

IN THE AUSTRALIAN COMPETITION TRIBUNAL

of 2013

MURRAY GOULBURN CO-OPERATIVE CO LIMITED

**RE: PROPOSED ACQUISITION OF WARRNAMBOOL CHEESE
AND BUTTER FACTORY COMPANY HOLDINGS LIMITED**

Certificate identifying annexure

This is the annexure marked RAP29 now produced and shown to Robert Arthur Poole at the time of signing his statement on 28 November 2013.

**Annexure RAP29
Dairying with Devondale brochure**

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Dairying with Devondale



About this booklet

Devondale has developed this booklet to help dairy farmers understand the co-operative and what it offers. You should take your own independent advice before making any decisions as to whether you seek to supply Devondale.

Who is Devondale?

Devondale (Murray Goulburn Co-operative Co. Ltd) is Australia's largest dairy company and is a co-operative of Australian dairy farmers. Accordingly, Devondale holds a unique leadership position in the Australian dairy industry across the supply chain. A rich mix of dairy ingredients, consumer products, food service and farm trading stores provides Devondale with a balanced portfolio of products that we can proudly sell to Australia and the world.

In 2011-12, Devondale's dairy farmer-shareholders from Victoria, South Australia and southern New South Wales supplied 2.94 billion litres of milk, which is approximately a third of the milk produced in Australia annually. Sales revenue was \$2.4 billion and 304,000 tonnes of product was exported, primarily to Asia, the Middle East/Africa and the Americas.

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Message from the Chairman

Devondale offers dairy farmers a competitive milk price, essential support services and the advantages of being a part of a 100 percent dairy farmer controlled co-operative.

This booklet is designed to help dairy farmers understand and appreciate Australia's largest dairy food company.

Devondale has embarked on an ambitious growth agenda designed to help lift returns to our dairy farmer-shareholders. We are optimistic about the future of dairy and the potential to increase our market share in Australia, Asia and the Middle East.

Our co-operative is committed to maximising its milk price paid to its dairy farmer-shareholders. We offer a range of support services, including Field Service teams, located across our supply areas, who provide assistance on a range of farming issues.

Our Next Generation package helps young farmers get a start in dairying and established farmers get ahead, through a range of initiatives including investment rebates and workforce support.

We operate MG Trading stores that offer competitively priced farm inputs and services in key regional centres.

Call your local Field Services Officer today to find out more.

We look forward to welcoming you on board.

Yours sincerely

Philip Tracy
Chairman, Devondale



Devondale at a glance

Devondale is Australia's largest dairy company and is a co-operative of Australian dairy farmers. Accordingly, Devondale holds a unique leadership position in the Australian dairy industry across the supply chain. A rich mix of dairy ingredients, consumer products, food service and farm trading stores provides Devondale with a balanced portfolio of products that we can proudly sell to Australia and the world.

Each of our dairy farmer-shareholders owns a part of our business, so their interests are paramount as we strive to maintain leadership in the dairy sector.

In 2011-12, Devondale's 2497 dairy farmer-shareholders supplied 2.94 billion litres of milk, which is approximately a third of the milk produced in Australia annually. Sales revenue was \$2.4 billion and 304,000 tonnes of product was exported, primarily to Asia, Middle East/Africa and the Americas.

Devondale has established an exciting change agenda to return Devondale and the Australian dairy industry to growth, laying the foundations for a future built on profitable growth, operating excellence and innovation.

2011-12 Financial Year Results

Farm-gate milk price

\$5.44 per kg milk solids (41 cents/litre)

Export destinations

All major markets particularly Asia, the Middle East and North Africa and the Americas.

