 16th March.

Members should think seriously in becoming more involved in helping determine the future direction of your Company.

The Board meets on a monthly basis as a matter of routine and may have cause to convene additional meetings should urgent matters require the Board's attention.

For convenience purposes, the Board takes advantage of technology by convening most monthly meetings using video conferencing through Microsoft Teams. This helps to minimise travel expense and time spent away from your own business.

The Board's role is to ensure the overall performance and good governance of the business, considering and approving key objectives and performance measures, strategic direction, and monitoring the performance of the Company.

Some of the responsibilities of the Board include,

- appoint and evaluate the performance of the Chief Executive
- develop, in conjunction with management, and approve the strategic plan
- review and approve annual operating and capital budgets
- determine the nature and extent of authority delegated to management
- approve major decisions beyond management delegations
- approve the management structure and appointment of management team members and their position descriptions
- monitor the performance of the management team and set remuneration guidelines
- determine shareholder rebates, dividends and capital management policy

As a Director you will find the role fulfilling as we enter a new growth phase for the Company. An exciting time for one who seeks a challenge attacking new and often multifaceted issues.

Enquiries re Board Membership should be directed to the Secretary, rkippen@naturesfruit.com.au

New Website Launched

Here at Natures we're excited to announce the launch of our new website. Having the pre-existing site for well over ten years, it was time for change and its refreshing now to see our newly designed site up and running.

On the 11th March the long-awaited remake of our website saw the bright light of cyberspace, the culmination of many week's preparation by our website designers and copy writers. The website will play a key role in our communications with external stakeholders whilst profiling the Company's image and values to the wider community.

The fresh new design is intended to reflect the orderly neat structure of the Company, functional and fit for purpose, presenting as a practical tool for those using the site.

Whilst presenting our Company in a broad context there remains a grounded focus on the essence of the business,

OUR PEOPLE, OUR SERVICES and COMMUNICATIONS

Not forgetting our origins, the Company's history is proudly featured in the OUR HERITAGE page, and boasts 36 years of growth, testimony to the ongoing support of our grower base.

The COMMUNICATIONS page includes important company notices on both internal and external issues, past editions of 'News & Views' and a section on publications that may be of interest to users.

We invite readers to hop on the net and explore the site. You'll find it easy reading and a breeze to navigate.

As with all organisations, our website is the shopfront window for our business, often the point of first impressions for those considering doing business with us.

So it is important that we put our best foot forward and deliver a web presence that portrays the Company in the most favourable light.

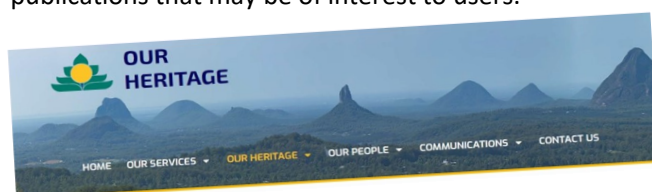
We have endeavoured to achieve this goal and more.

Go to www.naturesfruit.com.au



Natures Fruit Company is the trading name of The Fruit Company Limited. A company bound by the principles of the cooperative model.

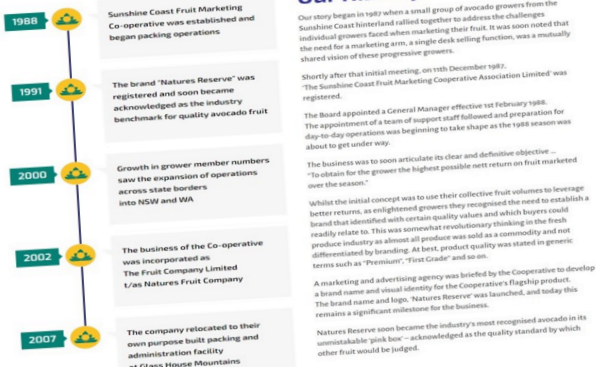
**Growers together ...
the focus
on quality**



We are extremely proud of our heritage. It all began with little more than a vision of the benefits of working together and a 'can do' mindset. These days, NFC boasts a national footprint with packshed partners in three states servicing growers Australia-wide.

