



COMMON GROUND

Burra Foods Community Report



Kevin, Helen and Mitchell Jones in their rotary dairy.

JONES FAMILY INVESTING IN THEIR DAIRY FUTURE



FROM STEWART'S DESK

Welcome to the Burra Foods Community Report for Winter 2021.

Change is a constant, and for those of us working in the dairy sector, this certainly holds true.

Therefore, we must keep moving forward—standing still means going backwards as others move past.

At Burra Foods, we continue to forge ahead through a great deal of change, much of it positive, relating to our employees, customers, and business processes. As a consequence, I feel more energised and excited about our future than I did at this time last year.

In all that they do, family is first and foremost for the Joneses. It is the driving force behind their large and progressive dairy enterprise, located between Toora and Foster in South Gippsland, and is central to their investment decision-making and strategies for the future.

Long-standing Burra Foods Milk Supply Partners, the family business includes Kevin and Helen Jones, son Mitchell and his wife Alanna, and daughter Katie who is also a school teacher.

All family members live on the property and share ownership of some of the land which Kevin and Helen bought in 2002.

Mitchell, 24, now manages the farm, comprising a 300-hectare home farm and a 42ha turnout block. The land has undergone significant improvement as part of a strategic capital investment program to future proof the business.

Recent recipients of a Burra Foods 10-year supply award and consistent winners of the Burra Foods Gold Milk Quality Award, the Joneses have implemented a solid and sound succession plan allowing Kevin and

Helen to step back from the day-to-day management and pass the baton to Mitchell.

The increasingly efficient enterprise is well set up for now and into the future. Underpinning that position has been the installation two years ago of a 60-stand rotary dairy to replace the 20 double-up herringbone, a 700 cow all-weather feed pad constructed last year, and a new pre-chilling system for milk entering the vat.

Utilising the Burra Foods On-Farm Investment Rebate Tool for Milk Cooling and a State Government grant, the chiller has provided the Joneses with reassurance and comfort in knowing that the quality of their milk is without compromise.

“The milk now meets collection standards before we’ve even finished milking, which means the Burra tankers can pick up our milk any time,” Kevin said.

“Although the chiller doesn’t mean we get paid any more for our milk, it enables us to maintain the highest quality of raw milk in the vat and because we produce a food product, we strive to do what’s right by the consumer.

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FROM STEWART'S DESK CONTINUED

In mid 2020, we were managing our way through the risks and lockdown implications associated with the COVID-19 pandemic.

As we continue to adapt to a 'new normal' of living with the virus, I have reflected on how, we as a business, managed through enormous change. I can say with confidence and pride that we are certainly more agile, focused and resilient than ever before.

PURPOSE TO PROPEL US

Over the past six months, we have taken the opportunity to consolidate and re-focus our business for the future. Burra is a very proud dairy processor with a great history of building relationships at all levels of the supply chain — from dairy farmer milk supply partners, to vendors and customers across the globe.

To ensure we continue to build on this position we have renewed our Purpose to be: 'Partnering to Bring the Best of Australian Dairy to the World'.

Breaking that statement of purpose down into its various elements:

- 'Partnering' means being in it together, through good times and tough. It also means open, honest and transparent conversations that build trust and long-term mutual benefit.
- 'Bring the Best of Australian Dairy' means that in whatever we do, we bring and apply our best and we do so with Australian spirit, ingenuity and know-how.

- Our valued markets are across the 'World'. We continue to see rising global demand for dairy nutrition to feed growing populations, and we want to position ourselves to meet this demand with high quality products.

On the back of renewing our Purpose, we have embarked on a refresh of our corporate values and behaviours. Ensuring strong linkage to our heritage and culture built over the past 30 years, our organisation values being: Energetic, Focused, Collaborative and Respectful. Each one of these values has a linkage to specific behaviours inherent across different levels within our organisation. The uptake and commitment to living these every day – by everyone at Burra – has been inspiring and will ensure strong alignment and engagement with our Purpose.

GROWTH GOALS

Our goal at Burra over the next five years is to double the size of the business. While that's easy to say, the goal is much harder to achieve. However, our history shows that we almost achieved this over the past five years. Our entry into nutritional milk powders was challenging but is now rewarding, with much experience gained and production capabilities built.