Employees

2100 employees across south east Australia

Equity

\$759 million

Percentage of Australian milk volume

Approximately 31%

Note: Australian milk volume was approximately 9.5 billion litres in 2011-12.*

Production volume

740 thousand tonnes of dairy product

Domestic revenue

\$1.2 billion

Export revenue

\$1.2 billion

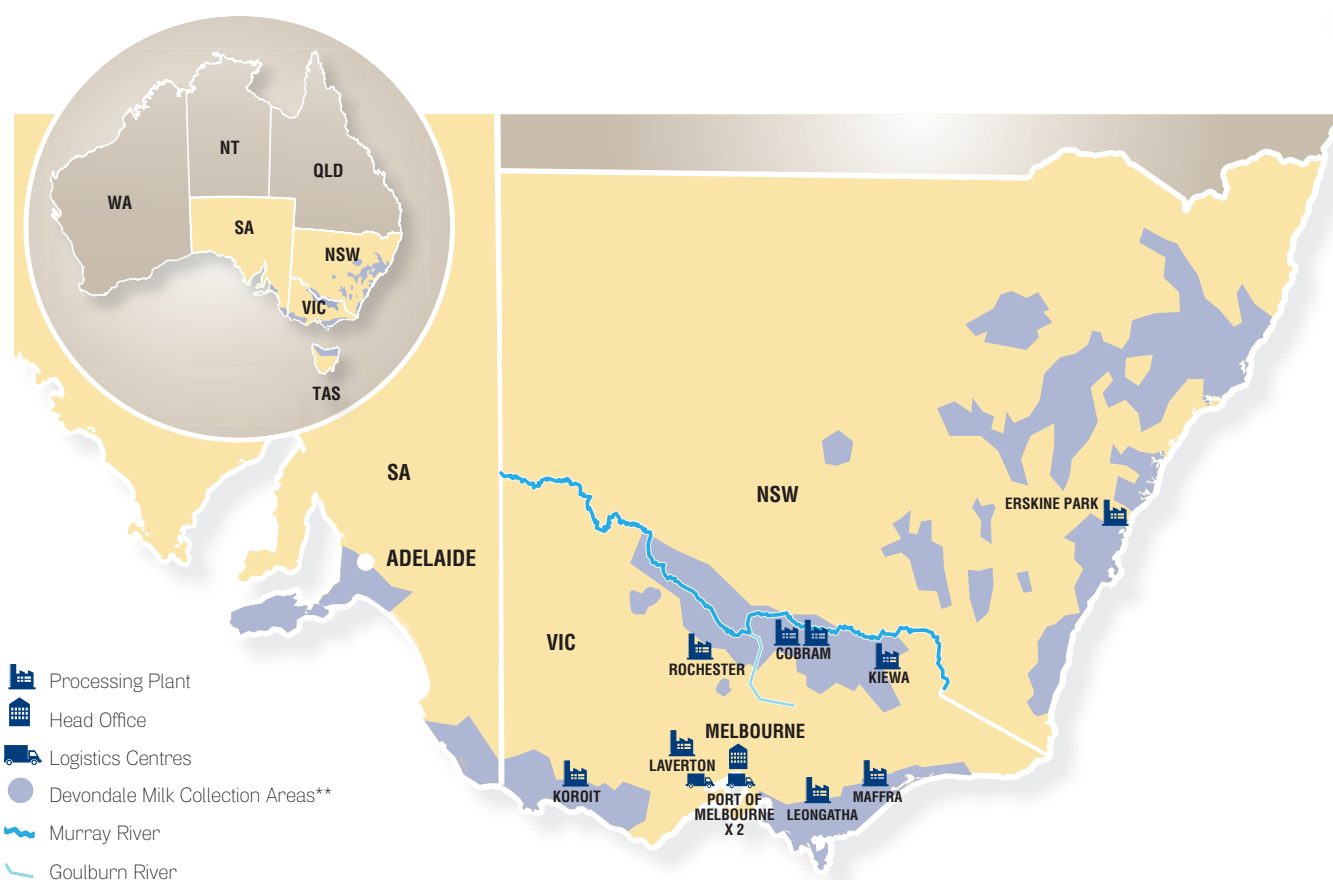
Containers exported

In 2011-12, we exported the equivalent of more than 21,000 20-foot containers[†], making us one of the largest container exporters from the Port of Melbourne and the largest dairy exporter from Australia.

[†] 20 Foot Equivalent Units

* Source: Dairy Australia

Devondale dairy regions and processing plants



- Processing Plant
- Head Office
- Logistics Centres
- Devondale Milk Collection Areas**
- Murray River
- Goulburn River

HEAD OFFICE

Freshwater Place, Level 15,
2 Southbank Boulevard,
Southbank Victoria 3006
Phone: +61 3 9040 5000

DISTRIBUTION CENTRES

Laverton:
Integrated Logistics Centre
(130,000 tonne capacity)

Port of Melbourne:
Global Distribution Centre
(50,000 tonne capacity)
Global Frozen Distribution
Centre (18,000 tonne capacity)

PROCESSING PLANTS

Victoria
Rochester:
Cheese, milk powders
Cobram:
Cheese, milk powders,
infant formula

