



WHO DO WE WANT TO FEED A NATION

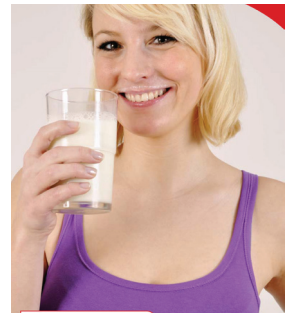


1. Dairy Today

We've seen the dairy industry currently in crisis with the reduction in production of Australia's total output by over a billion litres since 2005.

As farmers have struggled due to the low milk price being paid, large amounts of young replacement animals have been sold to China to supplement this lost milk income in order to survive.

The struggle is two pronged - world export is down and this is hard for us to influence in the short term; and our domestic market is under pressure, but is something we as a team can and should strengthen.



2. Domestic Dairy History in Australia

The iconic Australian company Coles, a company that was born in 1914 a year before the ANZAC legend, thought of the brilliant idea to announce on Australia Day 2011 that **they will sell a \$1 per litre milk**.

There would be no resistance in this battle against Coles as the farmers get up too early and tend to just get on with the job and not complain. Other major supermarket chains naturally followed suit.

As we sit here today with **milk cheaper in Darwin than in the heart of dairy in New Zealand** (the world's largest dairy exporter) **it seems that something is majorly wrong. See right --->**

In 2011 Coles boss Ian McLeod reportedly took home \$15.6 million, thankfully Coles was able to manufacture a *massive cash cow* for the benefit of Coles and their owners Westfarmers by devaluing the milk with their 'Down and Staying Down' campaign.

Remember, Westfarmers, owner of Coles, *was founded with the intention of assisting farmers growing and marketing their produce through co-operative action. It became known as 'the Farmers' Company'*

Their slogan confirms this "Quality food costs less at Coles". I'm amazed it didn't say "Thanks to Aussie farmers".

Coles are smart enough to put their milk at the back of the stores knowing that milk is a staple nutritious food that is a requirement for all Australian families.

 New Zealand	 Homebrand	 AU Produced
Homebrand AU\$1.43 / L	Homebrand AU\$1.00 / L	AU Produced AU\$10.50 / L
		

Unlike many essentials Australia's use, I don't think we can buy fresh liquid milk from China or New Zealand.



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\$1.34
per litre

Back when these phones were around at the end of last century our milk was \$1.34 per litre....

"Dairy survives at \$1.35"

DairyConnect NSW

3. Partnerships & teamwork are the answer DOMESTIC MARKET SOLUTIONS

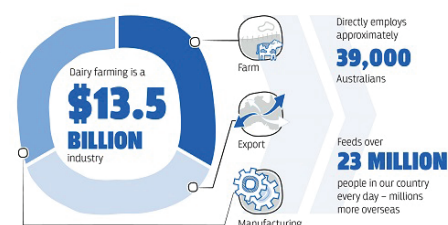
If our dairy farms and families disappear, are we happy to buy milk from New Zealand or China that sells for a higher cost! Like our ANZAC legends most Australia hopefully still believe in a fair go.

How about current Coles, Woolworths, Aldi & fellow supermarket CEO's show leadership & sell **their homebrand milk for an ethical price - \$1.35 per litre?** - and sustain our \$13 billion industry that's feeds our nation and millions overseas.

I am certain our national leaders, along with major supermarkets, will get behind the farmers to deliver the following outcome.

This would be a major ethical success for:

- **The supermarkets** - ensuring supply of locally produced fresh Australian milk daily.
- **For Australian's** - we would contribute to sustaining an industry that not only feed us but help employ 39,000 Australian's.
- **For a generation of Australian's** - it guarentees savings by not having to purchase expensive overseas milk and ensuring our next generation has fresh home grown milk.
- **For dairy farmers** - farms can continue to produce much needed nutirional food economically and can be sustained into the future
- **Food Production Industry** - is an industry that has a rich past and a long term future given that each and every person on this planet wishes to consume food daily.



4. Milk - a valuable nutrients no machine can produce



The Story of Milk

Our animals graze peacefully for hours and hours secretly they are making something not a factory in the world can make. Something they will only give us if we take good care of them and the land we all depend on.

