



ANNUAL REPORT
2008



MILK AND MUCH MORE

Corporate Directory

REGISTERED OFFICE

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SOLICITORS

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BRISBANE QLD 4000

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LISMORE NSW 2480

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**ESTABLISHED IN 1895,
NORCO CO-OPERATIVE
LIMITED HAS GROWN
FROM A REGIONAL
DAIRY CO-OPERATIVE
TO A NATIONAL FORCE
IN AGRIBUSINESS.**

CORPORATE PROFILE

Norco Co-operative Limited, established in 1895, has grown from a regional dairy co-operative to a national force in agribusiness. Based in Lismore, New South Wales, Norco is one of the state's largest dairy processors, producing milk, cheese and ice cream under its own label and on a contract basis for some of Australia's leading brands. Norco also manufactures high quality stockfeed, bird seed and pet food, and owns and operates 25 rural stores in New South Wales and Queensland. As well as Norco's own products, the rural stores carry more than 12,000 different agricultural items.



With 252 active shareholders on 145 farms, Norco has a membership capital base of \$5.8 million and annual revenue of around \$320 million. Norco has a strong focus on adding value for members at every point in the supply chain, and on working with producers to develop innovative parallel on-farm income streams to maximise their returns. Continuing to grow a resilient business equipped to meet the challenges of the future is Norco's key strategic focus.

Norco's purpose

Norco's purpose is to build wealth, security and sustainability for our shareholders, suppliers and employees.

We achieve this by:

- maintaining a diverse and strong range of businesses
- being the primary regional purchaser and supplier of milk
- creating integrated solutions for our partners which enhance the longevity of our relationships
- being actively involved in our communities.

Norco's values

Norco's values are the foundation of everything we do.

RESPECT

- We respect individuals, shareholders and employees as equals.
- We respect people's views and opinions.
- We encourage and support people to grow as individuals and contributors to our organisation.

RESPONSIBLE

- We are responsible for preserving the co-operative principles.
- We are responsible for our actions and our performance.
- We take responsibility individually and as a co-operative.

EFFICIENT

- We add value, not cost, in everything we do. We waste nothing.

INNOVATION

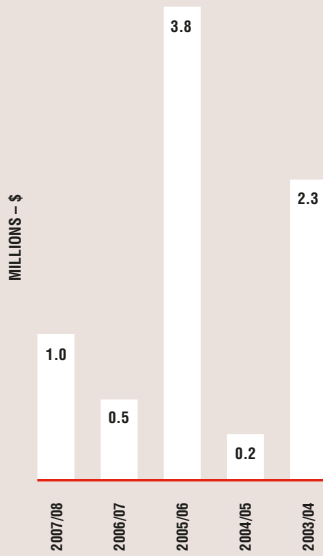
- Constantly improving, recognising that the smaller changes are as important as the bigger ones.
- We are prepared to take risks and learn from failures.
- We encourage and recognise a diversity of ideas and opinions.

FREEDOM

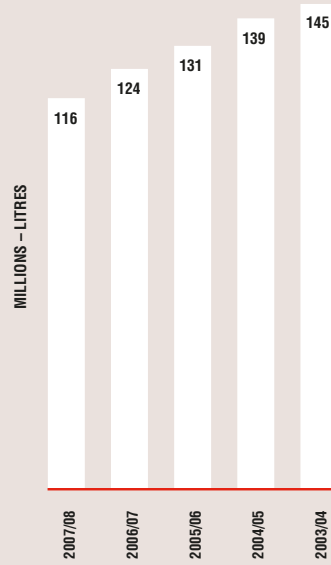
- Focus on financial returns today to give us freedom in the future.

FACTS AT A GLANCE

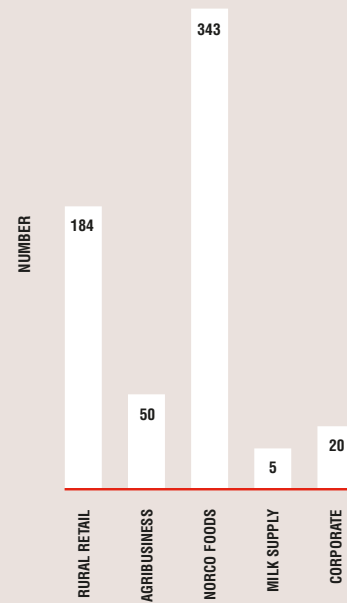
TOTAL PROFIT



TOTAL MEMBERS' MILK INTAKE

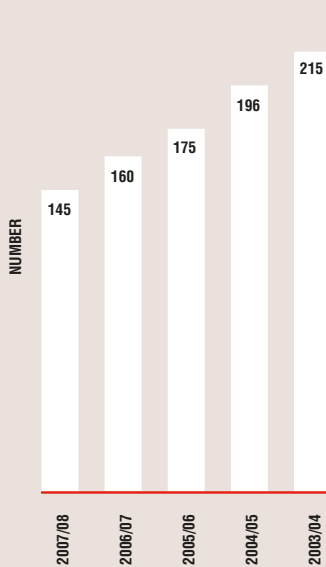


STAFF 30 JUNE 2008

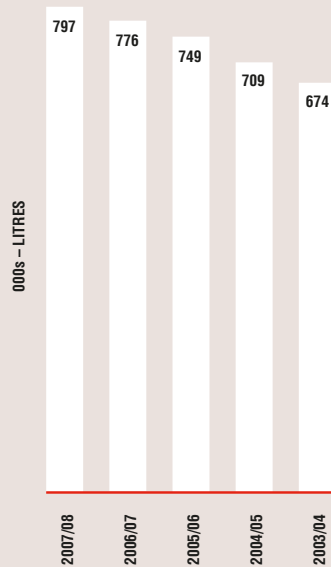


(includes permanent, part-time and casual staff)

