

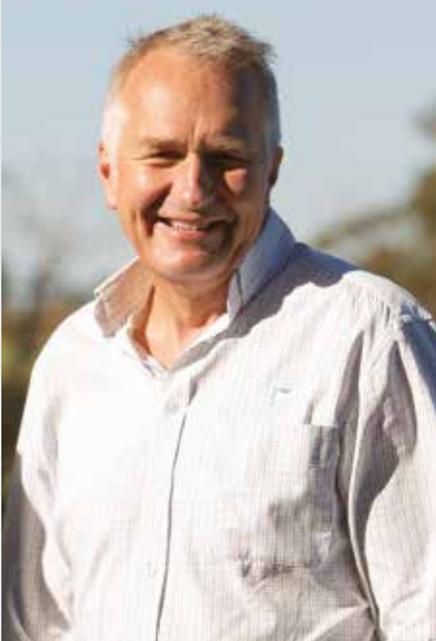


COMMON GROUND

Burra Foods Community Report



QUALITY COUNTS FOR MT ECCLES COUPLE



FROM GRANT'S DESK

For Australian dairy to be sustainable – confident and profitable – we must focus on the bigger picture and that's why the Australian Dairy Plan (ADP) is an important 'once in a generation' opportunity. While global demand for dairy grows, Australian (and Victorian) production continues to fall, yet we know that many parts of Australia (including

Shane and Isobell Derrick point to one practice when asked the secret to their award-winning low cell count.

"It's when we dry-off we use Teat Seal and Dry-Cow, it's made a big difference," Shane said.

"We've been using it for four years," Isobell adds.

The Mt Eccles dairy farmers produced the highest quality milk supplied to Burra Foods last season, with an enviable bulk milk cell count of 56,000cells/ml.

In recognition of this achievement, the couple have two gold Kookaburras attached to the sliding door of the milk room at the dairy. One for each of the seasons they supplied Burra Foods.

These gold plaques are awarded to Burra Foods suppliers who achieve an average BMCC of less than 100,000cells/ml during a season.

Alongside these awards are gold and silver diamonds from Dairy Australia. The gold Dairy Australia diamond recognises the top 100 dairy farmers with the lowest BMCCs across the country in a calendar year - or with the top 2 per cent of farmers producing the highest quality milk in Australia. The silver diamond is an award for having a BMCC in the top 5

per cent of the country's dairy farmers.

"When we got the awards, we thought 'oh that's nice' and it is something to enjoy," Isobell said.

"We also like to see if other farmers are at the same level and it is nice to work with them, to move higher (on the list) and see an improvement."

While Shane and Isobell attribute their high-quality milk to their drying-off routine, it's clear there's much more to their sub-100,000 BMCC.

The husband and wife team do all the milkings, only taking an eight-week break when the herd is dried-off ready for seasonal calving from the start of May.

"Knowing" their 151-head registered "Kookaburra Ridge Holstein" herd is critical to identifying any potential illness.

"When we bring them in, we have a routine; when we dry-cow we trim their tails," Isobell said.

"When they come back in, Shane gives them five milkings and then tests them with the mastitis detector and if they are fine, we trim their tails again. That helps to identify them a bit easier because the paint always comes off."

continued page 3



FROM GRANT'S DESK CONTINUED

Gippsland) have a unique opportunity to expand and leverage what we are good at: production and processing of raw milk.

As President of the Australian Dairy Products Federation (ADPF), I've been working with the Chairs of Dairy Australia, Gardiner Foundation and Australian Dairy Farmers to help shape the Australian Dairy Plan.

This is somewhat a moment of truth. We can choose to be part of a shrinking industry with surplus stainless steel and diminishing milk supply, or be part of a world-class, competitive and growing industry. I will always advocate for the latter and work to create an environment for people to build their careers, invest in their future and make a sustainable return on that investment. And that is why I am actively contributing to advance the Australian Dairy Plan.

The dairy industry too often gets distracted by things it cannot control but it is imperative that we keep our eye on the basics and focus on the issues we can control.

In years like 2019 the premium paid for land in Gippsland, versus other dairying regions, returned a dividend; a dividend that may be the difference between maintaining and growing milk production volumes or not. It is disturbing to see farmers struggle to survive in drought-like conditions or be unable to afford the cost of temporary irrigation water. It is a stark

reminder that the industry is 'on notice' – region by region our sustainability is in question.

While in some regions of our raw milk collection, recent weather patterns have been ideal that is not unilaterally the case; however, the challenge for all our milk supply partners is to manage a world of 'highs' – high revenues and high input costs.