**Who we are ...
the story of
our company**

Our History



Established 1988 on the Sunshine Coast Hinterland, Natures is a grower owned company with membership extending from the Atherton Tableland in Far North Queensland around to the fruit growing areas in the South West of Western Australia.

Natures operates its own packing facility at Glass House Mountains, Queensland in alliance with partner packhouses in three mainland states. The company in turn markets growers' fruit through market agents/merchants and direct to the supermarket chains.



Boasting a nationwide footprint, Natures Fruit Company has prospered over three decades of growth, remaining faithful to its original cooperative business model

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'24 Pack Season Looking Good - Fingers Crossed on Prices



**Operations Manager
Troy Dwyer**

Troy Dwyer reports on operations at the Glass House Mountains packhouse and current market conditions. He is particularly enthused over this season's packing prospects breaking new ground with throughput estimates getting a big uptick.

We kicked off the 2024 packing season early with the first shipment of Lychees arriving at the packhouse on the 12th January, starting with some Erdon Lee variety.

Crop estimates were trending on the lean side and they proved to be spot on. This year was down approx. 60% on last season

Growers put this down to a very poor fruit set due mainly to weather conditions.

The shortage of fruit was general across most growing areas but this of course resulted in grower returns hitting new heights, some reportedly up an amazing 80% on last year's prices.

Due to the shortage of fruit our season was cut very short, with only 17 days of packing through the Glass House Mountains shed.

Although quantity was down, the quality overall was excellent. This contributed further to the strong returns.

The quality was so good it had the additional effect on shortening our packing days as it is a more speedy process grading top quality fruit as opposed to consignments of a lower grade.

The Shepard season kicked off at around the beginning of February in Mareeba/Atherton in Far North Queensland, with volumes very much the same as last year. Happy to say, quality is good to date.

More lately, the recent weather has had some impact on crops but nothing too significant.

The fruit size profile is not too bad, however some growers have quite a bit of small fruit, Bulk 30's and 28's. There's not a lot of larger fruit around up north.

We have just started packing the first of our avocados through the Glass House shed, Monday 18th March we received our first fruit, a consignment of Maluma Hass.

We'll then be moving on to Shepard.

Our Glass House Shepard estimates are well in excess of 2023 so the packhouse will be full on for the next six weeks or more.

Grower returns on North Queensland Shepard have improved over the last week. How long this holds will depend on volumes coming on to the market at any given time ... roughly low to mid 20's on premium fruit at the moment.

With the Central Queensland crop about to come on stream and accompany the volumes out of FNQ, market prices may come under some pressure.

"Hass from the west has all but seen its season out which may allow Shepard to have a bit of a run."

Indications are that the local Hass season will start early to mid May with volumes up further on '23 and quality at this stage looking good. Sizing is coming along well also.

Most growers, particularly out of Central Queensland have had a good fruit set on Hass and volumes I would suggest will be up at least 60% as a guesstimate.

Overall, the Glass House packing season will predictably be another long one, potentially exceeding our big year 2023.

We are well placed staff-wise on the shed floor as we draw on a band of reliable local workers, providing us with flexibility and excellent productivity.

During the break over the holiday period we attended to all preventive maintenance tasks and confident operations won't be interrupted due to any untimely equipment failures.

Fingers crossed on this and on prices.

Our Growers' Forum will be held immediately following the Company's 22nd Annual General Meeting. This year, INFORUM will feature three eminent speakers presenting topics of interest with excellent take out value for growers, an ideal opportunity to stay on top of the more recent developments in the industry while attending the AGM.

Attending the Annual General Meeting and INFORUM at the one venue makes perfectly good sense. The occasion provides growers with a great opportunity to benefit from information sharing, while mixing and networking with like-minded growers. All in a relaxed informal environment.

Presentations ...

"Being Grant Ready"

Tennille Wendt
Successful Grants

Tennille has over 18 years experience in securing and managing government and corporate funding for business and not-for-profit organisations across Australia. In 2021, she joined the Successful Grants team who partner with clients in preparing highly competitive grant and award submissions, providing them the best possible chance of success.

"Impacts of the Growth of Avocado Production in WA"

Josh Franceschi
The Avocado Collective

Josh is currently General Manager of **The Avocado Collective** in Western Australia. He has spent most of his working life in the avocado industry and has a wealth of knowledge of the industry, particularly management of large packing sheds and the export opportunities available to Australian growers.