NUMBER OF MEMBER FARMS



AVERAGE MILK PRODUCTION PER MEMBER FARM



MEMBER RETURNS

FINANCIAL YEAR	MILK PRICE	DIVIDEND	SUPPLIERS' PATRONAGE	TOTAL MEMBER RETURNS
CENTS PER LITRE				
2007/08	46.33	*0.17	0.43	46.93
2006/07	37.33	0.10	0.35	37.78
2005/06	34.58	0.48	0.32	35.38
2004/05	34.36	0.26	0.31	34.93
2003/04	34.1	0.27	n/a	34.37

*Dividend proposed for consideration at 2008 Annual General Meeting

CHAIRMAN'S REPORT



Building Norco's resilience for the future is an imperative and fundamental aspect of the organisation's strategic approach. The 2007/08 financial year saw some substantial progress made across the business as we plan for our long-term viability and to meet the current sustainability challenges that both the dairy and the broader agribusiness industries are facing.

Financial and operational performance

Improved financial performance and a significant turnaround in predictions for members' milk returns in 2008/09 capped a strong twelve months. Norco's earnings before interest, tax, depreciation and amortisation (EBITDA) was \$7.9 million, up from \$7 million in the previous year, and our suppliers' average milk price finished the period up from 37.60 cents per litre to 47.19 cents per litre.

For our non-milk supply businesses, the financial year was largely one of consolidation following the strategic and organic growth of recent times. Each of them has made good progress on key projects despite some tough conditions, as outlined in the business unit reports and case studies that feature in this Annual Report.

The overall financial result was influenced by the full-year trading benefit of the former Norco Pauls Joint Venture, however the market-driven downturn in volume stemming from high grain prices and ongoing drought had an impact on our Goldmix stockfeed business. Although these external conditions are difficult to predict, Norco's approach is not only to maximise the strength of all parts of the business but to capitalise on the profitability and development of certain aspects when the market is right. For Goldmix this currently means an increased focus on high-volume packaged product and retail which are not as affected by export pricing and seasonal variations, while continuing investment in new, more efficient processes overall.

Norco Rural Retail's excellent results – increases of 28 percent in revenue and 17 percent in net profit – reflect the expansion and operational improvements of recent years, despite strong competition and pressure on margins.

Norco Foods grew volume in both packaged milk and ice cream sales, and saw the operational benefit of the integration between milk processing at Raleigh and Labrador and Lismore's ice cream factory. Financial performance was in line with budget expectations with steady performance in all areas.

Milk supply

Norco's total milk supply remained stable at 133 million litres, with total members' milk intake supported by contract farm supply. This compares favourably to substantial production volume decline elsewhere. The Milk Supply team's work in supporting and advising our suppliers has a long-term focus to ensure this remains the case in the future.

We are confident that the structure of our milk operations positions Norco well in light of ongoing industry rationalisation. We have a unique situation as a contract packer for marketing companies, and our broad customer base and relationships with key industry parties will work well for the business and our suppliers.

As a contract packer, we are dependent on milk volume to fill those contracts, so the ongoing strength of our suppliers' operations is pivotal for us. In recognition of this, we continued to invest time and effort discussing dairy industry issues with our suppliers at regular NorcoNet forums and Supplier Meetings. In tandem with stability for our dairy operations, the financial success of our non-dairy divisions is extremely important for Norco's future, so the Board and executive team will continue to ensure our shareholders receive timely information about the broader business strategic direction.

Future outlook

Rising incomes, population growth and pressures on the limited availability of agricultural land and products are sustaining higher world food prices. Traditionally, as dairy prices rise, buyers of ingredients consider integrating lower-priced vegetable-based substitutes into their products. However, with the combined effect of production shortages and demand for biofuels, this alternative is less attractive. This is good news for the dairy sector, with predictions that it will remain strong for the foreseeable future.

Like many organisations with foundations in the rural industry and a diverse portfolio, Norco is however already seeing and preparing for some substantial change on the environmental front in both our business and primary production spheres.

Climate change and the likely related legislative aspects create both opportunities and potential challenges. The financial and flow-on impacts throughout the supply chain need to be clearly articulated to governments, and at the same time we need to be receptive to new research, technology advancement and different ways of working that will offer many exciting openings. We have embarked on a substantial planning program across Norco with those goals in mind, including engaging suppliers in on-farm initiatives and employees in generating ideas for the business.

Continuing to advocate for sustainable returns on behalf of our suppliers through the development of the Sustainable Cost Model was an important undertaking. The planning tool helps the industry adapt to the challenges of climate change and carbon trading, and has the potential to be rolled out to all agriculture sectors. The strategic imperative now is to encourage ownership by industry bodies such as the NSW Farmers' Dairy Committee and the Queensland Dairyfarmers' Organisation.