The Australian Dairy Plan (ADP) is a once-in-a-generation opportunity to restructure key sectors of the industry that 'grass roots' consultation has prioritised as needing immediate reform. It is expected that the plan will be released in March next year and I look forward to working together as we implement the actions that will grow and support a more profitable supply chain.

We know disclosure and transparency is a key ingredient in any respectful relationship. The ADP is committed to increase farmgate milk price (FMP) transparency and there is a commitment from milk processors to provide primary information to support that. This information will be split by region and will be presented clearly via a website to account for the different production volume bands within the industry. Information about what makes up this price will also be available.

At Burra Foods, this information proposed by the ADP is regularly explained at supplier meetings in an effort to provide the best information available to our milk supply partners to run their businesses.

Closer to home, it was satisfying to see that Burra Foods again broke its peak milk collection in October 2019. While we

recognise the difficult and dry conditions in our eastern region, we were buoyed by the productivity of our overall supply base in parts of our collection zone. It is rewarding that we continue to be able to grow milk supply and provides confidence that our business model is robust.

Next year will be the start of a new era at Burra Foods, with Stewart Carson appointed as the business's second CEO. Stewart joined Burra Foods four years ago and a year later was appointed General Manager Manufacturing and Supply Chain (more from Stewart on page 6).

Following an industry-wide search, I was delighted that the Board appointed an internal candidate to lead Burra into the future. This appointment shows the strength of the Burra Foods executive team and the confidence the Board has in the business. I look forward to what Stewart will bring to the role as he leads Burra Foods into its next exciting phase.

I will continue as a Burra director and as the ADPF President, but this will be my last community report column as Burra Foods CEO. The past 29 years have been a wonderful journey and I am extremely grateful for the opportunity to build a sustainable business that has contributed to its community and the dairy industry.

I am indebted to the entire Burra community for its on-going contribution and thank those closer to the business for living the values - Persistence, Boldness, Market Led, Enthusiasm, Respect and Keep it Fun.

Grant Crothers
CEO/Managing Director
grantc@burrafoods.com.au





QUALITY COUNTS FOR MT ECCLES COUPLE CONTINUED



"I carry around the results every day to know if the herd is up or down. When the text message from Burra Foods comes through, because we have a low BMCC already, if we have a crook cow our results suddenly shoot up, and we can see that very quickly."

Finding the sick cow or heifer starts with looking at the latest animal's milk which went back into the vat following treatment or illness. Clear records of treatment are outlined at the front of the herringbone pit and Isobell also copies these into their computer system.

As the herd's BMCC is already low, some of the issues which spike the cell count are subclinical.

That's where Shane's mastitis detector enables them to test any cows that look slightly off-colour or have signs of a swollen quarter.

This mastitis detector has also helped them manage mastitis in their maiden heifers, which are not treated with dry cow or teat seal.

The couple complete a herd test every second month and while this helps

provide vital data to track the herd's production and overall BMCC, Shane said it doesn't pick up individual udder quarter issues with cows or heifers.

"We might have three or four heifers come in and end up with a light quarter, they come up on the herd test a little high, but overall they are okay," he said.

"But as the season goes on, they lose that quarter. But once we started testing them with the mastitis detector we said 'hang on, she is high in that quarter' and we end up treating them. The tester can pick up that individual quarter."

Shane and Isobell cull about four cows a year due to high cell counts.

Teat spraying is also part of the milking routine and special care is taken to ensure no infection spreads.

The herd of medium-frame Holsteins is about 550kg liveweight and produced about 60,000 kilograms of milk solids last season.

Shane said the herd is fed from the 90ha pasture base, receiving only about one tonne/cow supplementary feed in the bail per lactation.

Operating a low cost farming system, Shane and Isobell don't push for production, focusing instead on ensuring cows get back in calf.

They both agreed a healthy herd was the best way to deliver on this; the benefit of a low cell count meant any problems were easier to identify and handle.

BURRA CONDUCT PASSES ALL CODE REQUIREMENTS

The Federal Government has released an exposure draft of the Mandatory Code of Conduct for Dairy – only the third such code under Competition and Consumer Regulation. The Code provides a framework for the relationship between processors and farmers.

The Code is largely in line with how Burra operates. The Code is still a draft, but key aspects include:

- a) Processors must publish a Standard Form Agreement for the supply and purchase of milk by June 1 each year.
- b) Retrospective step downs are prohibited; and prospective step downs (price reductions) aren't permitted unless the circumstances are beyond a processor's reasonable control. If a prospective step down is affected, the supplier has a right to terminate the agreement.
- c) If a milk supply agreement includes a loyalty payment and the agreement's terminated before the end of the supply period, then unless there's a serious contravention by the supplier, a supplier is entitled to a portion of the loyalty payment or:
 - Tier pricing and exclusive supply can't be included in a milk supply agreement.
 - Processors and suppliers must deal in good faith and milk supply agreements must include a complaint handling procedure.
 - Processors and suppliers must keep records of milk supply agreements and may agree to have arrangements that vary from a Standard Form Agreement.