"Essentials to Produce Quality"

Graeme Thomas
GLT Horticulture

Graeme is an eminent agronomist who has pioneered research into many aspects of avocado horticultural management. More recently he has been involved in investigating the extracurricular benefits of nutritional treatments, particularly how certain elements and the timing of their application have a direct and measurable impact on fruit quality.

Details are ...

Caloundra Powerboat Club
Waves Room

Friday May 10th
3:00 - 5:00pm

Tea & Coffee available

Fertilising for Next Year's Crop

We are approaching that time of year when many are busy preparing to pick the crop you have hanging on the trees. But you also need to be preparing to set your trees up for your next crop. Whilst a fertiliser program for this period, is aiding in the process of filling out this year's crop, it is very critical to set up the trees for flowering and setting of next year's crop.



Horticultural Notes

Graeme Thomas
GLT Horticulture

To ensure the fertilizer is taken up by the tree, you must have healthy roots. Otherwise, your money is being wasted.

As is always the case, this is complex involving a number of different factors.

It must be remembered that for the tree to be able to utilize the fertilizer you apply, you need to provide the tree with an optimum water supply. That should not be guessed.

There are means that you can use to measure water requirements. Scheduling tools such as tensiometers, are critical in the process of determining how much and when to apply irrigation.

To ensure the fertilizer is taken up by the tree, you must have healthy roots. Otherwise, your money is being wasted. To ensure you have healthy roots, you must have 80 mg/kg of phosphorous acid in the roots to prevent *phytophthora* infection. This too can be simply measured.

What fertiliser you apply also needs to be measured. Leaf and soil analysis results are a critical part in determining what needs to be applied. There is no point applying nutrients that are already in ample supply in the soil. That too is a waste of money.

The size of the crop the tree is carrying will also have an effect when determining the quantity of each element applied.

Work is being done to maximize performance that can be achieved with nutrition. That is a complex story. But it must be remembered that an ideal fertiliser program that maximizes the benefits from nutrition, can be quickly masked by a poor fungicide (phos acid) program.

The quantity and type of fertiliser applied is also critical. We know that applying nitrogen manipulates yield; and the calcium we apply affects fruit quality.

It is a balancing act mostly determined by intuitive judgment, though we are learning more of how to achieve the right balance.

Timing is critical.

With calcium applications to improve quality, we need to have a ready supply of available calcium to the tree in the 8 - 10 weeks period following fruit set. In that period, if we apply potassium and or magnesium, we restrict the uptake of calcium and potentially reduce fruit quality and robustness.

With wet weather, such as we have had during the past season, the application of fertilisers in a planned timely manner through fertigation can be difficult. If you have a suitable fertilizer spreader, it may be best to apply as solids.

The trace element boron is important. It is needed in the plant in small amounts for many functions. At high doses it is toxic and too low the dose, it produces significant deficiency symptoms. The adequate range in the leaf is 40 – 60 ppm. The secret is small amounts frequently.

It is important if through a weather event you miss an application, it is preferable to cut the period between applications, and not double dose with a single application. It is very easy of have boron toxicity, particularly in sandy soils.

Boron can be spread with a formulation of calcium nitrate (Nitrobor or Calcibor) to help maintain optimum levels in the tree.

With a trace element like zinc, the timing is not as critical and I would look to get it applied whenever conditions allow.

Whilst many will be looking to make savings in your production cycle, long term that will not be a wise plan. With lower returns, you need to optimize yields and quality to remain profitable.

Short term cuts in husbandry can lead to long term reduction in yield potential. Those short term cuts can also lead to a drop in quality.

With autumn approaching, soil temperatures are starting to drop and moisture levels tending higher than normal in many areas, the constant enemy of the avocado industry is chomping at the bit ready to make its presence felt.

National Farmers Federation reacts to Biosecurity Levy



According to the National Farmers Federation, producers right across Australia have been left bamboozled by the Government's attempt to legislate a new tax on farmers, despite a tidal wave of expert criticism.

The Albanese Government has tabled new laws to establish the 'Biosecurity Protection Levy' – intended to raise \$50 million from farmers to bankroll activities that assist importers, airlines and other risk creators.