Kiewa:
Daily pasteurised milk, yoghurt,
cream cheese, cream

Maffra:
Milk powders, blends, butter

Leongatha:
Milk powders, butter and
spreads, UHT products, cream

Koroit:
Butter, milk powders and
associated products

Laverton:
Daily pasteurised milk*

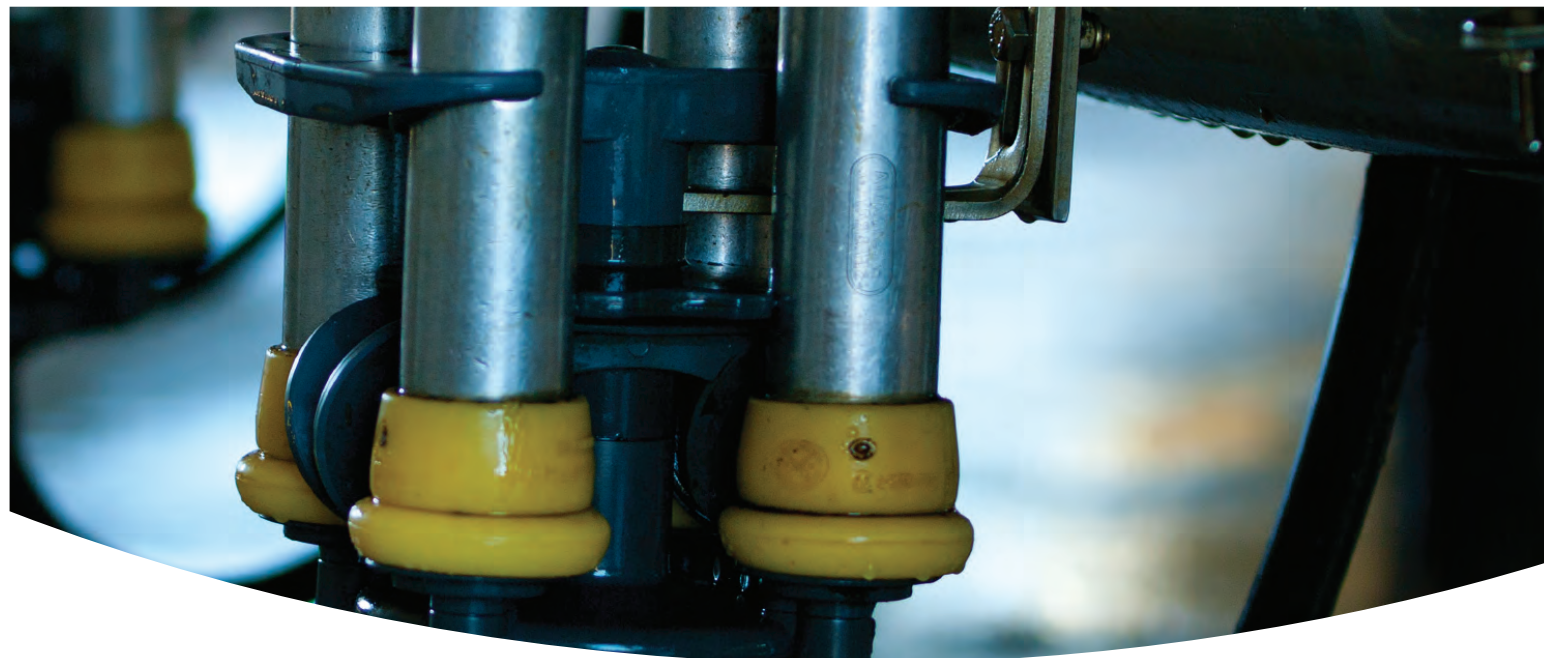
New South Wales
Erskine Park:
Daily pasteurised milk*

Tasmania

Edith Creek:
UHT products

* Processing facilities at Erskine
Park and Laverton are under
construction.

** Offer to receive milk supply in
NSW-Sydney Market Region
was made July 2013.



Devondale products and businesses

MG Ingredients



Products: milk powders (full cream and skim), a range of cheese products, specialty ingredients, whey powders, lactose, anhydrous milk fats (AMF), cream, caseins and caseinates, whey and milk protein concentrates.

Retail and Food Service



Products: UHT milk, daily pasteurised milk, butters, dairy spreads, cheese, lactose free dairy products, table cream.

Brands: Devondale, LIDDELLS, Cobram Premium Cheese Range, Kiewa Country

MG Nutritionals



Products: whey protein isolates, lactoferrin, natural milk minerals, sports proteins, meal replacer / supplements, infant nutrition.

