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MEDIA RELEASE

NEW \$80 MILLION MELBOURNE PLANT SECURES DEVONDALE'S PLACE IN DAILY CHILLED MILK MARKET

- Devondale opens new dairy plant in Melbourne's west
- Processing plant the home of Devondale's daily pasteurised milk
- Ten-year agreement to supply Coles supermarkets private label milk brand
- 50 highly skilled jobs created
- Sister plant in Western Sydney to open soon

Murray Goulburn Co-operative Co. Limited's (Devondale Murray Goulburn) \$80 million state-of-the-art milk processing plant in Melbourne was today opened by The Hon Tony Abbott, Prime Minister of Australia and The Hon Dr Denis Napthine MP, Premier of Victoria.

The Laverton North facility is the new home of Devondale's daily pasteurised milk brand and the processing base for the ground-breaking ten-year agreement to supply more than 400 Coles stores with chilled milk for the retailer's private labels.

Devondale Murray Goulburn's Managing Director, Gary Helou said the plant is the first of its kind in the country and the most important dairy asset built in Australia in more than 15 years.

"The new site utilises world-leading technology and quality standards that will assist in positioning Devondale Murray Goulburn as the nation's most efficient producer of daily pasteurised milk - a market which currently utilises approximately 20 per cent of total Australian milk production," Mr Helou said.

"Our entry into daily pasteurised liquid milk is a natural strategic step for the Co-operative, supported by a ground-breaking partnership with Coles that will deliver a sustainable increase in the farmgate milk price of Australian dairy farmers."

A total of 50 skilled jobs have been created at the Melbourne site and a further 500 jobs were generated during construction and commissioning of the facility.

The construction of Devondale Murray Goulburn's Laverton North facility along with the sister facility currently underway in Erskine Park Sydney, represents the largest single investment in dairy processing technology since the dairy industry was deregulated in 2000.

"The security of having a long-term contract with Coles in Victoria and New South Wales formed the strong platform for Devondale to invest in state-of-the-art facilities in the daily pasteurised milk sector," Mr Helou said.



Coles Managing Director John Durkan said Devondale Murray Goulburn would supply 1.3 million litres of milk each week in Victoria for Coles brand milk and Coles would also sell Devondale daily pasteurised milk in Victorian and NSW supermarkets for the first time.

“Our contract with Devondale Murray Goulburn is unprecedented and is a great outcome for both dairy farmers and our customers,” Mr Durkan said.

“Never before has Coles signed a milk contract of this length and volume and we are proud to partner with Australia’s largest dairy company and a farmer-owned co-operative.”

Today’s announcement is part of a broader \$500 million investment strategy by Devondale Murray Goulburn over the next three to five years to rejuvenate its manufacturing and supply chain infrastructure in the key product areas of nutritional powders, cheese and liquid milk.

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This media release is also available at www.mgc.com.au

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About Devondale Murray Goulburn

Devondale Murray Goulburn is Australia’s largest dairy food company. In 2012/13 the company received and manufactured approximately 3.2 billion litres or one third of Australia’s milk and generated sales revenue in excess of \$2.4 billion. Devondale Murray Goulburn was formed in 1950 and remains 100% dairy farmer controlled, with over 2,500 farmer-shareholders and more than 2,000 employees. Devondale Murray Goulburn is also Australia’s largest dairy food exporter to the major markets of Asia, the Middle East and North Africa, and the Americas. Devondale Murray Goulburn produces a range of ingredient and nutritional products, supplies the food service industries globally and its flagship Devondale brand is sold nationally.



Fast facts

Devondale Dairy Beverages Centre – Melbourne

The agreement

Milk supply agreement

- In April 2013 Devondale Murray Goulburn announced that it had entered into a ten-year agreement to supply Coles' private label 2-litre and 3-litre daily chilled milk.
- Approximately 200 million litres of milk will be supplied to Coles' private label annually.
- Milk supplied for each state is regionally sourced.
- The deal will deliver higher farmgate returns to Devondale Murray Goulburn dairy farmer shareholders.
- In Victoria, milk for the new site will be supplied by Devondale Murray Goulburn's existing supplier base from the key regions of Victoria.

The plant

Design and construction

- The plant was designed, built and commissioned in approximately 18 months.
- \$160 million was invested in the Melbourne plant and a sister processing facility in Erskine Park Sydney, which services the New South Wales market.
- The plant was the first of its kind in the country and the most important dairy asset built in Australia in more than 15 years.
- Devondale Murray Goulburn has used the latest in milk processing and filling technology with major pieces of equipment sourced primarily from Europe.
- By operating at high speeds, the plant is energy and resource efficient.
- The plant is up to ten times more labour efficient than Devondale Murray Goulburn's other facilities.
- Fifty skilled jobs have been created and a further 500 were created during construction and commissioning.
- Both the Victorian and New South Wales plants are located within five kilometres of Coles' Distribution Centres for efficient distribution to the Coles supply chain.

Facility functionality

- The plant is capable of processing 50,000 litres of milk per hour and commercially producing 150 million litres per year. This can be expanded to increase processing capacity to 350 million litres if required or as Devondale Murray Goulburn grows its customer base.
- It is also the first time a Devondale Murray Goulburn facility has had fully integrated use of Automated Guided Vehicles (AGVs) - a mobile robot that follows markers or wires in the floor, or uses vision, magnets, or lasers for navigation.
- While most plants have some degree of automation, this plant features true end-to-end automation. For example, AGVs are used inbound for raw material handling and outbound for truck loading. There is also automated line control, packaging, wet processes, energy services, boilers, refrigeration and trade waste and a computerised warehouse management system.

Milk receiving area

- High speed automated pump rate for offloading milk from B-Double tankers.
- The milk reception area features large capacity chillers for optimum tanker unloading and turn-around times.



Milk storage

- Australian-designed and built milk storage silos.
- HEPA-filtering of air of pasteurised milk storage silos for product quality and ultra-clean hygiene.

Energy efficiency/waste saving

- 2 x 2.5MW Australian built steam boilers, natural gas fuel.
- World class standard for water usage. For every litre of milk produced just 0.4 litres of water is used compared to an average 1 to 1.5 litres of water for standard facilities.
- One mega litre dam which controls site stormwater runoff.
- Selection of latest packaging and processing technology to minimise waste generation.
- Use of electric forklifts instead of gas.
- Plant is designed to prevent spills. For example, all pipework under buildings is stainless steel to prevent land and groundwater contamination.

Filling and packaging

- High speed filling rates with flexibility to further upgrade future capacity.

Automatic de-bagging

- Automatic pallet feeding, bag loading, de-bagging, pallet removal and pallet stacking.

Labelling and capping

- Use of a label vision system, which by real time, checks the right label is applied on the right product at the right time to eliminate labelling errors.
- Use of a centre peel induction seal which provides tamper evidence, better hygiene, can maximise shelf life and reduce costs associated with leakage.