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Media Release

Murray Goulburn Co-Operative appoints new chairman - maintains strength through Global Financial Crisis – expects further farmgate price increases this season

Swan Hill dairy farmer Grant Davies was yesterday appointed the new chairman of Australia's largest dairy processor following Murray Goulburn Co-operative's annual general meeting. Mr Davies replaces Yarram dairy farmer Ian MacAulay who retires after eighteen years on the Murray Goulburn board - eleven serving as chairman. Mr John Vardy was appointed Deputy Chairman.

Mr Davies heads a board that includes newly appointed farmer directors Bill Bodman and Philip Tracy (both from Gippsland) and special director Peter Hawkins - who adds the Murray Goulburn directorship to others including Westpac and Mirvac Group.

Murray Goulburn shareholders received the annual report at the company's Melbourne AGM. It showed that the company's balance sheet had remained strong despite the global financial crisis.

In delivering the annual report for 2008/09 outgoing chairman Ian MacAulay said that the company's dairy farmer suppliers had felt the brunt of the global financial crisis and the subsequent 60% drop in the pricing of major dairy commodities.

"In the face of the crisis in December 2008 we undertook to pay every cent possible to dairy farmers while cutting costs but maintaining the co-operative's strength.

"The small profit result (\$1m after tax profit) demonstrated that we met our commitments to our dairy farmer suppliers," Mr MacAulay said.

Murray Goulburn reported a turnover of \$2.405 billion (the second highest recorded) with total borrowings and net debt decreasing. The co-operative processed 3.5 billion litres of milk - representing 37% of Australia's 2008/09 farmgate production.

"The good news is that dairy markets have shown a solid recovery in late 2009. Murray Goulburn has delivered three farmgate price increases already this financial year – including yesterday's announced increase - and we expect to further price increases this season," Mr MacAulay said.

"MG understands that farm budgets remain tight and we will continue to pass on any increased returns that the market delivers. I encourage farmers to talk to the MG field staff and re-evaluate their budgets. With the outlook for the milk price feed price ratio I believe farmers can make good returns for milk produced in the remainder of this season."

The annual general meeting paid tribute to Mr MacAulay for his outstanding leadership over the past 11 years.

"Under Ian's leadership Murray Goulburn has grown to become one of Australia's great rural organisations, the biggest exporter of processed food from Australia and one of the biggest contributors to the rural economy of south-eastern Australia. Ian ends his time at Murray Goulburn as one of Australian agriculture's outstanding leaders," incoming chairman Grant Davies said.

Mr Davies operates a dairy farm at Swan Hill with wife Barbara and son Brett milking 520 cows. They also have two daughters. He has been involved in industry leadership over the past ten years and joined the Murray Goulburn board in 2004. He was appointed deputy chairman in 2007.

"I look forward to leading the co-operative over the coming years in conjunction with the board, Managing Director Stephen O'Rourke and the entire team. Murray Goulburn is the last major dairy co-operative in Australia and you cannot overstate the importance of its success to every Australian dairy farmer," Mr Davies said.

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