The Code is proposed to start on January 1st 2020. Adjustments are anticipated before finalisation.



Shane and Isobell Derrick have supplied some of Burra Foods's highest quality milk during the past two years and their efforts have also been recognised by Dairy Australia.



Learning the ropes: Perfecting the finer points of cattle showing as part of the Gippsland Dairy Youth group are (from left to right) Ainsley Bawden, Reilly Bawden, Sage Deenen and Violet Dodd.

FOCUS ON THE FUTURE

Inspiring and supporting the industry's next generation underpins the values of the Gippsland Dairy Youth Group.

The community organisation, staffed by volunteers who are all 25-years-old or less, teaches young dairy enthusiasts the finer skills of showing cattle including clipping, leading, judging as well as cow nutrition and calf health.

The Gippsland Dairy Youth spokesperson Tamara Loughridge said the group had up to 20 members and provided a social outlet for these like-minded youth, with activities including bowling nights, farm walks and tours.

“We feel that it is important for Gippsland to have a youth group, as it’s there as a support network for the future generations of our dairy industry,” she said. “Whether to learn the art of dairy cattle showing and being able to showcase what they have learnt at the youth show or to have the opportunity to represent Gippsland and meet other kids from around Australia competing at International Dairy Week in Tatura.”

The group’s primary event is the annual Gippsland Dairy Youth All Breeds Show which was held at Warragul in March.

Money from the Burra Foundation helped with the running costs of the show and

also funded a cash prize for a “major class winner”.

“With the group being a volunteer run, not-for-profit group, the show would not exist without all of our fantastic sponsors,” Tamara said. “Burra has been sponsoring the youth show or the youth challenge team for about 10 years.”

“While the money is used as a major prize for a class winner and the general running costs of the show, it can sometimes also be used to help us put on our other events throughout the year.”

“The money is extremely beneficial to the group as every little bit counts and helps us with the costs of the show. The money also provides a lucky recipient with a well-deserved prize to put towards their own cows or future herd.”

Burra’s funding is in addition to support the Gippsland Dairy Youth Group receives from other local businesses involved with the dairy industry.

This year the Gippsland Dairy Youth Group competed in the youth challenge at the Australian dairy industry’s premier showing event in January, International Dairy Week. The Gippsland team came second, and Tamara said there were plans to return to Tatura next month.

The Gippsland Dairy Youth Challenge team back (from left to right) Scott Loughridge, Dylan McDonald, Maya Osborne, Patrick Anderson and Jasmine Mackie. Front (from left to right) Jordan Ziero, Ashleigh Van Leeuwen, Georgina Moody, Madi Ruppell and Olivia Aitken.





Positive outlook: Jason McRae wants to pass his Middle Tarwin dairy farm to the next generation, his son, Zac, 13. Jason is confident in the future of dairying, especially the Gippsland industry.

IMPROVEMENT PUSH DRIVES OPTIMISM AT MIDDLE TARWIN

Ask Jason McRae what he enjoys about the dairy industry and the answer provides an insight into how he runs his business.

"I've just always found another way to have another challenge within the dairy industry," the Middle Tarwin Burra Foods supplier said.

"You can, sort of, get whatever you want out of it by putting more in. There's always another level or somewhere else to move up. If you go looking for the information, invest in different things and knowledge, there's always something else to challenge you. That's what I probably enjoy."

Jason was recently featured on ABC news and in an online national story about the opportunities in the Gippsland dairy industry.

Milking 400-plus cows off a 120ha farm, 60 of which were flooded in August, has been his most recent challenge.

Since the flood, 14ha was re-sown, and another 20ha which was "very ill" has now recovered.

"At the time, the balance was really just dirty and wet, but it didn't take very long to come back in, it was only a couple of weeks that it set us back," Jason said. "The grass is going well now, what we put in is coming back. As soon as we could

drive on it, we direct drilled the ryegrass and now, it could do with a good shower, even though it was so wet back then."

Jason is also milking more cows this year, with herd numbers lifting from historical figures of 315-330, while concentrating on improving the herd's diet to increase production.

This plan has obviously been working, with production tracking 10-12 per cent ahead of this time last year.

New skills - thanks to his desire to challenge himself - have also helped Jason maintain his confidence in the dairy industry.

"I've learnt how to grow grass and feed cows a bit more," he said. "I've also got good people working with me and it makes it a lot easier to push the envelope a bit."

