



COMMON GROUND

Burra Foods Community Report



SUNSHINE HELPS POWER POOWONG FAMILY BUSINESS



FROM GRANT'S DESK

Welcome to our tenth annual community report, where Burra Foods reflects on improvements, success and changes within the business, farm supply base and community.

At Burra Foods we understand all dairy farming enterprises are different. And each owner has their strategies regarding various issues, seasonal challenges, farming system and risk profile.

That's why it's important to offer options. Providing suppliers with a choice is a crucial part of our business model.

But the key challenge is to make these choices clear, to minimise complexity around farm business decisions.

Reducing confusion around milk payment systems would be a great step forward for the industry. Here at Burra we're keen to embrace an easier way to pay for milk.

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Cutting costs and gaining a more reliable power supply drove one Poowong family to install a solar energy system.

And six months after the installation, the Loughridge family are already looking at ways to tweak it. They plan to put in a control system to measure and manage power usage to increase efficiencies.

Brett and Jodie Loughridge farm in partnership with Brett's parents, Bill and Faye, milking 630 cows as part of a registered herd, Tamscot Holsteins. The family has been supplying Burra Foods since 2001.

The business is a split calving operation, milking across 243ha with another 243ha leased to run young stock.

About 18 months ago, the Loughridges decided to investigate a solar system, employing the services of an independent third party to guide them and advise on the best value offers.

"With the rising power costs, we decided to look into an alternative energy source, we looked at solar panels but didn't know much about it," Brett said. "We had a bloke come on board and he pretty much went through all the different companies and options."

The family installed 65 kilowatts of panels sitting flat on the roof of the dairy and machinery shed as well as a Hitachi lead-acid battery system with a 150 kilowatt storage capacity. The battery storage capacity is enough to run the dairy for a milking.

"Even during winter and the shorter days there was enough sunlight during the day to fully recharge the battery."

The system has been operating for six months and while they say they would need a full 12 months to assess the true impact on the business, their July power bill was half the previous year's cost.

"Even during winter and the shorter days there was enough sunlight to fully recharge the battery," Brett said. "We were completely off-grid at night time and the battery was still charged, we get more than one milking off the batteries."

Brett said the battery was a large outlay, but initial estimates predicted a return on investment within seven years. Since those first figures, power prices have escalated, and Brett

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FROM GRANT'S DESK

One of the calls to action by the Australian Competition and Consumer Commission report into the dairy industry, released earlier this year, was to simplify the farmgate milk price. I agree, the milk price is too complicated.

A key initiative to simplify it was the introduction of 1:1 butterfat and protein payments. More than half the Burra suppliers took-up this offer, an encouraging outcome.

When it comes to simplification, the nine and three payment system (one price for spring and another for the rest of the year), devised by consultant John Mulvany and favoured by the United Dairyfarmers of Victoria, fundamentally has legs. This system's merit is the reduction of risk for processors and farmers, and is something Burra could move closer to next season.

But we are not so naive to think that a 'one payment system suits all' approach is *the* answer. What suits one region of Victoria wouldn't necessarily suit another. What might appeal to farmers in South Gippsland, may not work in the Macalister Irrigation District. That's why we want to hear from you.

I encourage any Milk Supply Partner willing to talk about the simplification of the payment system, or managing risk within their business, to contact a member of our milk supply team.

We acknowledge that extreme weather conditions and higher input costs are testing all dairy farming systems and we recognise some are more fragile than

others. One way Burra Foods has helped its Milk Supply Partners manage risk is through our Fixed Farmgate Milk Price. Introduced at the start of the season, more than 20% of suppliers have locked-in a portion of their milk income at \$6 a kilogram of milk solids for 3 years. It's a way of managing risk and reducing income volatility. For every business, the more risk and volatility that can be reduced, the better.

At the advocacy level of the industry, during the second half of 2018, the function of the ADIC was well-tested when asked by the Minister for Agriculture and Water Resources, David Littleproud, to offer an industry recommendation of key clauses for the Mandatory Code. The ADIC (the body that joins the Australian Dairy Products Federation and Australian Dairy Farmers) collaborated and submitted a comprehensive document.

The industry has approached discussions about the mandatory code, the same way it addressed the eight recommendations outlined by the ACCC.

Following the dairy industry's submission to the Federal Government, the Minister announced he would hit the road, consulting with farmers and industry stakeholders.

I'm personally not a fan of the mandatory code, as it risks being a huge distraction and avoids fundamental issues such as production costs, supply chain efficiency and higher milk prices. I'm just suspicious of its ability to add value to the industry and make a difference. But the reality is that an important government agency recommended it and it's unlikely either side

of politics would ignore the ACCC.

