



Media Release

MG “Next Generation” package set to tackle industry challenges for suppliers

6 March 2013

- MG has launched a suite of initiatives to assist suppliers in building sustainable businesses
- Includes new range of MG Trading loans and workforce support
- Special provisions for young farmers, farming families and new entrants

Murray Goulburn Co-operative Co. Ltd (MG) has today released a suite of initiatives to assist new and established MG supplier-shareholders tackle key challenges and make the most of business opportunities.

The Next Generation package will help MG suppliers realise their goals, from getting established as a dairy operator and developing their workforce through to managing a sustainable business and succession of the family farm.

The finance initiatives also provide support to suppliers in managing their finances during tough business conditions, such as those faced by many MG suppliers this season.

Exclusive to MG suppliers, the Next Generation package includes:

- A significant financial support offering (paid as an investment rebate) for young farmers, farming families and new entrants seeking to grow their business, proactively manage succession or enter the dairy industry
- Access to employment and immigration resources to address labour market shortages, including immigration advice to assist MG suppliers recruit farm employees
- Leasing partnerships to offer MG suppliers or new entrants an alternative to bank debt for business opportunities or industry entry
- Medium and short-term finance to assist with cash flow management and business sustainability, as well as upgrades to milk vats for improved farm and supply chain efficiency
- The option to open up longer-term credit lines at MG Trading stores for purchases such as seed, fodder and fertiliser

General Manager Shareholder Relations Robert Poole said MG has responded to calls from supplier shareholders to make a meaningful response to the challenges associated with young and new entrants establishing themselves in the industry, attracting an appropriate dairy workforce; and removing obstacles to profitable farm businesses and farm succession.

“Will my kids want to return to the farm? Will new people enter the industry? Who will milk my cows? How can young people raise the capital to afford to buy a dairy farm? We have set out to tackle these questions,” Mr Poole said.



“While our primary focus is a higher farmgate milk price through cost leadership and innovation in the MG business, we recognise that there are times in a farm’s life that other forms of business support are needed.

“These periods are typically when dairy farmers enter the industry, experience tough business conditions or when a dairy business undertakes a rapid growth phase.”

Mr Poole said the the Next Generation package builds upon MG’s supplier-shareholder services, including working capital loans and milk payment advances .“The package is available to existing and prospective MG suppliers across all of Murray Goulburn supply regions,” he said.

According to Mr Poole, MG has designed the package around farm business opportunities and, in particular, increased milk supply, which will in turn bring mutually beneficial increased returns to farmers and MG. “As a result, the investment for MG will be self-funding, he affirmed.

“Importantly, MG and the dairy industry as a whole will benefit in the long-term through the opportunities the package will deliver.”

MG suppliers who are interested in finding out more about the Next Generation package should contact their local Field Services Officer.

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About Murray Goulburn

Murray Goulburn Co-operative Co. Limited (MG) is Australia’s largest dairy food company receiving and manufacturing approximately three billion litres per annum or one third of Australia’s milk. MG was formed in 1950 and remains 100% dairy farmer owned. MG is Australia’s largest dairy food exporter and its flagship Devondale brand is sold nationally.

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Background Information

Next Generation Dairy Rebate

Helping new entrants, young farmers and farming families get ahead

Murray Goulburn Co-operative Co. Ltd (MG) supplier-shareholders have told us they need a meaningful response to the challenges associated with young and new entrants establishing themselves in the industry, and for farming families seeking to grow their business.

Through the Next Generation Dairy Rebate, MG is offering significant financial support in the form of an investment rebate for young farmers, farming families and new entrants seeking to grow their business or enter the dairy industry.

Those supplier-shareholders investing more than \$100,000 may apply for an investment rebate to assist in the purchase of dairy land, permanent water or a dairy herd.

The investment rebate will depend on a number of factors including the size of the supplier-shareholder investment and the expected milk production the investment will return. The support is applied for up to three years, supporting supplier-shareholders through the difficult phase of business succession or new entry.

This will benefit new entrants and young farmers who are in the process of the following:

- Purchasing a dairy farm, dairy herd or permanent water
- Starting their own farming business
- Expanding their current farming business
- Entering into a farming partnership

The investment rebate will also help MG and the dairy industry more generally in reducing barriers to dairy farm sustainability and supporting the next generation to get established and grow their milk supply.

* Terms and conditions apply

Workforce support

Matching farmers with the right farm workers

MG supplier-shareholders are growing their businesses, but face immediate challenges regarding attracting and retaining dairy employees that meet the needs of their farm.

MG is helping its supplier-shareholders build their businesses by helping to attract, manage and retain the farm employees they need, through employment seminars, assistance in development workforce strategies and policies that will improve workforce options.