Jason credits some of his drive to sharefarmers Dan and Chelsea Grant and Ryan and Lauren Williams.

"We drive each other," he said. "Everyone is always raising the bar and between us, there's always a fair bit of banter."

With the right metrics on farm and the reliability of the South Gippsland season, Jason's looking forward to the future.

"I'm actually very confident in dairy, full stop," he said. "I don't really get any of

the negativity that goes around it. If you put in good planning around the season ahead, plan what you need in front of you and minimise risk - all that sort of thing - there seems to be very good opportunities to keep production and output going."

"I'm forever the optimist; I always think if I don't like the economics in the industry at the time, there's probably no one else that does either and that, in itself, is why it will change...what makes it turn. If you can continue through that, and still have the output on the other side, then you are sort of there in the box seat to capitalise."

The McRae family has another two dairy farms which have sharefarmers and Jason said his next challenge would be working out how to step back from the day-to-day running of the Middle Tarwin property.

He said there was an option to put a sharefarmer on, but he was also excited about his son, Zac's, love of dairying which he hopes will make him the next generation.

Zac is 13-years-old and Jason said as soon as he's home from school "he's straight out the door to find out what's going on". "He's quite upset if he misses out on the action," Jason said.



Bright future: Incoming Burra Foods Chief Executive Stewart Carson (left) pictured at Poowong with Milk Supply Manager Peter Fort.

NEW ERA FOR BURRA FOODS

Burra Foods is well placed to take advantage of the changing global dairy market and Australian production landscape, according to its incoming chief executive officer, Stewart Carson, who will start the new year as Burra Foods' second CEO.

Stewart has worked with Kraft Foods for 15 years across different areas of the business, and six years with Tatura Milk Industries and Bega Cheese. He's been with Burra Foods for four years – three as the general manager of manufacturing and supply chain.

Stewart said that retaining the milk supply base is important to him and he will continue to be available to chat with and see as many milk supply partners as possible.

"This fundamental relationship has got to continue to be around value, being open and honest and transparent," he said.

"This is something Burra has done very well – providing information and signals to assist in decision making as early as

possible, even if the news isn't great, is important.

"Being agile by reflecting the market in milk price – such as the introduction of our 1:1 fat:protein payment system – gives our milk supply partners the option to get the best value for their farming system.

"It's obvious that climate change is having a really significant impact on dairy in Australia and putting pressure on northern dairy producing regions," he said. "I expect there is going to be more consolidation as a result of this and the companies that can find customers and opportunities in niche markets are the ones that are going to survive.

"Burra is in a pretty good position for this in terms of our nutritional product offerings, frozen concentrates and specialty products. We have a good mix of long-term relationships and have been working hard to cement new relationships for the long-term in recent years."

"In Gippsland, we are in good shape to be able to remain competitive and provide value through the supply chain," he said.

One example included all staff recently 'rallying around' a quality issue with the milk powders. Stewart said the problem was solved following collaborative work across many sectors including engineering, quality and production.

Continuing the Burra legacy will be important for Stewart, but he provided some hints about what to expect from his management style.

"It will be about re-energising our purpose to provide meaning for our staff – why we are here and what are we trying to achieve, then provide clarity, so everyone understands their role in the organisation," he said. "Setting clear expectations and holding each other accountable mean we can continue building a high-performance culture and



empower people to make decisions and develop in their roles. That's how businesses and people develop and grow, which is what I want to bring to the organisation going forward."

Grant Crothers will remain a Burra Foods executive and will diversify his interests in the food industry. He is most proud of all the work which had been done with the people in the Burra Foods community – those who add value to the supply chain from farmgate to the customer.

"Getting the right team, with everyone singing from the same hymn book, getting people to understand and support the business," he said, "It all adds value."

Excited about Burra's future, Grant said evolution from a start-up to its existence as part of a regional network had been a 'massive change'.

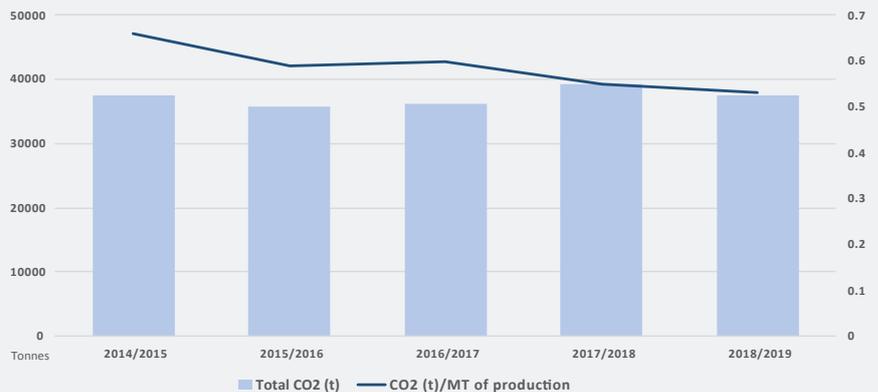
"Burra is in great shape to contribute to that. It has morphed, as companies do, and the industry has changed. But that's to Burra's advantage and the industry's advantage. The industry has a higher level of accountability to investors and a respect for equity. Burra is front and centre of that."