In each of Norco's divisions, there is a strong emphasis on anticipating future challenges and putting processes and ideas in place now that will serve us well in years to come. Seeking savings, looking for further integration and collaboration opportunities, anticipating our customers' needs, and continuing to manage our resources efficiently are all equally crucial in an increasingly competitive environment.

One of the Board's ongoing strategic considerations is the issue of capital. With the assistance of a number of independent advisors, we have been working through various options, with the aim of securing the future prosperity of Norco and our shareholders, and to provide for our continuing obligation to pay out former shareholders.

This is one of the most complex and fundamental challenges Norco has had to address in its history. Our shareholders are interested in a solution that will let them use their available capital to invest in their own businesses, and flexibility for Norco to build on its unique and strong business model is also important. The Board's responsibility is to take the time to ensure all aspects and possibilities are adequately considered, and we hope to be in a position to present the full picture to shareholders within the next few months. Addressing the capital issue soon – with the future in mind – is a vital part of ensuring our longer-term viability.

The services of David Hodges as an advisor to the Board were engaged during the year. A former partner of national law firm Corrs Chambers Westgarth, David provided legal and business assistance to Norco over several periods from 2000 until his retirement from legal practice three years ago. He has since worked with us on a variety of corporate and business issues, and has a good understanding of Norco's recent history and our current strategy. David's professional qualifications, his broad legal and corporate experience, and his knowledge of Norco's culture, structure and challenges give him skills and insights that are of great benefit to the organisation.

Norco people

In August 2008, Brett Kelly was appointed as Chief Executive Officer. Brett had started with Norco as General Manager Rural Retail earlier in the year, and was the successful candidate for the Chief Executive's role following a selection process that included an invitation for senior team members to apply after Murray Richardson's resignation. Brett's background includes Chief Executive and senior management roles in a variety of industries, and the Board is confident that his focus on process and clearly defined operational principles will fit well with Norco's future plans.

Murray made a substantial contribution to Norco's strategic direction, and we thank him for his work with us during a time of significant change and challenge in the dairy and agribusiness industries. We wish him well for the future.

Finally, on behalf of the Board, I offer my thanks to Norco's employees for another busy and challenging year, and to their families for the support they give. Thanks also to our business partners, our shareholders and our growing number of customers. We believe that Norco has a bright future based on continued growth, diversity, and ensuring an in-built resilience right across our supply chain, and we look forward to working together to make it happen.



GREG McNAMARA
CHAIRMAN
BOARD OF DIRECTORS

BUSINESS UNIT REPORTS

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Agribusiness

After an outstanding result in 2006/07, record high grain prices had an impact on the Agribusiness division's financial performance this year. Production volume at our Winderamill in Queensland was particularly affected by grain market volatility and its influence on feedlot and piggery volumes, the relative store cattle and fat cattle prices, and the strong Australian dollar.

While such challenges are part and parcel of agribusiness and difficult to predict, Norco's strategy is to maximise the strengths of all parts of the business, capitalising on the profitability and development of particular activities when market conditions are right.

In the current environment, we plan to increase our focus on high-volume packaged product and our retail activities which are not as affected by export pricing and seasonal conditions. In the year ahead, Norco Rural's Darra wholesale business will change its name to Goldmix, becoming the hub for sales and marketing of our in-house manufactured branded products – Crest Seeds, Meat-E-Vite Petfoods, Goldmix Stockfeeds, Goldmix Trading, and Goldmix Seed and Grain.

Investing in the future – through expenditure on new plant and equipment, innovative processes or new businesses, and on the development of our people – is also a key part of our strategy.

Upgrade works at our Lismore mill – including a new high-capacity roller mill, a new horizontal mixer and doubling the size of the bulk outloading storage capacity – have had a positive impact on the productivity and efficiency of our processing operation. We now also own the trucks and employ the drivers delivering our finished bulk product.

Installation of an innovative automated bag system has doubled the packing rate to up to 10 tonnes per hour at the mill. First of its kind in the area, the system processes a flat piece of plastic film into a bag, fills the bag with product, seals it, and then a robot lifts it off the line and onto a pallet. This is also excellent news from an occupational health and safety point of view, as back injuries were a constant challenge for the packing line team using the more manual previous system. These employees are now working in other areas of production.

Meat-E-Vite, purchased in July 2007, has given us extrusion capability for a range of dog, cat and horse feeds. Plans are well-advanced for Meat-E-Vite's relocation and integration into the Lismore mill from its current Lennox Head location.

The Norco Rural stockfeed range has had a makeover with the introduction of new 20kg packs with re-designed artwork, and we have developed a new range of green and dry feed loose-lick concentrates for cattle and sheep.

Goldmix Seed and Grain in Toowoomba contract-grades a quantity of product for large commercial Australian seed companies for both domestic and export sales, aided by new overhead weigh and electronic bagging scales. Process and efficiency improvements have also been made at Crest Seeds. Both businesses, acquired as part of the Bowdler English & Wehl purchase in 2007, are now fully integrated into the Norco Agribusiness group.