It's time to move forward and it's the future that we are focused on. While Dairy Australia is reporting that less than 50% of dairy farmers are feeling confident about the future, and that trust between farmer and processor has been shaken, I have difficulty finding that in Burra Supply Partners.

I have said very publicly there are two types of processors – ones that stepped down in April '16 and ones that didn't - and I'm very proud that Burra are in the second group. Further, we continue to provide as much transparency as possible on FMP, farm cash flow and the short and medium-term outlook and will continue to innovate so to attempt to reduce farm income volatility.

The 2018 season is delivering a variety of untimely weather driven challenges, but seasons come and go and Gippsland is a delightfully resilient agrarian location and those located there are likely to recover quickest. Separately, I cannot ignore that some major processors behaved badly in 2016 but they are a minority number and those left are busy getting on with the business of adding as much value to milk as possible and representing a sustainable industry with a strong future.

Grant Crothers

grantc@burrafoods.com.au

For more news, visit my blog
www.burrafoods.com.au/latest-news

SUNSHINE HELPS POWER FAMILY BUSINESS CONTINUED

believes the return would now be realised within six years.

"We halved the power bill in July, but there are a lot more sunlight hours during the summer so it is going to be a lot better," he said. "Sometimes the batteries can be fully charged by 2pm in the afternoon and then we are putting power back into the grid. It all depends on the day but (putting power back into the grid) we are getting a small return on that as well."

The next step would be installing a pilot project control system to get the best use from the power generated.

"(For example) we mill feed through the day, pump water and fill tanks," Brett said. "Before, we would try and do all of this on off-peak power, but this system would look at what runs when and try and get it more efficient."

Part of this efficiency would be using more of the power they generate, as this

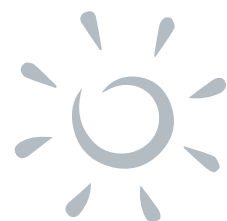
provides a better return than putting it back into the grid. This control system can be managed via a mobile phone app and it breaks down power usage as well as its source. For example, in early November on an overcast day, just after 9am, milking was almost complete. The battery was at 42 per cent as a result of milking the previous evening. At that time the solar panels were generating 4 kilowatts of energy an hour and the dairy was using 27 kilowatts/hour. Brett said the system could generate nearly 40 kilowatts/hour when there was sunshine.

The Loughridges sought advice about the installation from a private consultant who sorted through plans and vetted installers and companies. Through this advice they opted to install a Hitachi lead-acid battery rather than a new lithium battery. Brett said there was no guarantee on the lithium battery as they weren't proven, and the lead batteries were "fairly stable"

as they had been used in the outback in excessive temperatures.

As part of the installation, the family built an insulated room to keep the system at a stable temperature, using 150mm coolroom panels. An air conditioner maintains the temperature at 21 degrees Celsius ensuring it works at optimum capability.

While it is only early days, the family hope their move will help cut the cost of one of their largest on-farm expenses after feed and fertiliser. They also trust the move will protect them from power outages and the uncertainty of future power supply.





FROM MINING TO FARMING AND LOVING THE MOVE

The rolling green hills of Binginwarri couldn't be further from the mines of Western Australia and that's exactly how Dylan Benzon-Ryan likes it.

Dylan, partner Kate Miller, and son Emmett, 7 months-old, milk 165 cows across 85ha at Binginwarri, about 15km north of Welshpool. They have supplied Burra Foods for a year and a half.

The couple started dairy farming two years ago. Dylan, a diesel mechanic, had worked flying-in and out of mines throughout Australia and overseas. Kate worked in childcare.

"I grew up on a hobby farm and we bought ourselves 100 acres (40ha) and played around with some beef cattle," Dylan said.

"We decided we really liked it and then moved up from there.

"Initially we bought this place (Binginwarri) to run beefies on it and I'd keep working away, but I wanted to come back and settle down, start a family and go full-time farming. Dairy was the way to do it.

"Initially we were going to milk 100 cows and plod along but as you become more interested you want to grow your business and put a bit more in."

The couple's next goal is to develop some of their 40ha turn-out area where they run young stock and cut silage into a grazing platform. This would help push the milking herd up to 200.

"Hopefully we will grow enough grass to keep the young stock on the turn-out area as well. We will be self-sufficient," Dylan said.

Improving and learning about soil fertility and pastures has emerged as a passion for Dylan.

Along with their perennial ryegrass and clover pastures, the couple have a couple of hectares of turnips sown under irrigation as well as millet and rape to provide green-pick throughout the warmer months.

This harvest they cut about 500 rolls of silage, a volume which "should be enough" according to Dylan.

