

SE **Dairy**
HD AT THE heart of Australia's largest **dairy** co-operativ

BY LOUISE PREECE

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AT THE heart of Australia's largest **dairy** co-operative, food is looked at as an act of culture, but Murray Goulburn's managing director Gary Helou says not every food **company** has the same mindset.

Having a 'food mind' was vital to tap into new markets, according to Mr Helou.

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"For us, it's an act of culture. Food can be a very ordinary experience or it can be an extraordinary experience," he said.

He said most other food operators in Australia did not share the same connectedness with their markets and what consumers wanted.

"We have to get our mindset over there and connect with these people," he said.

But this connection required investment, Mr Helou said, both in time and people to understand different cultures.

"Until we, Australian companies, get over there and have our own people anchored in great bases like Singapore, **China** and Jakarta, living with them understanding how they eat, what they want, we are not going to go very far," he said.

Speaking on the theme Look North, Go North at this week's Australian Farm Institute roundtable dinner in Melbourne, Mr Helou said it was a "brave and bold" ambition something that MG took seriously.

"We need a new mindset in this country, a new footprint and a new food chain," he explained.

"A lot of people will be rolling their eyes when they hear these flowery terms but they are not flowery. If you don't believe in that, then you are stuck in that farmgate commodity, non-food producing status."

Mr Helou said he was incredibly unimpressed by Australia's track record of creating a footprint in Asian markets.

"We have not been as ambitious and outward in our thinking as possible," he said.

But Mr Helou said the big European food companies had been making a footprint for decades.

As an example he used French **dairy firm** Danone, whose single, most profitable line was not yoghurt or baby food but water.

"It is a product called Aqua, **sold** in 250 millimetre cups, **sold** for less than 20 cents each," he said.

"And the last number I read, it accounts for a third of the **company's** profit it's **sold** in Indonesia."

Mr Helou said he struggled to think of one Australian food **company**, or even a foreign-owned **company** based in Australia other than Coke in Indonesia that had taken investments into those markets and established plants, distribution and alliances.

But he said MG had an ambitious plan to break into new markets that frightened some people.

"Quite frankly, if you look at the last decade in **dairy**, it was a lost decade," he said.

"We are not mucking around with this anymore. We have a vision to be a first choice **dairy** food **company** for our farmers, for our customers, for our consumers."

He said innovation was at the forefront of MG's vision and was all about customising food for Asian consumers.

"Many of our manufacturing assets aren't capable of producing the products that Asia wants. We don't have the capability," he continued.

"But we are redrawing our manufacturing footprint and investing in operational excellence.

"Everything we sell into Asia will be made in this country as a finished good, which is great news for manufacturing in this country."

MG's capital investment plan, which is about \$500 **million**, was critical to the **company**'s success, he said.

"We don't have any other option. We have to invest because we have not invested in manufacturing and we are obsolete."

But Mr Helou was more than confident about MG's future.

"Our manifesto and we don't apologise for it, is we love **dairy** foods," he said.

"We are absolutely ambitious. We make no apologies."

He added his mindset might upset people, particularly incumbent competitors.

"It (also) might upset some of the regional media, who confuse growth with debt, who confuse growth with going forward, who are focused on the farm, which is a good thing, but you can't do it at the expense of the market," Mr Helou said.

"We want to be held accountable by the farmers. We want to be held accountable to how we are progressing their product and connecting to the value chain."

And with the Free Trade Agreement with **China** expected to be announced on Monday Mr Helou said MG was "going for it".

"We still believe we haven't quite missed the boat. **China** is at the beginning of its explosion."

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