Maximising output while minimising cost is always a key consideration across Norco. Despite a difficult year, investment at the Winderamill is paying off, with our new custom-adapted bulk grain tanker trailers in full operation. With one, two and three tonne compartments, the tankers greatly increase delivery efficiency and suit our customers' volume needs much better.



Left: Brad McKay
(Goldmix Feed Mill, Lismore)

Right: Adrian Niemann
(Goldmix Stockfeeds, Winderamill)

Goldmix Goldmix employees take gold

Norco's leadership in the stock feed industry was affirmed this year with two of our team receiving a Bi-Annual Stock Feed Manufacturers' Council of Australia Development Award. Goldmix Stockfeed staff Brad McKay (site manager at Lismore) and Adrian Niemann (production manager at Winderamill) were the winners from their respective states.

The awards recognise an individual's knowledge, experience, potential for development and ability to contribute positively to their workplace and the stock feed industry.

"Part of our prize was to attend the Australasian Milling Conference and join an extensive tour of other stock feed operations. This was a fantastic opportunity and it was valuable to see how Goldmix's process compare... we picked up some great ideas," Brad said.

Norco congratulates both Brad and Adrian on their success.



Norco Foods

Norco Foods completed its first full year with an integrated operation between the milk processing facilities at Labrador and Raleigh and the ice cream factory in Lismore, a consolidation which has already had a significant positive impact on operational efficiency.

Centralisation of functions such as sales, product development and procurement have been of great benefit, as has increased sharing of knowledge, skills and processes between the three locations.

On the information technology front, SAP (enterprise resource planning software) has been successfully implemented at the Lismore ice cream factory, which gives us a common operating system and single database across Norco Foods. The SAP introduction is a credit to the SAP systems team and the Norco Foods operations crew who worked together on the complex project.

Control of processing operations has also given us greater flexibility in production and manufacturing, and the ability to grow with our customers. Expansion into new product lines and territories is no longer constrained and, for the first time, we have the capacity to increase our milk processing margins.

Financial results were in line with budget expectations, with steady performance in all areas. One of the year's success stories was packaged milk volume, which climbed steadily to achieve a total of 70 million litres. Ice cream sales were also strong for the whole period, reaching a financial year total of 22 million litres.

Norco Foods is now a major customer of Norco's milk supply business. The Co-operative's 'whole litre of milk' project is intended to optimise use of our own milk in our food products, adding value to every litre produced by our suppliers.

Fonterra remains by far our most substantial customer, and our milk business has been focused on development and growth of that alliance. We have also developed further business with two other milk customers, with volume growing to more than 3 million litres.

The ice cream business has established a strong customer base in private-label branded products and the export market. Although all ice cream product volumes were up for the year, the dramatic increase in sales of stick products was the stand-out. Our stick processing line operated 24 hours a day, six days a week during the season peak.



Quality assurance is always a key priority. All our plants maintain compliance with the high dairy processing quality standards and with our customers' stringent requirements. Over recent years, we have also made a large investment in occupational health and safety in the ice cream plant, and a number of processes were automated.

As part of our program to develop and train our own tradespeople, we now have apprentice fitters and electricians on the team at Labrador, Lismore and Raleigh. Through initiatives such as apprenticeships, Norco contributes to our communities and builds valuable resources to support the business into the future.

In line with Norco's values, innovation is a team effort at Norco Foods, so to tap into the expertise and inventiveness of our people, we actively encourage and reward ideas that will lead to better outcomes. Continuous improvement is our goal – we aim to increase efficiency, integrate functions and reduce costs wherever possible.



Roy Ruane, Norco Foods' forklift driver, prepares cardboard for recycling.

TRASH TO TREASURE

Norco Foods has been busy turning its trash to treasure through the introduction of a number of recycling initiatives.

Cardboard waste was previously bulked and stored on and off-site before being disposed of in a variety of ways across our three manufacturing locations.

That changed when Norco Foods' forklift driver Roy Ruane introduced us to a recycling company specialising in the on-selling of quality cardboard cartons and the managing and minimising of waste. Entrepreneur Leo Signs has built a successful business implementing waste management solutions for others and, with his passion for recycling and waste reduction, he is now helping Norco to achieve some significant environmental and economic benefits.

Cardboard is now redirected across the three sites at Labrador, Lismore and Raleigh. This has allowed the Lismore site to:

- vacate a storage location, saving about \$10,000 per year
- create incremental income by selling the cardboard
- open up opportunities to dispose of other items through recycling that were previously dumped, which reduces our environmental impact.

New processes have also been introduced at Labrador to recycle small and damaged plastic bottles, which were previously discarded to landfill. As a result, we have cut our solid waste for landfill by 25 percent – an excellent result in a short time-frame.



Milk Supply

Change in domestic and international marketplaces and escalating on-farm challenges reinforced the importance of Norco's strategy of working closely with our suppliers to build resilience for the future.

Despite volatility on a number of fronts, Norco's milk supply remained stable compared to significant production volume decline in other parts of Australia. Nationally, the farm gate milk price increased approximately 25 percent on the previous year, primarily driven by a major price correction in international dairy commodities. Norco's farm gate price reflected a similar increase, moving from an average of 37.60 cents/litre to 47.19 cents/litre.

The weather again proved to be an unpredictable business partner across our supply region.