AN UPDATE: OUR CARBON FOOTPRINT

It takes lots of energy to turn highly perishable raw milk into a valuable ingredient or ready-to-consume food but as we grow our business we are also improving our sustainability and addressing our environmental footprint.

Despite increased production levels, we have kept electricity consumption to be similar to last year, and with our wind power arrangement we have covered most of our electricity consumption.

CO2 GENERATED



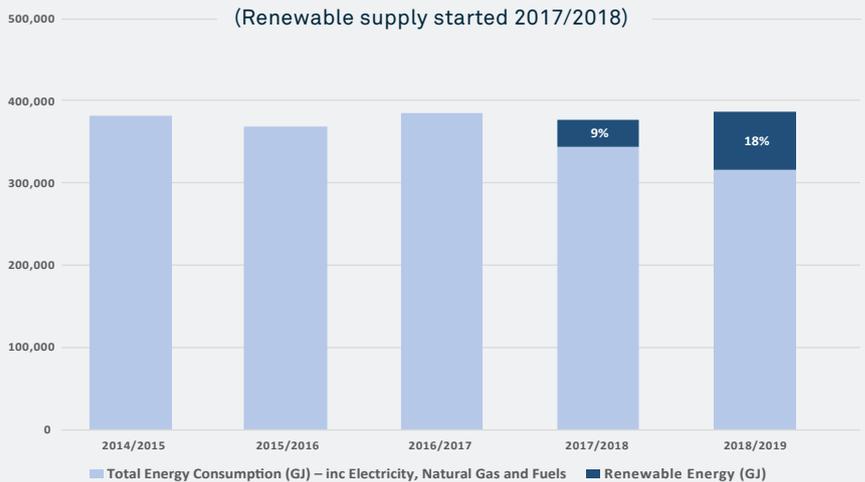
Burra Foods measures a series of key metrics in relation to energy, water and waste, as well as the costs of these to the business. Reducing waste equals reducing cost of operations and reduces the risk and potential impact of these to the environment.

Waste reduction and yield improvements have received a greater focus in recent years to operate more efficiently and reduce losses in the factory. Concurrently, Burra Foods has invested in a chemical recovery plant and also a dewatering plant to reduce waste disposal.

2018/19 water consumption and consumption per tonne of raw milk processed improved from 2017/18, with 5% less town water being consumed.

TOTAL ENERGY CONSUMPTION

(Renewable supply started 2017/2018)



RENEWABLE ENERGY REPORT

Renewable energy from onsite solar panels and offsite wind generation is now supplying about 18% of the site's energy needs and more than 86% of electricity.

This follows two key investment decisions. In 2018 we decided to install solar panels on available roof space. With the help of LaTrobe Valley based Energis Pty Ltd, installation of the 600 square metres was completed in September 2018. We have also invested in wind generation through a ten-year corporate power purchase agreement with a Melbourne-based energy retailer, which includes access to wind power from the Ararat Wind Farm.

Burra Foods now has the capacity to track energy pricing and sources, and can change production plans based on prices and peak energy demand.



THINKING OUTSIDE THE GENERATION

Creative solutions: Korumburra High School year eight students tackled some of Burra Foods' business challenges as part of a project called Broadening Horizons. They presented their projects to a Burra Foods panel including Burra Foods General Manager HR Colin Brown and Learning and Development Coordinator Melissa Nichol, who were impressed by the students' level of detail and research.

A robot security system, QR codes for job advertisements and zigzag fencing on the public walkway outside the Burra Foods tanker bay.

These are all solutions generated by local year eight students for real "problems" within the Burra Foods business.

Engaging with the next generation at Korumburra High School is part of a community and Victorian Department of Education and Training project called Broadening Horizons.

The project aims to link school work in the classroom with the broader community and local businesses to develop students' problem-solving skills and expose them to issues faced in the workplace.

Burra Foods Learning & Development Coordinator, Melissa Nichol, and HR administrator, Xavier Harris, presented "problems" to students and have since worked with eight groups every week to develop solutions.

Some of the projects have included developing 24/7 site security for Burra Foods, attracting the "Generation Z" manufacturing trainee and public safety on the footpath outside the Burra Foods' tanker bay.