Brands: Natra, Ascend, Proform

MG Trading



MG Trading operates twenty-one stores and four fertiliser depots servicing rural communities with a range of products and services. These include hardware: farm needs and equipment; animal health; fodder; dairy hygiene; seed; fertiliser; farm chemicals; work and safety wear; milking machine sales and servicing; technical, and agronomy advice.

Other subsidiaries and joint ventures include:



- Devondale's wholly owned Chinese subsidiary Qingdao Murray Goulburn Dairy Co. Ltd
- Danone/Murray Goulburn (yoghurt and some other fresh dairy)
- INTERMIX Australia (blended products)
- Australian Milk Products (dairy products to Central America)
- Dairy Technical Services (food and milk testing services)
- ProviCo (calf milk replacer)
- Tasmanian Dairy Products (milk processing in north-west Tasmania)

Benefits of supplying Devondale

Devondale remains 100 per cent controlled by its dairy farmer-shareholders. The co-operative plays a vital part in the daily lives of dairy farming families through milk pricing, on-farm collection, on-farm services, MG Trading stores, information services, finance and the share office.

Regionally-located Field Service and MG Trading teams maintain strong relationships with dairy farmer suppliers and support queries relating to farm income estimates, finance, milk quality and share matters, as well as farm services, agronomy and nutrition.

Share equity

As members of Devondale, dairy-farmer shareholders contribute to a share equity scheme based on the volume of milk supplied.

Shares are valued at \$1 per share and may be sold (on exiting) for \$1. The co-op manages a monthly share offtake scheme in which dairy farmer-shareholders are paid the equivalent of \$.0065 per litre in shares.

This equity assists Devondale to make capital investments. It also aids in the research and development of new products in order for the co-operative to grow its position in the international and domestic markets.

All dairy farmer-shareholders contribute to the scheme which allows them to build a considerable shareholding over their time with the co-operative.

Dividends may be paid annually on all 'ordinary' class shares and suppliers may elect for this dividend to be paid in cash or reinvested into more shares.



Next Generation initiatives

Devondale's Next Generation package is designed to assist new and established Devondale dairy farmer-shareholders tackle key challenges and make the most of business opportunities.

It helps our farmers 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.

Exclusive to Devondale suppliers, the Next Generation package includes:

Next Generation Dairy Rebate

Devondale is offering significant financial support (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.

Those dairy farmer-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.

Workforce Support

Devondale is helping its dairy farmer-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.

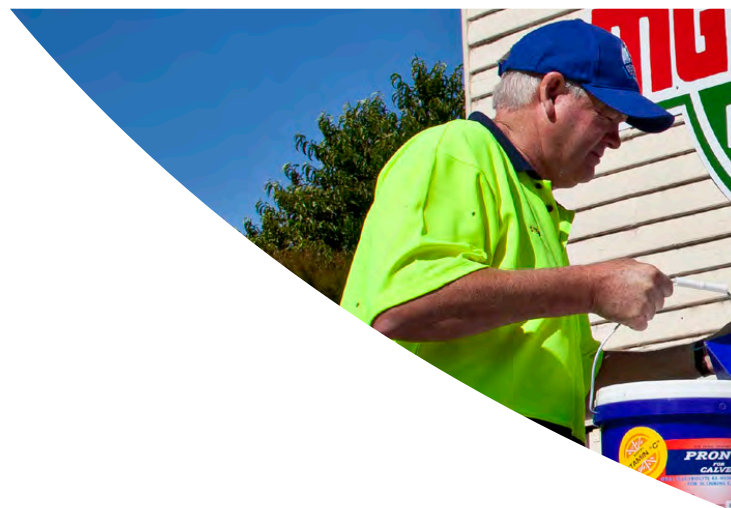
Devondale has appointed Susan Denny, an experienced employment adviser, to exclusively support its dairy farmer-shareholders in devising domestic and international farm workforce strategies. Susan is a registered migration agent and highly experienced in rural workforce challenges.

MG Partnerships

Under MG Partnerships, dairy farmer-shareholders can identify investment opportunities that they see as being integral in their farm business success. This could be the purchase of a share farm, integrating the farm next door or another stand-alone dairy business.

Dairy farmers thinking about growing or starting a dairy business can then approach Devondale about using investor equity funds to support their project. Each individual project will be independently assessed.

Devondale and the dairy farmer-shareholder undertake extensive analysis of the project to ensure it is sustainable. If all parties agree the investor purchases the property and it is leased to Devondale and sub-leased to the dairy farmer-shareholder.