Winter had been kind at Binginwarri; the relatively dry conditions meant they maintained a 50-60 day grazing rotation with the herd.

Dylan and Kate milk a predominantly cross-bred herd which averages about 25.5 litres/cow/lactation with 4.3 per cent butterfat and 3.6 per cent protein. The herd is fed about 1.5 tonnes of grain mix/cow/year. The herd was split-calving but they are moving to a single spring calving to make the most of homegrown pasture.

Making the move to self-employment as dairy farmers has been a learning experience for the couple.

"We were very green, but not entirely green," Dylan said.

"I had worked a little on dairy farms and family friends were dairy farmers.

"But it is totally different when you are calling the shots and your own mistakes cost you money, we were straight in the deep end.

"Kate and I work as a team, the workload is shared evenly, and we enjoy working together in our business, most of the time."

Describing the local community as "awesome" Dylan said local farmers, as well as Burra Foods, had been helpful and supportive.

"Burra Foods has been really good, they have helped us out, anything we ask it doesn't seem to really be a problem," he said.

The couple chose to lock-in a percentage of their annual production at \$6 a kilogram of milk solids through the Fixed Farmgate Milk Price. Dylan said the fixed price offered stability but also worked well for their business as it was smaller and working towards building a seasonal operation.



LOYALTY A WINNER IN BUSINESS FOR POOWONG COUPLE

If you ask Jim and Jenny Watson what kept them supplying Burra Foods for 25 years, you get a simple answer.

“We haven’t had any reason to shift,” Jim said. “We always felt at the end of the season, we had been paid equal to or better than the co-operatives and I think that is still the case.”

Jim and Jenny farm at Poowong, milking 300 cows with share-farmers Matt and Caroline Wilson.

The Watsons describe themselves as loyal people in business and as the ninth supplier to Burra Foods they have remained committed.

Jim said he first enquired about supplying Burra Foods as an alternative to the other processors and was pleased with “the fact we could talk to the person in charge”.

“We spoke personally with Grant and the field officers and felt confident with the arrangement and Burra were paying slightly better than the co-ops at the time, and they have been better than them ever since.”

Jim grew up on his family’s farm, this farm was sold, and they purchased their current Poowong property. Jim said the Poowong farm has been gradually expanded as other land became available.

Matt and Caroline have share-farmed for the Watsons for the past nine years, with Jim and Jenny helping with the finance of their herd.

Jim said the relationship had worked really well. “It’s allowed Matt and Caroline to get into the dairy industry. Matt worked on farms all his life and this was taking the next step into cow ownership”.

The Watsons will retire from milking cows at the end of this financial year and move into beef. They had run beef alongside their dairy operation in the past.

MILKING GLOBAL CONSUMER TRENDS IN DUBAI



Gippsland’s finest dairy products were on display at the world’s largest food exhibition in Dubai earlier this year, as Burra Foods took the opportunity to learn more about its global customers.

Burra Foods was part of the Australian dairy contingent at Gulfood 2018, an exhibition with more than 5,000 food stalls attracting more than 100,000 visitors from Europe, the Middle East, Asia and Africa.

Burra Foods Sales Manager-Ingredients, Des Reilly, said business development was the motivation for attending Gulfood, with customers and consumers of milk products dictating the key trends in dairy manufacturing.

“Customers are demanding better quality products, innovative and functional products and safe food products backed by world standard quality and traceability systems,” he said. “The challenge for Australian dairy manufacturers such as Burra Foods is to develop products which meet these increasing demands. The stage we’re operating on is a global one ... that’s why we travelled to Gulfood.”

Burra Foods’ sales to the Middle East and North African (MENA) region are about \$20 million a year. This total market is a significant importer of dairy products globally, estimated to be about 20 per cent of international dairy trade.

“At the moment, Burra Foods’ business mostly comprises the supply of high specification milk powders to key customers in the region, as ingredients for the use in the local manufacture of UHT and evaporated milk,” Des said. “We also supply some frozen cream which is used in retail cream products and ice cream.”

Total dairy imports to this region mostly include traditional products such as butter and cheese as well as milk powders.

“Customers are demanding better quality products, innovative and functional products and safe food products backed by world standard quality and traceability systems.”

“Our focus at Gulfood was around potential business development opportunities for our range of frozen milk concentrates with key milk companies in the MENA region as well as consumer milk and milk powders,” Des said. “There are dairy farms producing milk locally in the Middle East for retail fresh milk supply, but the production systems are expensive – mostly feedlots – and key inputs such as water, feed and electricity are heavily subsidised.”

Burra Foods supplied the milk for coffee stands in the Victorian and Australian pavilions at Gulfood.