NFF President David Jochinke said the move was "utterly staggering" given the level of opposition to the policy.

"Everyone from the Productivity Commission, to the Australian National University and the Freight & Trade Alliance has labelled this policy a dud. It makes zero economic sense. It's an administrative nightmare. No farming group wants it and now we even have the importers themselves calling to scrap it and send them the bill instead!"

"We're shocked to say the least that they'd ignore the unanimous voices of farmers, importers and policy experts. If they aren't listening to this broad church of voices who are they listening to?" Mr Jochinke asked.

The NFF is now calling on parliamentarians to reject the bills. "If the Government won't listen, we can only hope that the Opposition and crossbenchers will.

Establishing a new tax is a serious matter for the Parliament to consider. Waving one through with this many hairs on it would be a policy disaster," Mr Jochinke concluded.

NSW Farmers Biosecurity Committee Chair Ian McColl concurred: "Our message has been very clear – we oppose the biosecurity levy bill in its current form, and we do not believe this tax should be imposed on farmers.

"As we've said time and time again, farmers already pay far more than their fair share to fund the nation's biosecurity system, and they are also incurring huge costs to protect their businesses against biosecurity threats.

"However there is no container levy imposed on importers, despite their recent offers to contribute more to the cause."

Leader of The Nationals David Littleproud said the bill was lacking critical details of the cost to farmers or how the levy will be collected, which had created more confusion and anxiety for farmers.

"Farmers are still in the dark about this new levy – Labor still needs to come up with exact costs and the rate they will be taxed," he said.

"In what parallel universe would any Australian government tax their own farmers, to pay for foreigners to bring their products into this country?"

Biosecurity advisory panel announced

The tabling of the BPL legislation has been accompanied by a media announcement of a 'Sustainable Biosecurity Funding Advisory Panel' – aimed at easing industry concerns and to give farmers and importers a say on biosecurity priorities and how biosecurity funding is used.

The Advisory Panel will meet three times a year, but any further details were thin on the ground.

NFF President David Jochinke said it's a move that had been met with cynicism by industry stakeholders.

"It's pretty clear this panel is being tacked on at the 11th hour to try and give the levy some credibility. "

"All it's done is demonstrate the continued shambles this process has become – stakeholders yet to receive formal invites, or any detail on the Panel's scope and role. Given we oppose the Biosecurity Levy, we'll think carefully about any role that might be construed as endorsement."

"We also note the Panel doesn't seem to be reflected in the legislation tabled, so it certainly doesn't guarantee farmers the oversight they were seeking. Once again, that's completely out of step with the usual design of industry levies."

The Co-operative Business Model

For years there have been diverse opinions expressed on the merits of the 'Co-operative Business Model'. Many of those opinions, one might say, are biased one way or another, or simply academic, and all too often readily dismissed by detractors.

So persuasive has been the arguments for/against co-operatives, we believe we should revisit the topic and put the case to closer scrutiny. So after some digging we hopefully have more clarity and assembled a compelling case to leave readers with little doubt.

A co-operative is a business created for the sole benefit of its members.

The members are also its shareholders and owners. Its shares are not traded on an open market.

Co-ops are designed around democratic principles. A key governance principle is 'one member, one vote'

Rather than maximise profits, co-operatives aim to offer members better prices and lower costs.

At the outset, there is the not so encouraging statistic indicating that co-operatives here in Australia do not enjoy the same esteem as their counterparts in other western countries.

The results of a recent study conducted by the Rural Industries Research and Development Corporation found that while farmer-owned co-operatives remain strong forces in Europe, NZ and the USA, they are not as favourably regarded in Australia. In attempting to reason with this measure, it would be realistic to suggest that the average Australian farmer values his independence over sharing assets, costs and profits with his contemporaries, perhaps due to concerns over privacy, even though this stance may be at his expense.

However, dwelling on this comparison is not our agenda but a reflection to help put many of our contentions in perspective.

Federal Member Barnaby Joyce, probably recognised for his no-nonsense grounded approach to rural matters once commented,

"the only way for farmers to have more power and extract higher prices is to own and control more of the food supply chain themselves."