"With the trainee problem we recommended designing a poster," Melissa said.

"For the poster, the students suggested a QR code. You go up and zap it with your phone and it takes you straight to the website and exposes Burra's culture.



They thought of that themselves and it's amazing."

The poster would hopefully be used in the coming years for Burra Foods to recruit trainees. As part of the research for the project, students also surveyed their peers to determine which social media platform they would check for job searching.

Melissa said this information would be useful for Burra Foods recruitment and it also encouraged the students' initiative.

Some of the solutions were "big visions" such as a robot checking the security cameras however Melissa said all ideas had merit and she appreciated the detail of each presentation.

One group proposed zigzag fencing on the pathway outside Burra Foods - similar to that on the rail trail bike track to slow riders - as a way to make pedestrians stop outside the tanker entrance.

Melissa said this idea was "brilliant" and practical. For Burra Foods, working with the school also helps to encourage the next generation of employees to consider working locally.

"Manufacturing is not a dying breed; children don't always know the opportunities we have here locally," Melissa said. "We have many avenues for learning here that no one knows about. If you want to be an engineer, we have placement for an engineer; if you want to do quality, we have placement for that. It's great to show them that manufacturing is not just packing milk. You can work in maintenance, be an electrician - there are all sorts of opportunities and career pathways children in the community can engage in."



COMMUNITY TREE PROJECT SHINES LIGHT ON MENTAL HEALTH



Branching out: Burra Foods colleagues Bernie Harrison, Danny Wilson and Mathieu Dube visited the Happiness Tree following a Burra Foods Running Club park run.



Gippsland locals might have noticed some extra greenery in their towns in recent months and it is all for a good cause.

“Happiness Trees” have been planted at Wonthaggi, Mirboo North, Bruthen, Warragul and Sale as part of a community-led project to shine a light on mental health and wellbeing.

Burra Foods Manufacturing Services Manager, Danny Wilson, was part of the six-person team which initiated the Happiness Tree project through the Gippsland Community Leadership Program (GCLP).

“A Happiness Tree is grown in a specific purpose-built place that people or groups can use to raise awareness and promote different ways of looking after one another’s mental health and wellbeing,”

“It’s a conversation starter. We wanted to use a tree to signify a place in a public space where our community can take time out, relax, consider and plan things that make us happy and that we can look forward to.”

“Talking about mental health and wellbeing can be difficult; this project desires to break down these challenges and make mental health and wellbeing conversations easier,” he said. “This project intends to highlight that simple acts of getting out and exploring our local parks can make you feel happy and can improve your mental health and wellbeing.”

This Happiness Tree project is also being considered by the Latrobe Health Innovation Zone and Mr Wilson said the

group had engaged with mental health organisations such as Headspace and Beyond Blue.

Mr Wilson was one of 27 participants in this year’s Gippsland Community Leadership Program, a course designed to empower locals to better serve their community. The course has been running for 23 years and has more than 600 alumni.

As part of the program participants were asked to create and deliver a project that would benefit Gippsland.

“Our group is particularly passionate regarding the mental health and wellbeing space,” Mr Wilson said.

“We wanted to deliver a project that proactively supported combating the growing mental health and wellbeing issues impacting our Gippsland community.”

We engaged and worked with many stakeholders including Gippsland local government councils, community groups, mental health services, local education services and peers to deliver the project and to help ensure purpose and legacy.”

Sponsored by the Gardiner Dairy Foundation to complete the leadership course, Mr Wilson said he was grateful for Burra’s support and it showed the manufacturer’s commitment to the community. He said mental health and wellbeing is a focus within Burra and the dairy processor also recognised the impacts all the way back to the farmgate with local milk supply partners and community members.

The Happiness Tree community project was only a small part of the GCLP. In addition, Mr Wilson said the leadership course broadened his mindset regarding whole of community. He said the group also experienced best practice for organisation culture as well as how to enable appropriate sustainable change by applying improved listening and emotional intelligence skills. All these skills and knowledge he can bring back to apply as part of his work at Burra Foods and within the local Gippsland community.



Team work: Gippsland Community Leadership Program participants at the Bruthen Happiness Tree. The tree was planted to raise awareness of mental health and wellbeing.



FANS CUT COSTS AT WATER TREATMENT PLANT



Burra Foods has half the number of trucks carting biomass to East Gippsland thanks to the introduction of new technology at its Korumburra plant.

Early this year, Burra Foods installed a second radial fan press in its waste water treatment plant.

Burra Foods Manufacturing Services Manager, Danny Wilson, said the second fan helped concentrate the biomass, eliminating “watery loads” trucked to the organic soil recycling depot near Sale (a 280-kilometre round trip). Biomass is a high nutrient by-product which is generated through the waste water treatment plant.