Gulfood 2018 was held at the Dubai World Trade Centre across five days in February. The event included 20 exhibitor halls covering categories such as world food, beverage, dairy, fats and oils, meat and poultry, pulses, grains and cereals as well as health and wellness.



Burra Foods’ first retail brand launched this year.



PRODUCTIVITY DOUBLED THANKS TO PACKAGING LINE UPGRADE

Gippsland frozen dairy concentrate products are hitting export markets faster and with less cost thanks to a robotic packaging line upgrade at Burra Foods.

The milk processor has been packing its food preparation products, such as cream and skim milk concentrate, using robotics for the past five months. This has doubled the volume of product packed per hour.

Burra Foods Engineering Services Manager, Darren Day, said savings had been made thanks to a lift in productivity and a decrease in labour costs, but there would also be gains in product quality.

“In the past, we’d have up to five to six people running that line manually at about half the speed it is currently running,” he said.

“We can get up to around 11 tonnes per hour, and average 8 tonnes an hour when things like downtime are factored in.”

The robotic line packs the products in 20-22 kilogram packages and then loads them onto pallets for transport to a blast freezer in Melbourne. This packaging line produces about 20 per cent of all Burra Foods’ dairy manufacturing.

Upgrading the packaging line was a 18-24 month process from conception

to establishment and required specialist input from engineers to ensure the robot could complete the specific tasks required by Burra Foods’ customers.

“We had some challenges, we make a very unique product that not many other people make and some of our customers require that product to be in a very specific packaging type to ensure that all the quality aspects are met in its transit overseas,” Darren said. “To make sure the product is fit for purpose at the other end.”

“As part of that unique packaging you can’t just go and buy something off-the-shelf to pack that for you, we’ve had to work with engineering companies to customise an engineering solution.”

Like all new shiny toys, Darren said there has been a lot of staff interest in the new system.

“Everyone likes to have a play with new equipment,” Darren said.



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
 **205**
MILK SUPPLY PARTNERS

 **68K MT**
OF PRODUCT PRODUCED FROM
340M
LITRES OF FRESHMILK COLLECTED

INVESTED
\$8.1M 
IN CAPITAL WORKS USING LOCAL SUPPLIERS & CONTRACTORS WHERE POSSIBLE

Year ended 31st Dec	2016	2017	2018*
Total revenue (\$M)	240	238	299
Total assets (\$M)	157	187	209
Raw milk processed (M litres)	297	330	340
Manufacturing output (MT)	58,908	65,724	67,845
Employees	169	185	183

*2018 Calendar Year based on Jan-Oct actual and Nov-Dec forecast



BOOST FOR SAFETY AND EFFICIENCY AT YANAKIE

The Yanakie volunteer fire brigade will add a vital new piece of equipment to its fleet in the coming months.

The Country Fire Authority received \$2,000 from the Burra Foundation after four Milk Supply Partners, who are also local Yanakie CFA volunteers, nominated the station as the preferred recipient of their \$500 community contribution offered by the Burra Foundation.

This money has gone towards a \$22,000 pool of money, which the brigade put into the Victorian Government's Volunteer Emergency Services Equipment Program, to enable them to receive a grant worth \$150,000.

The grant will allow the brigade to upgrade its "slip-on vehicle", a Landcruiser ute equipped with firefighting gear which is used for smaller fires and often by those volunteer members who can't drive the fire truck.

Yanakie CFA captain Sean Taylor said the new purpose-built "ultra-light tanker"

would ensure safer and more efficient firefighting.

"The ultra-light has a larger water carrying capacity and being a newer vehicle, it also has all the safety features," he said.

"The actual firefighting capabilities are also well and truly upgraded."

The brigades' current 12-year-old firefighting vehicle has a 300-litre water tank. The new tank would be double the size.

Sean said the Yanakie brigade was a "fifty-fifty" split between dairy farmers and other community members, including lifestyle property owners, accommodation business operators and residents.

The brigade gets calls for anything from scrub fires, car accidents, hay shed fires and any sort of emergency happening in the local region, including issues down at Wilsons Promontory.

Sean said recruiting members had become more difficult in recent years

with a smaller local population and more transient workers on larger farms.

Burra Foods' supplier Ashley Zuidema is a member of the Yanakie CFA and put his share of the Burra Foundation money towards the grant to upgrade the firefighting vehicle.

"I hadn't used Burra Foundation money before and I thought what could be more of a community purpose than the CFA," he said.

"We needed money and we had been doing raffles and all those sorts of things and we needed (another) \$1,500 and with four Burra Foods' farmers in the district we thought that will get us over the line and with \$2,000 there's a little bit left for the kitty."