Following formal consultation with supplier-shareholders, MG has appointed Susan Denny, an experienced employment adviser, to exclusively support MG suppliers in devising domestic and international farm workforce strategies. Susan is a registered migration agent and highly experienced in rural workforce challenges.

Through Workforce Support, Susan will help suppliers maintain or build their businesses by helping to attract, manage and retain the farm employees they need, through employment seminars, assistance in development workforce strategies and policies that will improve workforce options.

Susan will:

- Develop programs to improve workforce access for MG suppliers, such as facilitating connections with international institutions and advising on the implications of changes to Federal Government policy.
- Host tailored workshops for MG suppliers on pressing employment needs
- Provide one-on-one consultation with MG suppliers regarding their employee requirements
- Case manage immigration applications
- Help to attract the right workers to the dairy industry

This will benefit:

- Farmers looking to develop a more strategic approach to their employment needs
- Farmers wanting to understand their employment options
- MG and the dairy industry more generally in reducing barriers to dairy farm sustainability, succession and growth

MG Partnerships

Matching dairy farmers to equity funds through leasing

Many MG's supplier-shareholders have told us they need an alternate source of funds for farm expansion to meet the increasing cost of farm investment.

Murray Goulburn Partnerships (MG Partnerships) is providing supplier-shareholders with an alternate pathway to farm expansion. MG is using its status as Australia's number one dairy company to attract equity funds for the purchase of farm land identified by supplier-shareholders as important to their farming success. That land is then made available to supplier-shareholders through leasing.

Under MG Partnerships, a combination of investor equity and leasing means that farmers' existing capital is available for other investments such as cows or new dairy infrastructure.

In addition, many farmers or new entrants may not be able, or wish to access further bank debt to the level required for greater business expansion.

This will benefit:

- Farmers looking to expand their properties, while retaining capital for cow or new dairy infrastructure purchases



- Farming families, including new entrants who cannot or do not wish to access bank debt for farm expansion
- MG and the dairy industry more generally in reducing barriers to dairy farm sustainability, succession and growth.

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Supplier Finance

Helping supplier-shareholders achieve business sustainability

MG supplier-shareholders have told us they need a range of short and medium term finance options that retain MG's existing loan structure, including flexible terms, no fees and easy co-ordination through our local MG Field Officers.

Through MG Supplier Finance, MG is providing competitively priced finance to its supplier-shareholders for meeting working capital expenses and new vat investments.

MG's competitive loan options range from flexible 12 to 60 month terms and aim to help suppliers manage their cash flow and achieve business sustainability.

MG's vat finance assists suppliers in purchasing new and used vats that meet specified criteria with an interest subsidy of up to 8.25 per cent.

This will benefit:

- Suppliers who are seeking support for working capital expenses and vat investments.
- MG and suppliers through enabling increased milk supply
- MG and the dairy industry more generally in reducing barriers to dairy farm sustainability, succession and growth

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MG Trading Finance

Helping supplier-shareholders through extended seasonal operating terms and dairy equipment loans

MG supplier-shareholders have told us they need a greater range of short and medium term finance options, including flexible terms, no fees and easy co-ordination through our local MG Field Officers.

Through MG Trading Finance, MG is providing competitively priced finance to its suppliers for seasonal operating expenses and dairy equipment investments and upgrades that will help with cash flow management and business sustainability.

MG Trading understands the unique needs of our suppliers and has designed tailored products specifically to meet the needs of our rural supplier-shareholder customers.

Short-term finance is available to assist MG suppliers to strategically purchase bulk farm items at MG Trading stores. Medium-term finance is also available for equipment purchased at MG Trading that supports dairy businesses in improving the efficiency of their farm operations.



The options include:

- **Seasonal Operations loans:** short-term finance is available at a competitive rate to assist MG suppliers strategically purchase bulk farm items at MG Trading stores. The aim is to make bulk items such as grain, hay, fertiliser and seed available as competitively as possible and to support strategic purchasing – for example grain at harvest or fertiliser when the market is seen to be favourable by the supplier.
- **MG Equipment loans:** medium-term finance is available at competitive rates for equipment purchased at MG Trading that supports dairy businesses in improving the efficiency of their farm operations. Eligible purposes include hot water services, feed systems, silos, roller mills, crushers, mineral dispensers, wash systems, plate coolers, full milking plants (stainless milk and vac lines), machines, vac pumps, milk pumps, pulsators, wash systems, filters, ACRs and milk metres.

This will benefit:

- Suppliers who are seeking a competitive rate for seasonal operating loans and equipment finance.
- MG and suppliers as a result of increased MG Trading business
- MG and the dairy industry more generally in reducing barriers to dairy farm sustainability, succession and growth

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