Although wet conditions – including some serious flooding – returned to much of our area during the second half of the year, drought continued for many of our suppliers. Input costs grew substantially as the impacts of unprecedented global prices for fertiliser, diesel, steel and protein meals were felt and record high grain prices persisted.

Norco's ongoing commitment to providing support and advice for our suppliers is a valued aspect of the Milk Supply team's work.

We made over 500 farm visits to work on various initiatives, with the result of measurable improvements in milk quality, herd and pasture management and milk production per farm. Regular field days and tours for suppliers were held, including a visit by a large group to five farms in south-east Queensland to view different feed pad and supplementary feeding system designs.



Our future focus is part of everything we do. Increasing autumn milk production is a current aim, and the delivery of technology to improve farm efficiency and thus enhance our suppliers' long-term sustainability is also on the agenda. For example, our new Strategic Bovine Consultants will provide suppliers with nutritional and herd management services. Work with the other Norco divisions on environmental initiatives will flow right through our supply chain, and some of our suppliers are actively engaged in developing and implementing on-farm ideas.

Norco's future sales commitments to Fonterra, Parmalat and National Foods have been secured with the introduction of long-term Milk Supply Agreements, and greater cost and logistic efficiencies will result from the purchase by McColls Transport of three of Norco's milk collection contractors.

Although the members of the Milk Supply team cover a huge amount of territory each year and are not often in the same place at the same time, we have a collaborative approach and a strong team spirit. We said a fond farewell to Denise Vidler, our milk logistics officer, who has moved on after 28 years of great service to Norco. The Field Services team welcomed new graduate, Kellie Cooke, who is a rising star in the ranks of young dairy industry leaders.



Norco Rural Retail

Norco Rural Retail consolidated its position as one of Australia's leading agricultural retailers this year, building on the expansion and operational improvements of recent years. The team achieved some excellent results, with increases of 28 percent in revenue and 17 percent for net profit, despite strong competition and pressure on margins.

Norco Rural Retail's profile has been raised with the Head Office and wholesale business move to a flagship new premises at Darra in Brisbane. The introduction of the new Norco Rural branding to most of the store network – which stretches from Bundaberg to the Hunter Valley – was completed, with Kempsey and Norco Bowdlers in Toowoomba undergoing a complete refit. In Glen Innes, our store moved to a new purpose-built premises in an excellent location.

Farm inputs in many of our key product areas experienced sharp price rises as a result of strong local and international demand, which in turn led to difficulty in sourcing many products.

Cost volatility due to ongoing drought, fuel costs and global availability of raw materials will undoubtedly continue to be a challenge for both Norco and our customers in years to come.

We are working with our supply chain partners on new ideas and different processes that will help us build our financial and operational resilience in the face of such external market events in the future.

Our supplier patronage scheme delivered \$494,000 worth of benefits to Norco's shareholders as customers of Rural Stores, and is an excellent illustration of the synergies between the different parts of the Norco business. We also continued to define our product range, and have revised our replenishment ordering system for better efficiency.

The contribution made by our teams to the great financial results was recognised through our \$30,000 Platinum Incentive Scheme. We are grateful to NuFarm, Incitec Pivot and Fort Dodge, whose sponsorships helped us to reward the stores with the greatest percentage of profit improvement over budget. Congratulations to the teams at Coffs Harbour, Glen Innes and Beaudesert, who each won \$10,000.

Our ongoing success will be due in no small part to our ability to attract and retain great people. Norco Rural is a participant in Norco's graduate program which identifies and trains the next generation of Norco leaders, and we will continue to design and offer robust learning and development opportunities for all our employees.

Financial Management

The full year trading benefit of the former Norco Pauls Joint Venture (NPJV) being incorporated into the Norco business contributed to a record earnings before interest, tax, depreciation and amortisation (EBITDA) of \$7.9 million for the 2007/08 financial year, up from \$7 million in the previous year. Offsetting the NPJV upside however was the impact on the Norco Agribusiness stockfeed mills of the market-driven downturn in volume resulting from high grain prices and ongoing drought.

Norco's debt was steady at \$30.5 million this year, and there were no acquisitions. Working capital (made up of debtors, creditors and inventory) was again at a record low of 2.3 percent of sales, an achievement which puts Norco substantially ahead of accepted 'best practice' levels of 3 percent.

Despite the 'credit crunch' on global markets during the financial year, Norco's exposure was mitigated by having interest rates that were set before the liquidity crisis.

The roll-out of the SAP computer system to Norco's corporate and ice cream divisions was a major project which will deliver significant efficiencies.

NORCO PEOPLE



Continuing to build on and improve our unique culture and our values is setting the tone for many of the people-related projects on Norco's agenda.

For the first time, Norco has a robust benchmark of employee sentiment following our inaugural 'Have your say' culture survey. On many of the topics, the results strengthened our understanding of our employees' attitudes and reassured us that we are on the right track. In other areas, existing views were challenged and we have been given a tremendous opportunity to reassess our performance and approach.

One of the survey's early tangible outcomes is a plan to run an 'induction update' for all employees. This follows a finding that, particularly for many of our long-serving people who may never have been through the corporate induction program, there is a gap in their knowledge about Norco's strategy, direction and values. Boosting the engagement of our people is a worthwhile investment in Norco's future, and the 'induction update' will be an important step in the coming year. Future surveys will measure the success of the improvement strategies we develop and inform new plans.