"I work on the simple principle that the further you can reach down the path to the consumer, the greater the returns - it's better for the farmer and the local community." Joyce said.

Mr Joyce's claim is clear, working within the co-operative model does away with the 'middle men', gives the farmer more direct access to the customer and hence increased control and greater returns.

Strength

A co-operative gives group power to individual members that would otherwise be divided and played off against each other in the market place with the middle man taking the cream, and moving on without any regard for the future of individual producers.

A take it or leave it approach to sales leads to unprofitable and unreliable business outcomes to the detriment of farmers as one plays off against each other.

The strength of a co-operative also lies in its economies of scale and applying this to have negotiation power to achieve better outcomes for members. In addition a co-operative is well positioned to offer services and vital market intelligence to its members.

Sharing Resources

A co-operative gives farmers the opportunity to share in the ownership of an enterprise, not only the physical assets but the intangible property such as brands, trade marks, business names, and processes. Members also have the right to input to decision making and the eligibility to become a Board member and so help formulate policy and direction.

Distinctive Capability

A co-operative by virtue of its critical mass has capabilities quite distinct from those of the individual. Co-operatives have the capacity to build business relationships with customers that are not short term speculative ventures but part of longer term strategic objectives.

Facilitation

Often it can be the many things that otherwise would have to be done privately at home that are provided by the co-operative.

A co-operative not only attends to operational and marketing functions but is a well-practised administrative resource for and on behalf of its members.

Continued from Page 10

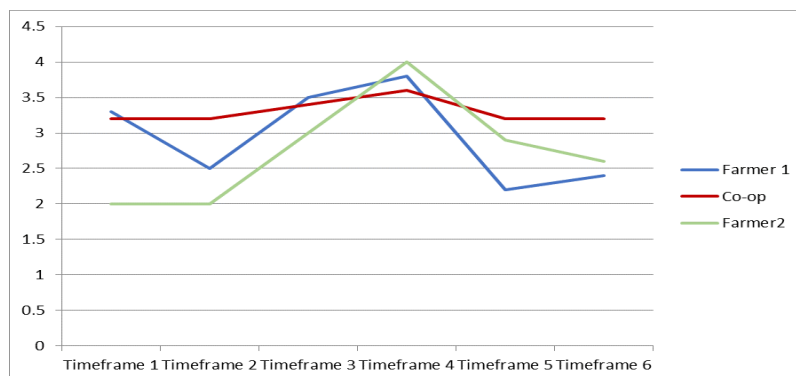
This facility frees up its members to concentrate on what they know best, growing quality produce without the distraction of desk functions such as market pricing surveillance, invoicing, control of debtors, monitoring freight and packaging costs, reconciliations etc., not to mention price negotiations and the scrutiny of market agents.

Sidestepping these interferences leads to a better quality of life for individual members, not having to tackle those tasks requiring time, focus and access to resources. They are best entrusted to staff trained and more proficient in these tasks.

Jim Howard, previously *Executive Director, The Co-operative Federation of Qld* commented,

“It is widely known that it is relatively easy to obtain irregular spot prices in a divided industry. But, those industries that are united have a proven record of growth and reliable cash flows that can be obtained even during poor economic conditions.”

The following chart illustrates what experienced observation has been telling us. By working together in a co-operative manner, returns are reliably better than that of the divided, fragmented alternative.



“The co-operative score plots a flatter more stable chart line when compared with the variable unpredictable returns of the independent farmers. In addition to the income volatility of Farmers 1 and 2, their average returns are well below that of the co-operative.”

Continued Page 12

The Co-op model can help fix problems of Australia's supermarket sector, says BCCM

Supermarket competition is not just about lower prices for Australians and fairer relationships with suppliers. It's about national security. With such high concentration in ownership, supermarkets can have an influence on the shape of domestic food production.”

Australia's Business Council of Co-operatives and Mutuals (BCCM) says a co-operative approach can help ensure equity, diverse ownership and cohesion in the supermarket trade.

This was BCCM's response to a paper from the Australian Competition and Consumer Commission, which is conducting an inquiry into the supermarket sector. A major focus of the inquiry will be supermarkets' approach to setting prices and “whether there is evidence to show that a lack of effective competition is contributing to higher prices”.

