

25 August 2016



Supplier letter

Update on today's Dairy Industry Symposium

Dear Suppliers

I wanted to update you on the discussions from today's Dairy Industry Symposium in Melbourne, which involved more than 50 representatives from industry associations as well as farmers, processors, retailers, regulatory bodies, State and Federal politicians and was chaired by Deputy Prime Minister Barnaby Joyce. Interim Chief Executive Officer, David Mallinson and I were very pleased to represent MG at this important gathering.

The Symposium had a constructive and positive purpose. ABARES and Dairy Australia provided a clear summary of the difficult conditions faced by the Australia dairy industry and dairy farmers globally.

Today's participants were focused on how best to support dairy farmers during these exceptionally tough market conditions and it was good to see the industry pulling together as we address these challenges. The following was discussed:

- Development of a Commodity Milk Price Index, working towards farmgate milk pricing transparency
- Ways to update milk supply agreements between farmers and processors, to reflect the upcoming consumer law protections affecting small business contracts
- Retail pricing with a focus on daily pasteurised milk
- Canvassing of broader dairy industry issues including the non-MG related issue of several farmers in Western Australia who may not have a processor to collect their milk within the next month

Today was an important step in joining all industry players together in one room to discuss the current situation. We have committed to co-operate with all dairy industry bodies and processors in the period ahead. Our collective aim is to reduce the risk of the current situation occurring in the future.

The Deputy Prime Minister has also announced today an inquiry into the Australian dairy industry to be conducted by the Australian Competition & Consumer Commission (ACCC). MG will co-operate with the ACCC's investigation, which is scheduled to begin in November.

The Board and Management are well aware that what our suppliers need more than anything at present is an improvement in our farmgate milk price. I hope you will take reassurance from our FY16 full year results and the cost cutting measures announced yesterday that we are absolutely focused on doing everything we can to achieve this.

I look forward to catching up with many of you at our upcoming supplier meetings.

Yours sincerely,

A handwritten signature in black ink that reads 'Philip Tracy'.

Philip Tracy
Chairman