For more information about the Yanakie CFA, contact the station on (03) 5687 1426.

Yanakie CFA captain Sean Taylor, Burra Foods' supplier Ashley Zuidema and Burra Foods milk supply officer Tom Wyatt. The brigade can now upgrade their firefighting vehicle thanks to a recent grant.





WATER BOOST TO HELP COMMUNITY

Burra Foods and its local community will no longer be constrained by water supply limitations thanks to a new connection to the Victorian water grid.

Korumburra was connected to its new water supply on November 20, following the State Government's announcement of the upgrade in September. The significant development means any future expansion at Burra Foods wouldn't be hamstrung by water security concerns.

Connecting the town of Korumburra to the Lance Creek Water Connection Project means water would be sourced from Melbourne or the desalination plant at Wonthaggi.

Previously, the town relied on water from three reservoirs and if this water level was low, supplementary water was pumped from Lower Tarwin.

Burra Foods had shared water allocations with Korumburra and during the past decade, as the milk processor grew, and the town expanded, there was more demand on the limited resource.

Burra Foods Environment Manager, David Lambert, said this upgrade, estimated by the Victorian Government to be worth \$43 million, would deliver reliable water supply to the region - something that

would benefit both Burra Foods and the community.

"It will be great for the community and Burra Foods; I've been here three years and for those three years during late Summer and heading toward Autumn - when reservoir levels are low - there's been restrictions for use within the community," he said. "That should no longer be an issue, unless the Melbourne supply is impacted due to extreme drought."

The next stage of the Government project will deliver this water to nearby towns.

"It is a big win for the town of Korumburra, it is no longer constrained, Burra Foods is no longer constrained and the northern towns (Poowong, Loch and Nyora) are no longer constrained by limited potable water," David said.

In September, when the upgrade was announced, Victorian Minister for Water Lisa Neville, said the Lance Creek Pipeline would deliver the water security that the South Gippsland towns need.

"Providing access to Melbourne's water system will give local businesses confidence in their water supply and the security they need to continue investing in the region, which is good for local jobs," she said.



SKY IS THE LIMIT FOR NETBALL TALENT

A promising junior netballer has received a boost to her sporting career with assistance from the Burra Foundation.

Eighteen-year-old, Shae Kyle, was part of the Under-19 Tasmanian Netball team which competed in the national competition in Adelaide, earlier this year.

The week-long competition showcased some of Australia's best under-17 and under-19 netballers.

Shae was first selected in the Victorian "tier-two development side" which ran alongside the state team, before Netball Australia officials "talent identified" her to play for Tasmania in the national competition.

She's now trialling for the 2019 Victorian team, has been asked to trial for the Australian Netball League, and is completing year 12 studies. Locally, she plays for Korumburra-Bena FNC.

Shae, the daughter of Burra Foods production supervisor Peter Kyle, received funding from the Burra Foundation which helped offset the cost of competing at the Nationals in Adelaide.

This competition provided an insight into future netball pathways for the talented junior.

"I have taken so much away from the week in Adelaide, which has helped me both on and off the court," Shae said in a letter to Burra Foods, showing her appreciation.

"I know I am at the level needed to progress, which wouldn't have been possible without your support."

Shae was recently invited to train with the New Zealand Fast5 netball team. Fast5 is a modified version of the traditional game of netball.



CLOSING THE LOOP TO CUT COSTS AND HELP THE ENVIRONMENT

Milk Supply Partners could benefit from environmental improvements at the Burra Foods processing site, as new markets are sought for its organic biomass.

The Burra Foods' Continuous Improvement team has been investigating opportunities to value-add its high nutrient biomass, a co-product of food manufacturing.

The biomass is generated from the treatment of waste water at the Korumburra plant.

Continuous Improvement Manager, Danny Wilson, said waste water treatment was an integral part of dairy processing...a necessary cost of manufacturing.

Danny said advances to the management of this waste water included "dewatering" it – removing the water, which left an organic biomass.

Burra Foods currently pays a licensed organic recycler to dispose of this material, but due to the nutrient value of the product, staff believe there's an opportunity to not only reduce costs but also decrease the businesses' environmental footprint.

"We have to pay to dispose of the material, but it has financial value, it is a high nutrient agricultural product," Danny said.

"At the moment we are investigating markets, to eliminate these costs.

"Ultimately, we would put it back on our suppliers' farms, improving soil condition and benefiting from the fertilisers aspects. This would close the loop. It would be a win-win."



Joe Meggetto on farm with his sons Nick, 8 (left) and Blake, 10.