There’s now up to six times the solids in the biomass than before the radial fan presses were installed.

The proportion of solids in the biomass has gone from 3 per cent to 15-18 per cent, according to Mr Wilson.

“This improvement is one of the largest cost deductions for the business this year”, Mr Wilson said. The initiative also resulted in more capacity at the waste water treatment plant.

“This has resulted in the plant being less stressed,” he said.

“It has provided manufacturing flexibility to realise the most profitable product mix.”

NUTRITIONAL EXPANSION UNDERPINS CONFIDENCE

Expanding Burra Foods’ dairy nutritionals products into new markets is reaping rewards for the business.

Emerging customers in countries such as Indonesia and Vietnam are starting to get a taste for Australian dairy nutritionals and Burra has been able to customise products to suit these markets.

Nutritionals product manager Belinda Smale said the opportunities in China had driven the market for a number of years, but looking outside this sales channel has opened doors.

“We have managed to get in with one of the larger players in the Indonesian market who is quite new in the dairy space,” she said. “They are very influential, as far as their brand goes, so they have a lot of brand awareness already out there. The head of the organisation decided that they wanted to give everybody access to good milk solids and have targeted a reasonably economic option for the age group of above 12 months old. For Burra this customer has gone from taking very small quantities in 2018, to a significant volume this year and they’re looking to grow another 50 per cent next year.”

Australia remains Burra Foods’ largest market for nutritionals - the majority of which ends up in China through registered brands but also through the

Daigou channel, and this was still very important, according to Ms Smale.

China also has a growing appetite for adult nutritional products due to its aging population.

Burra Foods’ “agility” compared to some of the larger dairy companies has attracted the new customers, according to Ms Smale. “We are able to work closely with the customer to tailor a product to exactly what they want,” she said.

“We work very hard with customers to get what they are looking for right, but essentially in the end, it is the whole package; the ability to come up with the right product at the right time and get the right quantities to them when they want it. It’s also Burra’s ability to be able to grow which is also important to them.”

Looking ahead, Ms Smale said there’s more market development to occur in the new geographies but there’s also demand for other types of nutritional areas. One example is “student milks”, fortified milks used as a nutritional meal supplement. There’s also growing demand for sports nutritionals and other “specialised” areas such as organic, goat and GMO-Free nutritionals.

Ms Smale said Burra’s Korumburra plant was certified for organic production. It also produces goat dairy products outside of peak periods for bovine milk.





INTRODUCING BELINDA SMALE



When Belinda Smale drove through South Gippsland to Korumburra, there was something distinctly familiar about the landscape.

“Gippsland reminds me so much of New Zealand, lovely and green with rolling hills,” she said.

“My first trip down to the factory was on a beautiful morning. Who couldn’t fall in love with the area? When the sun comes up over the hills around Korumburra, it is so gorgeous.”

This familiarity was one of the reasons why the nutritional product manager chose to work for Burra Foods, after a career spanning more than 20 years throughout the world.

But it wasn’t just the landscape likeness to her home country which attracted her to work at Burra Foods. Belinda said the size of the business and “where it was headed” had enormous appeal.

Heading up the expanding nutritionals sector, she said there’s a “huge opportunity” in the space.

“I think we are at a really exciting time; we are seeing good growth from some solid customers with whom we continue to build strong relationships with, right through to the brand owner,” she said.

“We’ve got sight of some promising big opportunities and we need to grab those with both arms and capitalise on the growth. I believe the opportunities are real and Burra has what it takes to do that.”

Belinda’s career started in New Zealand but she’s worked in Central America, Asia and Europe. Most of her working life has been in the dairy industry, and recently in the infant nutritional sector. Dairy is something she has an affinity with.

“Whether it is something to do with growing up where dairying is such a huge part and so important to the New Zealand economy, dairy for me is just a fascinating thing, full stop, all aspects of it,” she said. “Right through from where it all starts with the farmer; literally grass roots and good farming, to the cow eating the grass and turning it into a good wholesome product. Then we process it and add value through applications of some smart technologies. The whole chain for me has really got under my skin, right from the very start and is something I will always remain very passionate about.”

SUSTAINABLE CHEMICAL USE GETS TICK OF APPROVAL

Recycling cleaning chemicals is saving Burra Foods up to \$20,000 a month and improving its environmental credentials.

The sustainable process, called ChemClean, removes the need for “single use chemicals” at Burra’s dairy manufacturing site without compromising cleanliness.

Burra Foods Manufacturing Services Manager Danny Wilson said the innovative process of “cleaning the cleaning material” enables up to 90 per cent of the chemicals to be re-used.