Frozen food preparations have significantly grown in sales as we have tailored product solutions to meet the needs of processors across Asia. Specialty powders have remained relatively stable as higher value returns have been realised in nutritionals and frozen food preparations. Each of these categories has further growth

potential and we continue to partner with new and existing customers to realise this. Milk volume is central to any growth, and the competition for milk in Gippsland continues to increase year-on-year. Burra opened the FY22 season with an opening price that we felt reflected the market and the value that we can extract from it. We provided this well before the mandatory publishing deadline of 2pm on June 1 to support on-farm decision making for our milk supply partners in advance of next season. We want to retain our existing supply partners and recruit new ones so we can grow together and realise emerging market opportunities.

GLOBAL GLANCE

In terms of global markets for dairy, these remained well-balanced at the time of writing. Demand remains high in countries where local milk production cannot support demand, such as China, Malaysia, Taiwan and Indonesia. While at historic highs, commodity prices are relatively stable, and we have received consistent inquiries for product. Whilst the European Union and United States are forecasting a little growth next season, we expect demand to remain strong.

Wishing you all the best for the months ahead.

Stewart Carson
Chief Executive Officer
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JONES FAMILY INVESTING IN THEIR DAIRY FUTURE CONTINUED

"Hopefully, we won't have to do anything with the chiller for a long time – like the rotary dairy, we expect it will be here for at least another 25 years."

Kevin said the new rotary allowed the cows to be milked in less than half the time they were previously.

"We were therefore putting a huge volume of milk into the refrigeration vat so much quicker. We were struggling to get it to cool quick enough in time for pick-up by the tanker, so the new chiller (pictured right), helps make a big difference in cooling the milk in a timely fashion with the added benefit of reducing the chilling load on the vat and therefore reducing energy costs."

The new feed pad – which may one day be covered with a roof – has also enhanced efficiencies and productivity for the Jones family, enabling them to feed cows throughout the winter months without damaging pastures.

Kevin and Helen have watched with pride as Mitchell has transitioned to the day-to-day management of the farm, imparting all their knowledge and experience along the way. Mitchell, who is supported by another two full-time employees and a couple of casual workers, is approaching the future with enthusiasm and determination.

"I worked out at a young age that I wanted to go into dairying," said Mitchell, a father of two.

He has embraced the family's investment in new technologies and infrastructure, recognising their value in terms of productivity.

"Technology and cost savings are enabling the business to move forward in positive ways, and to create a good family life."





The new generator gives Campbell and Karen Chapman guaranteed power for their operations.

POWER RESTORED TO CHAPMANS

A lengthy power outage in August 2020 sparked angst, frustration, inconvenience and expense for the Chapman family at Caldermeade.

For three days, their 200 cows could not be milked (causing significant mastitis), vital water ceased being pumped from bores to troughs, and cooling infrastructure was inoperable.

The cost of the resulting mastitis was \$7000, and the inability to supply milk to Burra Foods compounded the situation.

“We didn’t hire a generator at the time because we simply didn’t know when the power was going to be restored,” said Campbell Chapman, who farms with his wife Karen, son Lachlan and father Bob.

“It was so stressful and costly, but we just had to wear it in the end.”

That extended blackout was the catalyst for the Chapmans installing a standalone 88kVA diesel generator which is large enough to simultaneously power the 18 swingover dairy, cool the milk and supply the water troughs.

The Chapmans utilised the Burra Foods On-farm Investment Rebate Program – which provided a 20% rebate of the equipment cost – to assist with the purchase and to help soften the financial blow.

While the generator was a significant economic outlay, it has brought the Chapmans priceless peace of mind.

“At least now we know that if the mains power is lost – and that has happened twice since the generator was installed

– everything will continue to function without disruption,” Campbell said.

“And if the power companies shut down the grid on those days of catastrophic fire danger, we can continue to milk the cows and keep the water up to them, which is so important in the heat as they each drink around 100 litres a day.”