FLYING THE FLAG FOR MENTAL HEALTH AWARENESS

Joe Meggetto says he's "gobsmacked" by how many people have opened up to him about their mental health challenges.

And the Burra Foods Warragul supplier is happy to take anyone's call, after all he believes "taking the first step" and speaking to someone is the best way to tackle what he has labelled the "silent killer".

Joe, who milks a split calving 240-head predominantly Holstein herd with wife Michelle and sons Jarrod 14, Blake 10 and Nick 8, has been vocal about mental health issues, raising money and awareness within the Gippsland community.

Most recently he was "dunked" in a tank of watery milk at the South Gippsland Dairy Expo at Korumburra with many other local dairy identities, including Burra Foods Chief Executive Grant Crothers.

"The Big Gippsland Jersey – Dunk-Off" was organised by Gippsland Jersey to raise money toward mental health charity Beyond Blue.

Joe told the crowd at the Dairy Expo that his personal battle with mental health concerns taught him to "look through the problem to find a solution". Later, he explained how he sought help by speaking with a close mate and then his general practitioner who happened to be his neighbour and a fellow farmer.

He credits part of his recovery to the fact he was able to "open up" to people who understood his situation as a farmer or as he put it "have their feet on the ground".

"For me, I was lucky to find I could talk to my best man; we talked, had a big cry and we hugged," he said.

"It was one of the things that put me right; I was scared what all the guys would think. You know, you play footy, win premierships and it's hard, but at the end

of the day you worry that people will think you are soft."

That was four years ago and Joe has been back enjoying farming for 18 months, something in the past he said he'd been prepared to "walk away" from.

"You learn to live with it, you never get rid of it," he said. "I still have bad days, bad weeks or even a bad ten days but I can manage it now."

As a dairy farmer he believes he's approachable and encouraged anyone to share their thoughts with either someone close to them, or anyone they thought would understand.

"You can't do anything unless you are prepared to take the first step and help yourself, no one can help you if it is all bundled-up inside," he said.

Recent commitments by governments to focus on mental health were welcomed by Joe, but he hoped they and other organisations would address the problem head-on with ways for people with mental illness to connect with local support networks. For example, organisations or people who understand what it is like to work in regional Victoria and as a farmer.

"Someone that people like myself feel comfortable approaching," he said.

"I really believe those in agriculture need someone (to talk to) who has got an understanding of the sector they are involved in."

Joe said mental illness should be talked about by all sectors of agriculture.

"For me as a farmer, it is now easy for me to come out and talk like this," he said.

"Hopefully it will be easier for the next farmer to come out and talk about it too; it is something that affects everyone in agriculture - not just dairy - we are really all one."



AGRONOMIST ADDS VALUE TO BURRA FOODS MILK SUPPLY TEAM

With a new baby, there's not a lot of shut-eye in Tom Wyatt's house at the moment.

"With less sleep and a bit more broken sleep I can relate to dairy farmers a bit more now," the new Burra Foods milk supply officer joked.

"It is great having our daughter, she's a pretty happy kid."

Tom and wife Roz welcomed daughter Elsie into the world in September. She was born at the Leongatha hospital.

Elsie is the first child for the couple and Tom said he's enjoyed sharing parenting stories and getting tips from many Burra Foods' suppliers.

Tom joined the milk supply team eight months ago, moving across from managing the Landmark merchandise store at Foster.

A qualified agronomist, Tom moved straight into a role at Landmark after completing a Bachelor of Agriculture at La Trobe University in Melbourne. He has spent the past eight years in Gippsland after growing up on a dairy farm at Koyuga near Tongala in northern Victoria.

Tom's looking forward to working with Burra

Foods' suppliers and learning more about the industry.

"It is a new challenge and it will broaden my knowledge of the dairy industry with a lot more financials," he said.

"It (the job) is also closer to home, at Inverloch."

With a background in agronomy, Tom will use his skills to add value to dairy farm businesses.

"I enjoy having conversations with suppliers, talking about cropping, fertiliser and chemicals," he said.

"The guys around Foster still ring and ask for advice and I'm always happy to support them.

"My background in agronomy is another service I can offer suppliers."

Tom has enjoyed the transparency of the Burra Foods business and it has been great to be able to offer suppliers a Fixed Farmgate Milk Price for this season, something that sets Burra apart from its competitors.

"It helps farmers with some price certainty to allow them to better manage their business," he said.



Burra Foods has welcomed agronomist Tom Wyatt to its milk supply team.



LOCAL PARTNERSHIP HELPS STUDENTS "THINK OUTSIDE THE SQUARE" WITH FUTURE CAREERS

Career pathways, science programs and community engagement will continue as the key focus of the partnership between Korumburra Secondary College and Burra Foods, according to the school's new principal.

