



Press Release

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MURRAY GOULBURN ANNOUNCES 12% REDUCTION IN ROLES TO SIGNIFICANTLY LOWER COSTS AND IMPROVE COMPETITIVENESS

Murray Goulburn Co-operative today commenced implementation of an organisation-wide change program following a detailed review of its processing sites and head office requirements. The review carefully examined current work flows and resource allocation and identified opportunities for significant productivity gains.

The company has informed staff of changes proposed across the business that impact roles at MG's processing sites, distribution centres and head office. These changes will improve manufacturing efficiencies, reduce head office costs, and aim to increase MG's global competitiveness and deliver higher farmgate prices.

Gary Helou, Managing Director, Murray Goulburn, said: "The change program embarked on by Murray Goulburn is even more critical given the recent significant decline in world market prices due to higher global milk supply. This initiative will help reduce the impact of falling world prices and a high Australian dollar on our supplier/shareholders."

As a result of these changes MG's total workforce is set to reduce by about 12% or 301 positions.

This includes: 74 roles previously removed through natural attrition (excluding changes at Rochester announced in March 2012); 168 roles mainly across MG processing sites and distribution centres, which will be made redundant by the end of June 2012; and, a further 59 head office roles, which will be made redundant by the end of September 2012. After the changes, MG's total work force will comprise approximately 2,100 people employed mostly in rural and regional Australia.

All employees whose roles are made redundant will receive full entitlements. MG will also support staff with counselling and job transitioning services.

All MG processing sites remain open and the announced changes will not affect MG's production. MG will continue to receive all the available milk from its suppliers and continue to supply its customers in the domestic and international markets.

"These are difficult but necessary decisions to ensure that Murray Goulburn can remain competitive. It is in the interests of our suppliers, shareholders, employees, communities and customers that MG remains a strong business into the future. We will continue to invest in programs and initiatives to significantly lower our operating costs, improve manufacturing efficiencies and strengthen our dairy foods portfolio," Mr Helou said.

Mr Helou added the changes would make a significant contribution to Murray Goulburn's goal of reducing operating costs by \$100 million this year.

Murray Goulburn is Australia's largest dairy foods processor and marketer and contributes an estimated \$6 billion to the Australian economy.

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