“You add caustic and acid in with water and that becomes your cleaning detergent, which supplies the manufacturing plant,” he said. “It circulates inside the plant to clean and becomes dirty as it removes the soil from inside the plant. Then the dirty material returns to Chem Clean where the detergent is finely filtered.”

Burra Foods has a hire purchase agreement for the ChemClean equipment and Mr Wilson said the cost reduction and environmental benefits have proven the investment to be very worthwhile.

AND NOW FOR SOME NUMBERS..

Burra Foods’ contribution to Gippsland

Burra Foods strongly believes in contributing to positive change and strengthening the local economy in Gippsland. The factory has a ripple effect on the local economy as we create local jobs through sustainable investment. All the more satisfying when you remember that in 1991 the site was derelict, generating zero economic activity.

PURCHASED MILK FROM
 **223**
MILK SUPPLY PARTNERS

62K MT
OF PRODUCT PRODUCED FROM
 **332M**
LITRES OF FRESHMILK COLLECTED

INVESTED
\$11.8M 
IN CAPITAL WORKS USING LOCAL SUPPLIERS & CONTRACTORS WHERE POSSIBLE

Year ended 31th Dec	2017	2018	2019*
Total revenue (\$M)	238	301	315
Total assets (\$M)	187	194	200
Raw milk processed (M litres)	330	340	332
Manufacturing output (MT)	65,724	66,674	62,307
Employees	185	183	191

*2019 Calendar Year based on Jan-Oct actual and Nov-Dec forecast



MILK SUPPLY PARTNER SERVICE AWARDS

Partnerships are the key to every successful business.

That's why Burra Foods recognises the importance of its long-term milk supply partners and the valuable role they play in the dairy supply chain.

At the Burra Foods Christmas party, many milk supply partners were thanked formally for their loyalty to Burra Foods. Burra Foods values this ongoing partnership and thanked all its suppliers for another successful year and looked forward to working with them in the future.

SERVICE AWARD RECIPIENTS:



Ted, Annie, Reece & Toni Attenborough



Grant & Leesa Williams
David Dale and Marita Hurst
Ash Horsburgh
Lindsay & Jacinta Anderson



Peter & Jeanette Clark
Grahame & Pamela Jackson

NEW-LOOK PACKAGING TELLS PURE, FRESH, AUSSIE STORY

Burra Foods' retail brand Pure Source will be relaunched next year with new packaging promoting the "clean and natural" benefits of Australian milk.

The fresh milk will be sold throughout 700 7-Eleven stores in Taiwan, with the new look brand and packaging more aligned with consumer preferences, according to Burra Foods Business Manager Commercial, Paul Bills.

"The idea behind the change in packaging has really been consumer driven," he said.

"In Taiwan, what they are looking for is really pure, white and fresh milk. That's what we can deliver, and it is a real selling point in the market."

"When Taiwan consumers think of milk, they want it to be fresh and high quality. That's why we have gone with the simple packaging, with our bold logo really standing out."

The word "Australia" is also prominent on the front of the packaging.

"That's part of the story obviously, Australia's got a reputation for really high-quality milk and that goes with the story of Pure Source milk from Australia," Mr Bills said.

Pure Source was first launched into this market two years ago and it sold in the fresh milk space with great success.

Mr Bills said it's produced with 60 days shelf life, with three weeks shelf life when it arrives in Taiwan. By the time it's distributed out to the stores it has about two weeks shelf life left for the customer to purchase and consume the milk.

The "premium product" has been popular with a mixture of expat consumers and parents who "are conscious about where their milk comes from and what they are giving their families," Mr Bills said.

South East Asia has been moving towards a more "Westernised" diet and the increased interest in dairy and consumption of milk products is expected to continue to rise.

"Initially we are looking at about two container loads a month of Pure Source milk going into Taiwan.



That's about 18,000 cartons per container which we will deliver every two weeks," Mr Bills said.

"Retail is not something our business has focused on traditionally, but as our business has grown, we have increased our customer base which has resulted in more retail opportunities presenting themselves."

The retail brand makes commercial business sense for Burra, but Mr Bills said it also provides a talking point for staff who will be able to see and taste the product. "We will have Pure Source milk in the fridge at the factory for staff to have in their coffees."

The relaunch of Pure Source is scheduled for April next year and Mr Bills said that was great timing to showcase the product at Farm World.

"For farmers, the value from Pure Source comes from selling a higher value product and the premium we can get for the product," he said. "By finding markets in which we can distribute value-added products and extract a premium ensures we can continue to build a sustainable supply chain. We will continue to explore retail projects that make business sense and provide added value for Burra Foods and our customers."

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