Vaya Dauphin took over the top role at Korumburra Secondary College in the middle of the year and said the appeal of working at Korumburra was the chance to work in another rural school.

Vaya moved from working at Neerim District Secondary.

She said the partnership with Burra Foods and the school not only helped students explore possibilities for future careers,

it also assisted engagement with subjects such as science and a chance to "think outside the normal range of jobs".

This strong partnership has led to work experience for many students as well as employment, a partnership Vaya said the school valued.

"We feel incredibly lucky and grateful to have that partnership, not everyone has what we have."



CONSUMERS LOVE SAFETY AND QUALITY OF GIPPSLAND PRODUCE



Taiwanese consumers are embracing Pure Source Milk, appreciating the quality and full flavour of the retail product.

Burra Foods launched the Pure Source Milk, one litre fresh milk packs for export to Taiwan, five months ago.

This was the first retail product for the processor and the packaging included the innovative Farm Finder QR code. This technology allows consumers to access

information about the farms which supply the retail milk and has been a key to product safety and traceability.

Craig Nuske works in retail business development for Burra Foods and said the move to export retail milk to Taiwan not only brings diversity to the business, it enables us to tap directly into global consumer trends.

“Our Taiwanese distributor believes Taiwan’s milk supply could reduce over

coming years as less land is available for agriculture and may result in a loss of production,” he said.

“The distributor anticipates a lot more imported brands will enter the market. Importing Pure Source Milk ensures they are at the forefront of that shift. Their plan is to have the brand in the marketplace well-established for when the inevitable change in the balance between local and imported product occurs.”

Pure Source Milk is sold in 5,000 retail outlets, with each outlet stocking at least two units of product, or two one-litre packages.

Taiwanese consumers already drink more than 15 million litres of imported fresh milk annually and prefer the safety of Australian produce.

Craig said Asian dairy market research revealed one-in-four consumers select Australian dairy in preference to other supplying nations with this decision driven by the increase in product safety.

BRAND BRIDGE TO BRIDGE THE GAP

Creating Added Value Everyday is the central theme of Burra Foods’ revamped brand position, which will underpin internal and external communication from next year.

The new tag line “enhancing value throughout the dairy supply chain”, acknowledges the input of Milk Supply Partners with the world’s best ingredients, combined with the latest technology, local community as well as all staff. The “Brand Bridge” is a snapshot of the Burra business on a single page, to which everyone - internal and external stakeholders alike - can relate.

Burra Foods Marketing and Communication Lead, Yuko Granger, said the Brand Bridge would be used as a tool to guide internal and external strategic communication decisions.

The brand bridge has been described as ‘the key to a car that hasn’t been built yet’, she said. “This is a simple reflection of what Burra Foods stands for.”

“Dairy is a complex supply chain that relies on the ongoing contribution of many stakeholders and communities,” Yuko said. “Communicating all of that on one page was the idea of Fluid, a leading communication and branding consultancy,” she explained.

Burra employees then defined Burra brand using feedback direct from Milk Supply Partners, analysis of the competitive environment, consideration of employee and community perspectives and defining our brand ambition and personality.

Yuko said the Brand Bridge was developed as part of a strategic review of Burra’s overall communications. She said, “a clear communication plan was vital in continuing to differentiate Burra in all markets it operates.”

“The brand bridge workshop provided insight into how our stakeholders, Milk Supply Partners, and customers and the community view our company and current communications,” she said.





So, it's really no surprise that 70 per cent of consumers want increased traceability in the food supply chain.

Craig said Taiwanese consumers had embraced the Farm Finder QR code, appreciating that the products connect back through to the farm source in Gippsland, one of Australia's premier dairying regions.

Farm Finder QR has recorded numerous hits since its inception back in June.



"Despite being functional, our previous communications had a tendency to lack clarity and consistency in delivering our brand promise; we knew there was room for improvement."

Burra's brand values developed nine years ago - which include Persistent, Bold, Market-Led, Enthusiastic, Respectful and Keep it Fun - still represent the business today and underpin our Social Licence to Operate and Community Engagement.

Yuko said, "Burra's challenge for the coming year is to develop a range of strategies to bring the Brand Bridge to life and ensure all stakeholders reap the benefits of our new and improved communications plan."



RENEWABLES HELP ENERGY PLANNING AT BURRA FOODS

Monitoring energy usage and adapting the factory's production plan during peak electricity pricing periods has helped Burra Foods reduce running costs.

The milk processor signed a 10-year corporate purchase power agreement with Melbourne-based energy retailer, Flow Power, in December 2017.