Norco's ability to attract and retain good professional and trades people is critical to the ongoing competitiveness of our business. An innovative approach to our people management practices is helping to counter the skills shortage caused by the continuing resources boom and low unemployment, and we are paying particular attention to our recruitment and retention strategies.

For example, we now favour direct selection and the recruitment of casual employees in the majority of Norco Foods' operation instead of using labour hire firms. This is helping us to manage costs and create new employment opportunities. Norco has also supported a variety of study options for employees, ranging from initial certificate level to university degrees.

Our graduate program – which supports our communities and ensures that specialist knowledge is transferred to the next generation of leaders – has expanded to currently include seven traditional trades' apprentices and three agribusiness graduates. Bringing younger people into the dairy and agribusiness industries is crucial, and Norco makes a big effort each year to be present at regional career expos. We also attend events like Grad-Link, held annually in Coffs Harbour and Albury, which allows us to present the Co-operative and our available jobs to around 300 agribusiness graduates and to shortlist applicants.

Each year we hold a celebration to recognise the contribution of those in our 20 Year Club, and to welcome new members. Many of the 80 employees in the club have dedicated their entire working life to the Co-operative, and between them they possess a huge store of skill and corporate history.

Harnessing this collective wisdom to ensure it is not lost as long-serving employees retire is a big challenge. With assistance from a Federal Government grant, we have put in place the 'Flexible Workplace Program' in our ice cream facility at Lismore, aimed at identifying initiatives to entice those nearing retirement age to consider staying on with Norco in some capacity. This has resulted in negotiated arrangements that improve the chances of us retaining unique knowledge while giving people the chance to ease into retirement gradually. We always develop our business-wide policies based on trials in targeted areas, and are currently planning a roll-out of a similar program in other parts of the business.



Employees at Norco Rural Store, Casino.

NORCO NATIONALLY RECOGNISED AS EMPLOYER OF CHOICE

In late 2007, Norco was announced as a finalist in the 'Employer of Choice' category at the National Australia Bank *Agribusiness Awards for Excellence* in Melbourne. The awards' dinner brought together the biggest and most innovative employers in our sector to share ideas and to spotlight agriculture as an exciting and rewarding

career choice. Norco was proud to have the chance to showcase our initiatives and be seen as a leader in employment practices among such a prestigious group of companies. We are aiming for further success in future employer awards.

NORCO AND THE ENVIRONMENT

Action now, future focus

Climate change was arguably *the* hot topic of the year. To build Norco's resilience, we are committing significant resources to better understand, evaluate and manage the many impacts of climate change on our business and on our stakeholders.

Environmental responsibility is an essential ingredient of Norco's future. By strengthening the capacity of our operating systems, we increase our ability to survive, adapt and grow in the face of the unprecedented challenges presented by climate change.

Learning and knowledge are the keys. We have already increased our understanding of climate change, and realise that genuine environmental sustainability (including the use and treatment of energy, water and waste) requires an holistic approach. As part of the education process, Norco has:

- presented challenges and ideas to our employees, our suppliers and the Board
- raised awareness through regular newsletter articles for employees and shareholders
- sponsored, presented at and participated in relevant industry and community forums
- collected and distributed a broad range of market information via our employee intranet.

Norco has ongoing plans for improving environmental performance. We are analysing the Co-operative's 'carbon footprint', and participating in *Sustainability Advantage*, a NSW Department of Environment and Climate Change program. This work and other research will then be applied across the business to reduce the environmental impact of operations, including:

- working with our farming suppliers to develop and implement energy-efficient processes and responsible land use practices, including farm effluent management and water quality preservation strategies
- increasing energy efficiency and re-use of waste at our manufacturing sites
- improving efficiency of our transport and fleet operations
- investigating potential renewable energy technologies for the business and the homes of our employees and shareholders.

Benefits of Norco's environmental commitment

- **For our shareholders** – improvement of the long-term viability of Norco and the farming environment.
- **For our customers** – trust in the integrity of our products and services.
- **For our employees** – engagement in the challenge to reduce greenhouse gas emissions.
- **For our communities** – improvement of the quality of our rural and regional environments through responsible resource management and innovation.



Photo: The Northern Star/APN.

NORCO NORTH COAST NATIONAL SHOW



Norco's banner is flying high over Lismore's historic show following the signing of a three-year sponsorship deal between Norco and the Show Society. The Show features a vibrant program highlighting the best the region has to offer, including a focus on sustainability and environmental

issues which fits perfectly with Norco's work in this area. As a major local employer and contributor to the community, Norco is itself an iconic part of Northern Rivers' life, and is delighted to be involved with the success of the North Coast National Show.

DIRECTORS' REPORT

The Directors present their report together with the financial reports for Norco Co-operative Limited ('the Co-operative') for the year ended 30 June 2008 and the Auditor's report thereon.

Norco's Directors bring a range of skills and experience to the Board, including detailed knowledge of the dairy and agricultural sectors, extensive experience in business planning and strategy, strong leadership and interpersonal skills, and a commitment to achieving a harmonious balance between Norco's strategic business objectives and shareholders' needs. These skills and attributes have been further strengthened during the 2007/08 financial year by Directors committing to and undertaking education and training to ensure they keep abreast of emerging business, industry and corporate governance issues.