“We will use our full range of legal powers to conduct a detailed examination of the supermarket sector, and where we identify problems or opportunities for improvement, we will carefully consider what recommendations we can make to government,” ACCC chair Gina Cass-Gottlieb says.

“With the ACCC inquiry under way there is no better time than now to rethink how consumers and producers can get the best outcomes from the supermarket sector,” BCCM chief executive Melina Morrison said. “We welcome the ACCC's wider lens on supply chains as well as pricing.”

Morrison added that BCCM's submission to the inquiry will encourage the ACCC to closely examine different business models in Australia and around the world to find ways to meet the objectives and needs of suppliers and customers.

“The inquiry represents a fantastic opportunity to support a shift in how the national supermarket sector is managed and how a ‘co-operative’ approach can ensure equity, diverse ownership and community cohesion to have equal place alongside profit as major operational benchmarks,” she added.

“If we conclude that certain markets are too concentrated then the answers might be not only how to encourage more players, but also different business models.”

Morrison highlighted the success of supermarket co-ops around the world. “In Germany, two of the three largest retailers are co-ops with a combined turnover of \$US142bn, while in France the largest supermarket group, E. LeClerc is a co-op. Italy's largest supermarket chain, Conad, is also a co-operative with turnover of \$US20.1bn.”

“But a new regulatory framework will be needed to allow the co-operative business model to develop and provide diversity.”

“We are increasingly seeing that, in Australia, the notion of social licence does actually count for something.”

“It is part of the DNA of co-operative businesses, and the growing discontent among Australian consumers should tell us there's need for more diversity of corporate form as well as more competition.”

Jim Howard continued,

“The co-operative model is more responsive to the needs of its members as control is vested with the members through the board. The success of all co-operatives is very dependent on the loyalty of its members, there being many incidental benefits that reward loyalty and provide for cohesion.”

It is fact that the business models of many co-operatives have been so successful they have sown the seeds for the creation of large corporates. Through mergers, acquisition and in due course, incorporation, a number of Australian co-operatives have evolved to become major players in their industry sector.

In 1978, the Racecourse Sugar Co-operative near Mackay led a feasibility study on the rationalisation of the district's sugar co-operatives. A later vote by shareholders opened the way for the merger of the district's five sugar mills and the purchase of CSR's Pleystowe Mill.

Mackay Sugar Co-operative was incorporated February 1988, a date of tremendous significance in the history of the Australian sugar industry. The merger created a large financially viable milling entity which has maximised grower returns from cane production and sugar manufacture.

Ricegrowers Co-operative Association was formed 1950 in Leeton NSW by like-minded growers seeking to achieve the benefits of working together. Their business model has steered their success, evolving to become one of the largest rice food companies in the world, all from humble beginnings.

SunRice, the company trading name, now has 2,200 employees in 50 countries, servicing 30 brands and 11 businesses.

Success stories as such are testimony to the robustness of the co-op model and the long term viability of the ambitions of farmer groups who share a common interest.

Many larger co-operatives with a national profile have retained their mutual status and continue on their growth path.

Co-operative Bulk Handling is Australia's largest co-operative.



Owned by 3,900 growers it has a vast network of grain handling assets in Australia and downstream flour milling operations in Indonesia, Vietnam, Malaysia and Turkey.

Established in 1895, Norco is the essence of the durability of the co-operative model.



Owned by over 300 dairy farmer members, Norco milk products have become household brand names earning the business \$680m in annual turnover.

Jim continued, “Agriculture is both cyclical and seasonal and is why farmers need to rely on each other to collectively give muscle, certainty and financial stability to an enterprise.

Many rely on the co-operative model to grow and prosper, trusting the philosophy,

United We Stand, Divided We Fall.”

The following advertisement has been placed under ‘Job Vacancies’ in various print media and online web portals



Business Manager

Natures Fruit Company is an unlisted public company located in the hinterland of the Sunshine Coast, Queensland, Australia. We are primarily engaged in the sourcing, packing and marketing of sub-tropical fruits, majoring in avocados. Established in 1988, the company has a national footprint extending from Far North Queensland to the South West of Western Australia and enjoys an enviable reputation for integrity in its dealings with all stakeholders.