The agreement added wind power from the Ararat Wind Farm to Burra Foods' suite of renewable energy resources, which includes solar panels installed last year.

Up to 90 per cent of its energy now comes from renewable sources, but as part of the deal with Flow Power, Burra Foods can now manage its peak energy demand by comparing the site's electricity usage with the grid price and how much is being generated by solar and wind.

Burra Foods Resource Efficiency Engineer, Niels Busser, said this "live visibility" of energy use was possible thanks to a device called a "K Watch Box".

"We are able to live track and see if the prices go up, and if there's no wind and prices on the grid go up, we might want to change our production plan to be a net exporter of power," he explained.

"We could sell power even though we are not a power business," Burra Foods Continuous Improvement Manager, Danny Wilson, added.

There are also benefits for the business with managing critical peak energy demand and altering production at the factory accordingly.

The escalating cost of energy had been eroding profit, as it's not always possible to pass price rises onto customers in an extremely volatile and competitive international dairy market.

"Looking back three years, the price of energy tripled, and we are still catching up with that," Niels said. "Not all countries in the world had that tripling of price and of course we are competing in an international market. Doing this (agreement with Flow Power), we will try to get back to a position where the business was three years ago."

But both Niels and Danny believe the deal would help Burra Foods by reducing its exposure to the external risk of the fluctuating energy market.

"The cost of energy significantly contributes to the cost to produce a kilogram of product," Niels said. "Apart from labour, energy is probably the second biggest cost of manufacturing and due to its fluctuations, it's hard to predict the cost of products next year."

Power is used for everything from manufacturing and storing up to 1.5 million litres of fresh milk a day during peak periods, to running the waste water treatment plant and recovering water from milk for use throughout the plant.

MILK SUPPLY PARTNER SERVICE AWARDS

Milk runs through the veins of everyone at Burra Foods, it is the key to the businesses' growing and diverse market.

That's why it's important to recognise the contribution of Burra Foods' Milk Supply Partners, the crucial foundation of the supply chain.

Strong partnerships with dairy farmers deliver quality products and Burra Foods wants to recognise and thank all its suppliers, especially those loyal suppliers who have been with the processor across a number of years.

At the annual milk supply partners' Christmas party, Burra Foods honoured dairy farmers who had supplied milk for 25 years and a number who had supplied for a decade.

Burra Foods values this ongoing partnership and thanked all suppliers for their support and loyalty and looked forward to working with them in the future.

SERVICE AWARD WINNERS:



Jim & Jenny Watson



Toby, Lyn & Nick Leppin

Charlie Puccio

Kelvin Trotman

Stuart & Jenny Bland

Simon, Meghan & Josh Greaves

Andy & Diana Thomas

Sean & Lisa Monson

Terri Geary

Andrew & Gabrielle Boyd

Ian Anderson & Cathryn Brewster

Matt Loader & Megan Kirk

Evan & Sheriden Williams

Ken, Margaret, Brendan & Kylie Barlow

Peter Russell



ENERGY SAVINGS ARE DELIVERING FOR BURRA FOODS

Operational stability has been the core focus of Burra Foods and has delivered energy savings right across its business.

New technology and innovative approaches to problem solving has helped cut costs and identify efficiencies.

Burra Foods Continuous Improvement Manager, Danny Wilson, said the business was now reaping the rewards from its environmental planning and investment.

"A lot of the last 12 months we have focused on operational stability, back to capability, confidence and reliability," he said. "Bedding down a lot of new technology we installed last year, that has been a key focus."

As a result, he said there had been "better delivery, with costs down and less process interruptions".

"More production to plan," he said.

One example has been an investigation into its compressed air leaks. This is one of the most expensive services on site at Korumburra, according to Burra Foods Resource Efficiency Engineer, Niels Busser.

A "little 1 mm hole" leak could cost up to \$5,000 a year, he said.

So, it was really a "no-brainer" to complete an audit across the site to identify leaks and remedy the problem.

"They were put into a maintenance program and it was a really quick win," Niels said. "Most could be rectified within a few weeks."

Two milk silos had also been moved from Poowong to Korumburra, a decision which has reduced transportation costs and the amount of traffic between the two sites.

This change, a couple of months ago, has reduced duplication and further lessened Burra Foods' environmental footprint.

Niels joined the Burra Foods business from the Netherlands, and his work on energy reduction was part of a graduation thesis for university.

Having moved to the other side of the world to Korumburra, he became a champion for energy efficiency within the business.

Part of his brief was to put forward several proposals to continually improve the Burra Foods business, cutting costs and providing more reliable energy.

Expect to see some of these initiatives rolled-out in the future as more improvements are sought to work towards a greener future.

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