“Before the generator was installed, whenever we saw a storm coming, Karen would say that we should bring in the cows now and start milking early in case the power goes out.

“On top of that, the factory is assured that cold milk will be provided on time.”

The Chapman family has been farming at Caldermeade for 45 years, switching from beef production to dairy in 1994.

They are about to enter their third year of being Burra Foods Milk Supply Partners, supplying Burra with all the milk from their herd of predominantly Holstein Friesian milkers.

The Chapmans last year won a Burra Foods Gold Milk Quality Award and they have on numerous occasions been named in Dairy Australia’s Milk Quality Awards top 100, recognising farmers producing the country’s best milk based on bulk milk cell count.

JO SETTING FOUNDATIONS FOR STRATEGIC GROWTH



Defining Burra Foods’ customer value proposition tops the to-do list for new General Manager – Sales & Marketing, Jo Rees.

It is a task that Jo is approaching with relish and one in which she can draw upon her considerable sales and marketing experience.

“I will be looking at what makes us as good, if not better, than our competitors, and how we compete beyond just price,” said Jo, whose career has involved sales and marketing roles at Treasury Wine Estates, Sugar Australia and Lion Dairy & Drinks.

“As an organisation, we’re living and breathing our value proposition – the opportunity lies in formally recognising it, clearly defining it and then communicating that to our customers.”

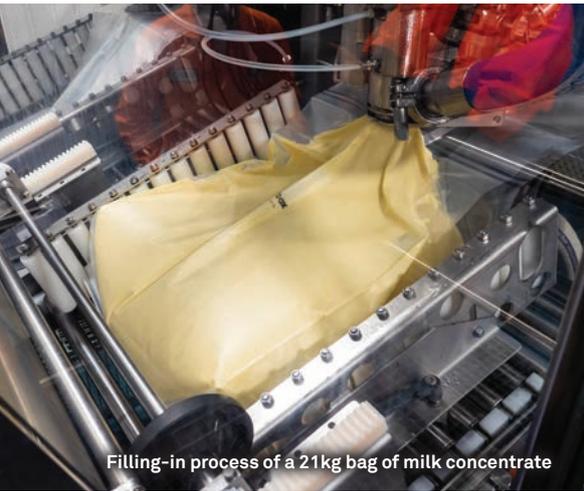
Jo is also enthused about sinking her teeth into the company’s growth strategy.

“This business has a hunger for growth, we just need to be very focused and deliberate in how we go about it, to make sure we maximise the value we can realise in our target markets,” she said.

Born and bred in Sydney, Jo brings to Burra Foods fresh energy and drive, as well as a different way of thinking and a new approach to problem solving.

“I love insights and looking at information and drawing strategies out of that knowledge. From there we can set the foundations of growth,” she enthused.

A former competitive netballer and cricketer, Jo’s personal interests now include cycling with her husband, cooking, gardening, socialising and being a mother to an 11-year-old daughter.



Filling-in process of a 21kg bag of milk concentrate

WIND POWERS BENEFITS

As one of the first dairy manufacturers in Australia to embrace renewable energy, Burra Foods has sourced more than 85 per cent of its electricity from wind power for the past two years.

The move has resulted in energy costs being reduced by about 25 per cent during this time – an important factor in the company's efforts to maximise returns from each litre of milk processed.

In 2018, Burra Foods entered into a 10-year power purchase agreement with Flow Power to secure wind power from the Ararat Wind Farm. For Burra Foods, the agreement supports sustainability, and provides long term cost certainty by reducing exposure to price changes.

Murray de Jong, General Manager – Supply Chain, said aside from the cost savings and obvious environmental benefits, the transition had also enabled Burra Foods to better meet customers' expectations.

"It is becoming more and more important for customers to validate the practices of their suppliers, and Burra Foods can use its environmental credentials to differentiate itself from other suppliers," Murray said.

"With international customers seeking information on sustainability as part of their approvals processes, our demonstrated commitment to using renewable energy is industry leading.

"Many of our key customers are focused on making commitments around reducing their own carbon footprint, and are actively capturing information on sustainability initiatives and environmental improvements right across their supply chain.

