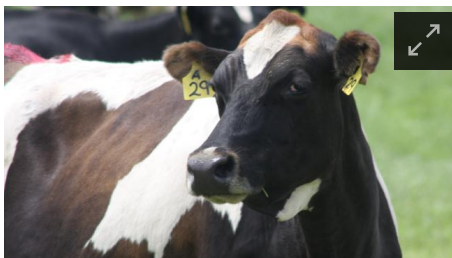


THE AUSTRALIAN

Murray Goulburn completes Tasmanian milk plant buy



Tasmania produces 850 million litres of milk a year on 430 farms

SUE NEALES THE AUSTRALIAN 12:00AM October 30, 2015

Murray Goulburn, Australia's largest agricultural co-operative, has completed its purchase of Tasmania's newest milk processing plant, the \$80 million Tasmanian Dairy Products facility at Smithton.

Murray Goulburn chief executive Gary Helou yesterday announced the acquisition of the remaining 24.1 per cent of the northwestern Tasmanian milk-processing and drying plant for \$4.8m from Mitsubishi Corporation.

The move highlights the continuing focus by Murray Goulburn on Tasmania's potential to become a far more important dairy and milk-producing region.

Tasmania produces 850 million litres of milk a year on 430 farms, all in the state's north, less than 10 per cent of the national production. But Mr Helou believes it has the capacity to become a "second New Zealand", with leaps in cow productivity, investment, irrigation scheme expansion and the conversion of dry sheep country to green dairy fields yielding a potential three billion litres of milk annually.

TDP was launched as a joint venture between local investor Little Lion Holdings, Murray Goulburn and Mitsubishi in 2011 — and its new, state-of-the-art Smithton facility opened in September 2012 — after local farmers encouraged the large Victorian-based dairy co-operative to establish a bigger milk-processing presence on the island.

After struggling at first to buy enough milk to make the 250 million litre-capacity plant productive, Little Lion last year sold out its 20 per cent share to Murray Goulburn, giving the co-operative a dominant 76 per cent stake.

TDP now processes about 210 million litres of milk or about one-quarter of Tasmania's production, making full cream milk powder, skim milk powder and anhydrous milk fat, mainly for export sale to baking and food manufacturing industries.

Earlier this year, TDP's 40 dairy farmers were invited to join the co-operative and become Murray Goulburn supplier-shareholders.

"We were pleased to be able to extend the benefits of our dairy co-operative to Tasmanian dairy farmers and we look forward to continuing to grow our supply base and production in this high-quality dairy region," Mr Helou said. "With its rich dairy tradition and favourable climate for pasture-based farming, Tasmania is an important, strategic dairy region for MG to have a strong presence in."

Murray Goulburn's operations in Tasmania now include full ownership of TDP and an Edith Creek diary.

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