MG Trading Finance and Supplier Finance

Devondale dairy farmer-shareholders have access to a suite of loans (including interest-subsidised loans) that offer flexible terms, no fees and most importantly, the convenience of applying through the dairy farmer-shareholder's local Field Services Officer. Loans include advances on milk income, finance for working capital and finance options at MG Trading stores, as outlined below:

- **Seasonal Operations loans:** short-term finance is available at a competitive rate to assist Devondale dairy farmer-shareholders to strategically purchase bulk farm items at MG Trading stores. The aim is to make bulk purchases such as grain, hay, fertiliser and seed more effective and strategic. Eligible purchases include feed (whole grain, mixed grain, pellets, silage and hay), fertiliser and seed.
- **MG Equipment loans:** medium-term finance is available at competitive rates for equipment purchased at MG Trading stores that supports dairy businesses in improving the efficiency of their farm operations. Eligible purposes include hot water services, feed systems, silos, roller mills, mineral dispensers, wash systems, plate coolers, full milking plants (stainless milk and vacuum lines), milking machines, vacuum pumps, milk pumps, pulsators, filters, Automatic cup removers (ACRs) and milk metres.
- Terms and conditions apply.

Field Services

Our regionally-located Field Service Officers support our dairy farmer-shareholders in their decision making.

Field Service Officers provide balanced and impartial views on a range of technical and industry issues. They have regular contact with dairy farmer-shareholders helping with farm budgeting and milk quality support, or simply offering a friendly face for a chat.

Dairy farmer-shareholders wishing to examine their farm's financial performance, or prospective shareholders who are considering purchasing farms, are offered a range of budgetary and analysis tools.

Budgetary and analysis tools include:

- Income estimations for current or next season
- Income/expense budgets for an actual year or "year-in-year-out" basis
- "What if" modelling for farms considering changes of production system or farms planning growth
- Assistance with feed and production planning

MG F@rm

MG F@rm is an internet-based program that provides dairy farmer-shareholders with their farm information, both production and financial, as well as current company and industry information.

MG FarmC@re

MG FarmC@re program is Devondale's on farm whole farm risk management program that consists of both voluntary and compulsory compliance reporting systems for food safety, environment, livestock and people management.

Each component offers the latest information on regulatory requirements, best practice management and assists suppliers to grow their awareness of the issues being addressed.

It is linked to the MGF@rm system and includes automated filing and reporting systems, the ability to import and export data and facilitates easy reporting by dairy farmer-shareholders to regulatory authorities.



MG Trading stores*

Devondale dairy farmer-shareholders and rural customers benefit from MG Trading's competitively-priced farm inputs and services.

With twenty-one stores and four fertiliser depots servicing most of the south east dairy region, MG Trading is focussed on reducing prices to enhance the profitability of Devondale dairy farmer-shareholders.

MG Trading stocks a wide range of farm inputs and services, including:

- fodder
- feed
- fertiliser
- farm chemicals
- animal health products
- dairy hygiene products
- work and safety wear
- Free on farm delivery
- 30 and 45 day current accounts for all purchases (conditions apply)

All MG Trading stores offer access to expert technical and agronomy advice. Milking machine sales and servicing are currently available in western Victoria and Gippsland.

In 2013, MG Trading entered a partnership with Momentum Energy to offer dairy farmer-shareholders savings on their energy bills. Over the three years of the program, MG Trading and Momentum will deliver an estimated \$12 million in savings exclusively to Devondale dairy farmer-shareholders.

* MG Trading stores are currently located in Victoria and in Finley in New South Wales.

Food safety assurance

Devondale's food safety program, MG Milkcare, provides an assurance standard to our customers and helps dairy farmer-shareholders meet legislative requirements.

One or more representatives from each farm are required to attend a one-off, one-day course on dairy food safety. Our Field Services team then visits farms individually to provide additional support.

Field Services conduct farm audits every two years.

Regular updates

Dairy farmer-shareholders are kept informed of a wide range of issues via email, fax and sms text messages. Our co-operative newspaper, the Devondaler, provides a monthly overview of supplier news. Half yearly supplier meetings are conducted with the co-operative's Chairman and Managing Director. Dairy farmer-shareholders are also invited to attend Devondale's Annual General Meeting.

Milk payment system

Devondale offers its dairy farmer-shareholders milk payment systems tailored to each of the Sydney Market and Southern regions.

To find out more contact your local Field Services Officer.



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