"We can expect these market-driven pressures around environment and food production sustainability will only intensify in the coming years, so it's important for Burra Foods to be proactive and implement best practice to stay ahead of the curve."

A WEIGHTY ISSUE NO MORE

The smallest and most simple of changes can sometimes have the biggest impact – just ask Burra Foods Production Improvement Co-ordinator, Jess Pizzol.

Jess has overseen a dramatic reduction in concentrated milk loss, thanks to a minor tweak during bag filling processes.

Previously, manual control of the bag fill meant that an over-compensation for differences in weight was occurring.

"Without knowing, we were essentially giving away that extra product," said Jess. "Now, we're recording the weight of every bag as it comes off the check weigher and feeding that back automatically through the control system to the filler, enabling continual adjustment."

Prior to adjusting the system, bags were being over-filled by an average 130 grams of product above the 21kgs for which the product was being sold.

"Every 30 seconds, the weight is being adjusted to be exactly optimal.

"We've more than halved the amount of product we're giving away which is closer to meeting our process capability of the product and filling system."

The simple fine-tuning of the three-year-old equipment has been embraced by its operators.

"The operators have had a big part to play in achieving this outcome," Jess said.

"It's a point of pride for them – they can look back after a production run and see the weights and know they are making a difference to the bottom line of the business."



INVESTING IN PRODUCT QUALITY

Premium quality product is a long-standing hallmark of the Burra Foods identity. To uphold that reputation and Burra's commitment to its customers, the company continues to invest in technology and processes that underpin product quality improvements.

Much work has gone into identifying opportunities for improvements to build customer satisfaction, and as a result it was determined that an additional homogeniser and heat treatment were required to further enhance emulsion and overall quality of nutritional powder products.

Process Engineering Manager, Stuart Shattock, said the company had committed to procurement and was now working through the final integration design.

"This is the largest site project for 2021, and we plan to have everything functioning well by the end of this year," reported Stuart.

He said this investment would add functionality to existing plant process and was therefore very much an exercise in adding value.

"There are some auxiliary projects tied into the initiative and it will be linked to upgrades in storage and other areas relating to quality," he added.

Ultimately, the improvements will reinforce Burra Foods as a "top tier" first stage processor of nutritional powders to meet exacting customer specifications and will enable further market expansion.

"Based on several months' worth of optimisation trials after implementation, we foresee an increase in our overall throughput for this particular process in the order of 15-25 per cent," anticipates Stuart.

"This is quite sizeable considering we are not building a new processing line, but simply adjusting how we use existing plant and process conditions."

While Stuart and his engineering team are now implementing the process changes, he acknowledged the prior work undertaken by the technical, quality, and production improvement teams.



The existing homogeniser will soon be complemented with a second to enhance product quality.



SUPPORTING OUR DAIRY COMMUNITIES

The importance of community and all its many functions is well recognised by Burra Foods.

For this reason, the company continues to deliver substantial support to its valued dairy communities by way of financial contributions from the Burra Foundation and through direct sponsorships.

Burra Foods' ongoing support is a vital injection for the Korumburra Bena Football Netball Club (the Giants), according to its president Troy Patterson.

"Clubs like ours and community groups depend on sponsorship for their day-to-day operations," said Troy. "Not only does Burra support our club financially, but we have also been receiving treated water from the company for more than 10 years to irrigate the oval.

"This allows us to re-seed the oval every year and maintain it in top condition – not only for the benefit of our club but for the broader community."

In addition to sponsorship, the Burra Foundation is a well-established means of giving back to our local dairy communities, according to Peter Fort, Milk Supply Manager.

"Through our Burra Foundation, each milk supply partner can nominate a community group, sporting organisation or other cause to be the recipient of \$500 per financial year to assist with fundraising or specific projects," Peter said.

Some recent beneficiaries of Burra Foundation support are:

- Yarram Scout Group
- Port Albert Yacht Club
- Poowong Recreation Reserve
- West Gippsland Adult Riding Club
- Loch Bowling Club
- Dalyston Football & Netball Club
- Leongatha Table Tennis Association
- Mt Eccles Netball Club
- Nerrena Cricket Club
- Stony Creek Football & Netball Club
- Foster Cricket Club

Burra Foods will once again be a gold sponsor of the South Gippsland Dairy Expo, to be held this year on September 8-9. It also supplied the Korumburra Golf Club with new tee markers.