What we get in return is a source of natural nutrition, filled with the stuff our bodies need that we cannot make ourselves.



"My grandfather used to say that once in your life you need a doctor, a lawyer, a policeman and a preacher. But every day, three times a day, you need a farmer."

Brenda Schoepp

5. How can consumers support the dairy industry?

This star rating system is our evaluation of some of the players in consumer products on the market and how they can help the Australian fresh milk dairy industry. High ratings will have a greater benefit to farmers.



Australian owned and produced products by Murray Goulburn co-op. Supporting communities since 1950



Australian owned and produced products in NSW by Norco since 1895



Quality products, but multi-national ownership with no farmer ownership within Australia



Quality products, but multi-national ownership with no farmer ownership within Australia



“What we are doing is drive (sic) every cent of money which we can out of Australia back to New Zealand shareholders in this extremely low milk price environment,” Fonterra chief executive Theo Spierings - May 17 2016 - Weekly Times

Buying these products is like supporting the All Blacks

6. A kick in the guts - Fonterra driving money back to NZ



Fonterra, a New Zealand company, owner of Anchor Dairy, says in on their website they are bringing commitment and passion for dairy in Australia, but their CEO's comments would suggest otherwise....

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Do we want to support Fonterra or Anchor?? Unfortunately Woolworths is support the product... Woolworths, another iconic Australian company, founded in 1924 continues to support Anchor milk which will drive millions of dollars back into the pockets of New Zealand shareholders - leaving Australian farmers on the back foot with this deal.

7. Supporting Australian Dairy and Valuable Food

Make the comparison

Water

It's rain, it comes from the sky. Catch it and you will be able to drink it, cook in it, bathe in it. It's almost to good to be true.

Fresh home grown Aussie milk

Thousands of Australian's every day dedicate countless hours and unrewarded hard work to produce something not a factory in the world can make, **PURE fresh** home grown milk.



coles

WATER

\$0.70 - 8.80 per L

MILK

\$1.00 - \$2.99 per L



8. Homebrand Milk - SAY NO to \$1 Homebrand

Simply, \$1 Homebrand Milk cannot and will not sustain a dairy industry for generations to come. With the cost to produce 1 litre of milk ever increasing, a \$1 consumer price will make it impossible for dairy farmers to turn a profit.

If you want to support local industry, when shopping at Coles, Aldi, Woolworths or IGA, ask for Devondale brand, Norco in Brisbane, or locally owned brands.



9. Export Opportunitites - making the most of it

We need a concerted joint effort between our largest dairy exporters, the Australian government, Austrade and overseas networks to ensure we make the most of our export opportunities.

JD.com online purchasing website, a company that had a revenue of \$28.9 billion in 2015 and has 4.9% shareholding in Murray Goulburn could offer enormous inroads in the Chinese market. JD.com and others online stores **could** boost exports from Australian producers.

There are substantial benefits long term, however this would need to be extremely carefully planned and require very strong leadership to acheive this outcome. Australian produce in China has a positive repuation, so this needs to be leveraged with respect to the communities in which we are hoping to deal with. I am sure we have an enourmous amount to learn from the locals on the ground and other Australian businesses that have acheived successful outcomes in export markets.

Those successful businesses include the innovative privately owned Richmond Dairies (RD), which is a perfect example. RD were able to offer its suppliers a premium above \$7/kg for milk solids – a long way above what Fonterra is offering its New Zealand farmers (Aus\$3.50/kg) and what Murray Goulburn is offering its Victorian counterparts (\$4.75/kg). Richmond Dairies, a subsidiary of the UK's Longley Farm Group, is best known for making frozen cream that it exports to Asia and the Middle East. The company also supplies yogurt powder to other dairy brands.

This demonstrates that big is always better and the ability to move quickly and decisively is paramount. A clear goal and objectives on export, including realistic budgets, is essential and required to move forward. Seriously experienced and successful business managers would be a major benefit to join the Murray Goulburn board. Changes to facilitate this would in my belief have positive outcomes. The current chairman of Bega Cheese would be ideally suited to this role....or any role that would advance Australia's largest dairy co-operative. I'm sure there are many others who have suitable skills.



Peter Notman

Owner of Walcha Dairy and Notman Pasture Seeds

Opinions written here are my thoughts only