We are seeking a suitably qualified professional for the position of Business Manager based at our Glass House Mountains office.

The role involves the management of all business-related activities including Sales and Marketing, Finance /Administration and HR functions. Preference will be given to applicants who are able to demonstrate a successful track record in the fresh produce or related industries. In this position the appointee will report direct to and have close collaboration with the Board of Directors. A Position Description can be made available on request.

Functions & Line Management

- Generating growth of fruit volumes through effective grower liaison
- Sales development in the supermarket segment and general market channels
- Identify extra-organisational business growth opportunities
- Oversee the maintenance of quality assurance accreditations
- Oversee tasking of administrative functions and cost efficiencies

Accountability

Annual trading surplus

Key Attributes

- Excellent Communication skills
- Relationship building ability and
- Strategic mindset

Applications accompanied by CV should be forwarded to admin@naturesfruit.com.au



PETER BARDOS
Director,
Tax Consulting
HLB Mann Judd
SYDNEY

SELLING YOUR BUSINESS TO BOOST SUPERANNUATION?

When selling a business or business asset, small business owners can take advantage of tax concessions and contribute some of or all of the sale proceeds to their superannuation fund without breaching superannuation contribution caps.

Transferring the proceeds of the sale of a business asset to your superannuation scheme can be a great way of boosting superannuation balances. However, there are a few things to keep in mind to make this work.

To ensure the capital realised from a business sale doesn't attract capital gains tax (CGT), there are four CGT concessions for small businesses to consider:

The 15-year exemption

The 15-year exemption allows contributions to superannuation funds that sit outside the usual caps. This is the most valuable concession, as it allows a contribution of the total sale proceeds of a business up to the CGT cap which is \$1.705 million for the 2024 financial year. For example, if an asset is sold for \$1.5m, the full \$1.5m can be contributed to superannuation under this exemption.

To qualify for this concession, a business owner:

- must have owned the business asset for more than 15 years consecutively
- must be over 55 and have the sale happen in connection with retirement, or be permanently incapacitated
- no other small business CGT concessions can be applied

The 50 per cent reduction

Small businesses can reduce the capital gain on the sale of a business or business asset by 50 per cent, in addition to the CGT discount if conditions are met. After applying any current or prior year capital losses and the CGT discount (if applicable), any remaining capital gain is reduced by 50 per cent.

The retirement exemption

This concession allows for a \$500k reduction in the assessable capital gain of a business. Much like the 15-year exemption, the retirement exemption also allows for contributions to superannuation of up to \$500k that sit outside the usual caps. However, this is different to the 15-year exemption as it is based on the exempt capital gain, not the total sale proceeds. Conditions for the concession include:

- the \$500k exempt capital is a lifetime limit for each individual
- If under 55, the sum must be paid into superannuation
- If over 55, it is optional to pay the sum into superannuation

The small business roll-over

The small business roll-over allows the capital gain to be rolled over into another active business asset. If you choose the roll-over, the capital gain will not be included in your assessable income. If no asset is acquired after two years, then the capital gain arises again at this point.

Alternatively, if a replacement asset is acquired and then subsequently sold, the retirement exemption may be applied without retesting of the CGT concession criteria.

This allows a contribution into superannuation on a sale that may not otherwise be available.

Other considerations

CGT and the CGT exemptions only apply to capital gains. CGT concessions do not apply to gains such as those on the sale of plant and equipment or trading stock as they are taxed under a different section of the Income Tax Assessment Act. As a result, there may be a substantial tax bill where plant and equipment has previously been fully deducted under the temporary full expensing concessions and the assets are sold.

It is important to consider the timing of the sale of the business, that is, what is the date that the funds must be contributed to superannuation under the relevant concession.

Even outside the small business CGT regime, there are ways individuals can boost their superannuation, including:

- *Bringing forward non-concessional contributions*
- each member can bring forward their non-concessional contributions for three years to contribute \$330k each.
- *Carrying back concessional contributions*
- members that have balance of less than \$500k can carry back unused concessional contributions for the previous five years to obtain a larger tax deduction in the contribution year.

The rules can be complex to navigate, so it is prudent to seek professional assistance.

Article courtesy HLB Mann Judd