ELEANOR AND BURRA A PERFECT FIT

Burra Foods shares more in common with elite athlete Eleanor Patterson than a burning desire to succeed.

Just like Burra, Eleanor is a successful product of South Gippsland. And just like Eleanor, Burra is taking on the best on the world stage.

The fact that Japan figures prominently in the lives of both only adds to the list of parallels.

As Burra's Brand Ambassador, Leongatha-born and raised Eleanor is currently propelling herself towards the Olympic Games in Tokyo where she will compete in the high jump – if all goes to plan.

Eleanor is now in Europe to compete at a series of outdoor track and field meetings to secure her position in the Australian team. An injury to the fibula in her left take-off leg prevented her from competing at the Australian track and field national championships in April – the official Olympic trials – and she therefore missed out on automatic selection in the Australian team.

While Eleanor was on the sidelines during the national championships, her Australian record of 1.99 metres, set in 2020, was eclipsed by one centimetre by Nicola McDermott, who became the first Australian woman to break the two-metre barrier. Eleanor is now more determined than ever to reach 2m and beyond, herself!

Now recovered from her injury and having undertaken a productive three-week training camp on the Gold Coast, Eleanor is eager to test herself against some of the sport's best in Europe before she travels to Japan ahead of the Olympics which start on July 23.

"I just have to prove my fitness and

ability to compete, and as soon as I get some good numbers on the board in Europe, then all will be well leading into Tokyo," said Eleanor.

Eleanor said her partnership with Burra Foods was the perfect fit in many respects.

"I'm loving working with Burra Foods – it's wonderful to be in a partnership which is representative of the community back home that I am blessed to be a part of and have the support of," she said.

"I can't help but feel very lucky because it's a big world out there."

That big world is one in which Burra Foods is also not afraid to compete.

"From humble beginnings in Gippsland, Burra Foods – in a similar vein to Eleanor's journey – continues to pursue a bold ambition to compete against the best on the global stage," said Burra Foods Sales Manager - Ingredients, Des Reilly.

"In particular, our business in Japan has grown over the years to become a core strategic market for our unique range of cream cheese and dairy ingredients," Des said.

"With Eleanor expecting to be in Tokyo for the Olympic Games, everyone at Burra Foods will be paying even more attention to Japan, especially in July and August."

In the meantime, you can keep up to date with Eleanor's Olympic journey via her Instagram account at: @eleanorpatterson



JERSEY BREED'S CREAM ON TOP AT ANNUAL FAIR



Ten years ago, the Annual Central Gippsland Jersey Fair was teetering.

However, through the passion and commitment of Central Gippsland Jersey Breeders Club members and support from many quarters, including the Burra Foundation, the fair has been revitalised and is now considered the second-best Jersey show in Australia – eclipsed only by International Dairy Week. The popularity of the event was clearly evident at the 59th annual fair which was staged at Warragul's Logan Park in March. The cream of Victoria's Jersey cattle was on show in numbers not seen in 40 years.

Fair coordinator Reece Attenborough said more than 100 entries were received – more than 30 entries above those of recent years.

"The quality of the cattle shown was exceptional," Reece said. "It's a credit to our Central Gippsland Jersey Breeders Club members who have all helped make the show such a success.

"Our Jersey Fair was on its last legs 10 years ago, so to have built the show up from that point to now being a must-attend event for exhibitors and spectators, is something our club is quite proud of. The on-going support from the Burra Foundation each year has played a big part in our success."

The club also recently hosted the Jersey Australia annual meeting and conference in Warragul.

Lightning Ridge MB VIP Navidad, the 2021 Jersey Fair junior champion, with part-owners Callum Moscript (left) of Leongatha and Declan Patten of Sale, with Kelly Bleijendaal, Warragul.

PARTNERSHIP DRIVE

The positive, collaborative business relationship between Burra Foods and Leongatha-based Riseley Transport is obvious – more so now than it has ever been.