Directors



GREGORY J McNAMARA
CHAIRMAN

Greg McNamara has been a Director of Norco Co-operative Limited for 12 years and is from the Central Region. In addition to his role as Chairman of the Board of Directors, he is Chairman of the Executive and Remuneration Committees and a member of the Capital Repayment and Member Services Committees.

Greg runs a 300-strong dairy herd in partnership with his wife Sue and son Todd at Goolmangar, near Lismore, and grows Wagyu cattle for the Japanese export market. He has extensive experience across the agricultural sector, including dairy, beef, pigs, horticulture and animal genetics.

Greg is a member of the Australian Institute of Company Directors (AICD) and has previously completed the AICD Company Directors' Course. He regularly attends AICD short courses and Director briefings to enhance and update his skills.



THOMAS J COOPER
DEPUTY CHAIRMAN

Tom Cooper has been a Director of Norco Co-operative Limited for six years and is from the Northern Region. He has held the position of Deputy Chairman since 2003, and is a member of the Executive, Remuneration, Capital Repayment and Member Services Committees.

In partnership with his wife Vicki, Tom runs a 100-strong dairy herd at Bonalbo, west of Casino. He is a graduate of the University of Queensland's Gatton Campus where he obtained a Certificate in Animal Husbandry, and has also worked in rural merchandising. Tom is a former licensed Auctioneer and Livestock Agent.

During this year, Tom became a member of the AICD and subsequent to the year end, completed the AICD Company Directors' Course.



DAVID G BINNEY
DIRECTOR

David Binney was elected to the Board in early 2003, and is from the Northern Region. David is the Chairman of the Audit Committee and a member of the Member Services Committee.

Before acquiring a dairy farm at Wiangaree, north of Kyogle, David completed a four year course in mechanical engineering and was later a sharefarmer in a family business. David and wife Sandra now milk a herd of 300 cows, and have diverse agricultural production in cropping and grains. David and Sandra also have off-farm interests in other businesses.

David became a member of the AICD during the year and also attended the AICD Company Directors' Course (residential) over six days during June 2008. Previously, David has completed various leadership courses with Rotary, Toastmasters and Dairying Towards 2000 as well as AICD short courses.



BARRY J PAFF
DIRECTOR

Barry Paff joined the Board in early 2003 and is from the Southern Region. Barry previously served as a Director from 1996 to 1999, and is Chairman of the Member Services Committee. During his first term as a Director, Barry completed the AICD Company Directors' Course.

Barry currently milks 340 cows in partnership with his wife Kathryn at Raleigh, south of Coffs Harbour, and is a committed advocate of land care and best practice farming techniques. He has previously completed a Diploma of Agriculture at Tocal, NSW.

Barry is Deputy Chairman of the Agricultural Business Research Institution at Armidale and Chairman of the Dairy Express Sub-Committee. Barry became a member of the AICD during the year.



DAVID S PRYOR
DIRECTOR

David Pryor joined the Board in early 2003 and is from the Southern Region. He sits on the Audit and Member Services Committees.

David grew up in the Bellingen area and is a longstanding supporter of Norco. He started farming at Bellingen in 2000 with his wife Sharon where they run a 130-strong dairy herd. David has also worked in the banking industry.

During this year, David became a member of the AICD and subsequent to the year end, completed the AICD Company Directors' Course.



KERRY A WILSON
DIRECTOR

Kerry Wilson was elected to the Board in early 2003 and is from the Central Region. Kerry is a member of the Member Services and Audit Committees.

Kerry maintains a diverse range of agricultural interests in the Northern Rivers region, and is currently involved in a dairying partnership at Woodlawn, near Lismore, milking a dairy herd of 350. His partnership also processes and distributes unpasteurised goats' milk under the Nimbin Valley Dairy brand, produced at the Nimbin farm.

Kerry has a Bachelor of Business Degree, majoring in Management and Marketing, and has previously worked for a number of organisations in Brisbane including the Endeavour Foundation, Queensland Milk Board and the former Metway Bank.

Kerry became a member of the AICD during the year and also attended the AICD Company Directors' Course (residential) over six days during June 2008.

Director Elections – 2007

Messrs DG Binney (Northern Region) and BJ Paff (Southern Region) were re-elected for a three year term effective from the 2007 Annual General Meeting on 13 November 2007.

The positions of Chairman and Deputy Chairman are voted on annually by the Directors following the Annual General Meeting.

Directors' Meetings

The number of meetings of Directors (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Co-operative during the financial year are:

	DIRECTORS' MEETINGS		AUDIT COMMITTEE MEETINGS	
	A	B	A	B
GJ McNamara	20	20	-	-
TJ Cooper	20	18	-	-
DG Binney	20	20	6	6
BJ Paff	20	19	-	-
DS Pryor	20	19	6	5
KA Wilson	20	19	6	6

A Reflects the number of meetings held during the time the Director held office during the year

B Number of meetings attended

Corporate Information

CORPORATE STRUCTURE

Norco Co-operative Limited is a co-operative limited by shares that is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of the Co-operative during the financial year were the processing, manufacture and sale of dairy products, the manufacture of stockfeeds and rural retailing.