Evidence of the long-standing partnership can be seen daily on Victoria's roads as the Riseley fleet of trucks traverses the state adorned with the two businesses' signage.

Riseley's Burra-branded fleet comprises three B-double tautliners with new sets of trailers and new load restraint curtains featuring the Burra Foods and Riseley signage, as well as two trucks with purpose-built single mezzanine deck trailers. Burra Foods has contributed to the cost of the new curtains and signage.

Riseley Transport Managing Director Trevor Riseley said his family-owned business valued its partnership with Burra Foods.

"The relationship is a very positive one for both parties, and the new curtains and signage are testament to that," Trevor said.





STUDENT PROGRAM DELIVERS WINS ALL ROUND

Burra Foods' association with the Monash Industry Team Initiative (MITI) is a win-win!

For the Monash University students who come to Burra Foods as part of their studies, they are rewarded with exposure to the dairy industry supply chain, the real world of business and life in a regional community.

For Burra Foods, the company benefits by having the students develop practical business solutions, and in some cases, those students go on to become Burra Foods' employees.

When it comes to espousing the enormous value of the Burra Foods-MITI collaboration, Peter Brennan is most suitably qualified.

The Burra Foods Planning Manager was a Monash University student who worked on a project at Burra Foods through the program in 2016-17 and ended up securing a full-time position with the company.

Peter now oversees the MITI projects being undertaken at Burra Foods during the students' three-month placements over summer.

The most recent of these has resulted in the development of a mechanism to identify the true costs of doing business and a tool to alert the business to overspend in the logistics area.

"The two students, Andrew Moore and Diksha Dahiya (pictured above), were tasked with developing a logistics costing model, and we're now in the process of implementing that," Peter said.

"It will enable us to forecast our actual costs and ensure we stay aligned to those."

The normally city-based Andrew and Diksha said the experience of working at the Burra factory had been "quite a cultural shift" but one that was rewarding and had exposed them to the complexities of the Burra supply chain.

Burra Foods continues to support the MITI program through its partnership with the Gardiner Dairy Foundation, a not-for-profit organisation that invests in research, development and extension, people capability, and community development to benefit the Victorian dairy industry and dairy communities.

INNOVATIVE APPROACH TO ASIA SCHOLARSHIP PROGRAM



Challenge drives innovation and creativity – a fact that resonates with all involved in Burra Foods' contribution to Dairy Australia's Asia Scholarship Program in 2021.

Like most other facets of life around the globe, the program has not escaped the impact of COVID-19. Due to international travel restrictions, the event has been converted from physical visits to Australia into a virtual, online format. Using cutting-edge technology, around 60 participants from Japan, Greater China and other South-East Asian countries are being taken on a virtual tour across the Australian dairy industry, meeting with milk processors, visiting dairy farms and being provided with technical and educational sessions with industry specialists and research institutions. Interactive, live-streamed cooking demonstrations (pictured above), in which participants learn various uses for quality Australian dairy products, are also being offered.

To replace the usual visit to the Korumburra site and to accommodate the new format, Burra Foods teamed up with Dairy Australia (DA) to produce an innovative video featuring a virtual tour of relevant production facilities at the plant, including the company's farm milk supply and different product categories.

Des Reilly, Burra Foods Sales Manager –



DA Managing Director, David Nation, presenting at the April graduation function for the S.E. Asia group participants.

Ingredients, said the video emphasised Burra Foods' purpose of 'partnering to bring the best of Australian dairy to the world'.

"The video also provided a valuable opportunity to inform participants of some of the important environmental, waste management and sustainability projects undertaken by Burra Foods to reduce its carbon footprint," Des said. "It also underlined the value we place on the development of our people and the important role the company plays in the local economy and community."

The DA Asia Scholarship Program has been in operation for more than 20 years and involves selected major dairy companies throughout Asia nominating key members of management to visit Australia to learn about our dairy industry. Burra Foods and some of its farm milk supply partners have for many years participated in the program, involving visits to dairy farms as well as the Korumburra site.

"The program has provided an ideal opportunity to present and showcase the Burra Foods range to participants from existing and potential new customers," Des said.

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