EMPLOYEES

The Co-operative employed 388 full-time, 41 part-time permanent and 173 casual employees at 30 June 2008 (2007: 380 full-time, 38 part-time permanent and 64 casual employees).

RESULTS OF OPERATIONS

The net amount of the operating profit for the financial year of the Co-operative after providing for income tax was \$1.0 million (2007: \$523,000).

DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Co-operative's activities expose it to changes in interest rates, foreign exchange rates and commodity prices. It is also exposed to credit, liquidity and cash flow risks from its operations. During the year, the Board has maintained policies and procedures in each of these areas to manage these exposures. Management reports to the Board on a monthly basis on the monitoring of and compliance with the policies in place.

DIVIDENDS

Dividends paid during the year totalled \$251,000 (being 2.5 percent of paid up capital), approved for payment at the 2007 Annual General Meeting held on 13 November 2007.

OPERATIONS REVIEW

The Directors' review of the Co-operative's operations during the financial year and of the results of those operations are as stated in the attached Chairman's Report on pages 6 and 7 of the Annual Report for the financial year ended 30 June 2008.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the Co-operative, the results of those operations, or the state of affairs of the Co-operative, in subsequent financial years.

FUTURE DEVELOPMENTS

Disclosure of information regarding the likely developments in the operations of the Co-operative in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Co-operative. Accordingly, this information has not been disclosed in this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Co-operative has entered into agreements to indemnify all Directors of the company named at the beginning of this report, former Directors and current and former officers of the Co-operative against all liabilities to persons (other than to the Co-operative or to a related body corporate) which arise out of the performance of their normal duties as a Director or officer unless the liability relates to conduct involving a lack of good faith.

The Co-operative has agreed to indemnify the Directors and officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments. The relevant insurances cover legal liabilities and associated costs arising from the performance of their duties as Directors and officers and compensation for loss or injury sustained in the course of such duties.

OPTIONS OVER UNISSUED SHARES

Options over unissued shares have not been granted to any person or Director since the end of the previous financial year to date of this report.

DIRECTORS' BENEFITS

Since the end of the previous financial year, except as declared below, no Director of the Co-operative has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements or the fixed salary of a full time employee of the Co-operative or of a related corporation) by reason of a contract made by the Co-operative or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for that benefit which may be deemed to accrue to those Directors in their capacity as dairy farmers in the supply of milk to the Co-operative in the ordinary course of business.

DIRECTORS' DECLARATIONS OF INTEREST

Mr Greg J McNamara is a partner of GJ, SP & TM McNamara which has a contract to supply Wagyu cattle to Dairy Beef Alliance. Mr McNamara has declared his interest in accordance with Section 234 of the *NSW Co-operatives Act 1992*, and in addition, excludes himself from any discussions or decisions relating to this issue.

Mr Barry J Paff is a partner of PD, BJ & KA Paff (T/A Paff Bros) which has entered into an arrangement whereby waste water from the Norco Raleigh factory is irrigated onto the property owned by the partnership. The Paff Bros partnership also has a contract to supply Wagyu cattle to Dairy Beef Alliance. Mr Paff is a Director and Deputy Chairman of the Agricultural Business Research Institute at Armidale, NSW. Mr Paff has declared his interests in accordance with Section 234 of the *NSW Co-operatives Act 1992*, and in addition, excludes himself from any discussions or decisions relating to these issues.

Mr David S Pryor is a Director and 50 percent shareholder of Pryor's Transport Pty Ltd which up until December 2007 provided contract bulk milk delivery services for the Co-operative. Mr Pryor declared his interest in accordance with Section 234 of the *NSW Co-operatives Act 1992*, and in addition, excluded himself from any discussions or decisions relating to bulk milk delivery services or any associated issues relating to the Co-operative.

Mr KA Wilson is a partner of Wilson Partnership which supplies, processes and distributes unpasteurised goats' milk under the Nimbin Valley Dairy brand in the Northern Rivers region of NSW and in Queensland. The Wilson Partnership also has a contract to supply Wagyu cattle to Dairy Beef Alliance. Mr Wilson has declared his interest in accordance with Section 234 of the *NSW Co-operatives Act 1992*, and in addition, excludes himself from any discussions or decisions relating to these issues.

ROUNDING OFF OF AMOUNTS

The amounts in this report and the accompanying financial statements have been rounded to the nearest one thousand dollars in accordance with the Co-operatives Regulation 2005.

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS

The Directors received a declaration from the Co-operative's auditor, Ernst & Young. It is included at the end of the Financial Statements.

APPRECIATION

The efforts and contribution of our management and staff during the year were greatly appreciated by Directors.

Signed in accordance with a resolution of the Directors.



GJ McNAMARA
CHAIRMAN



TJ COOPER
DEPUTY CHAIRMAN

Lismore, 25 September 2008

A woman with blonde hair, wearing a light blue lab coat over a dark blue shirt, is working in a laboratory. She is looking down at her hands, which are clasped together. In front of her on the lab bench are several petri dishes, some containing a white substance, and several bottles, some with blue caps. The background shows a laboratory sink, a paper towel dispenser, and a sign on the wall that reads "NOT DESIGNED FOR USE WITH FLAMMABLE LIQUIDS OR HIGHLY VOLATILE LIQUIDS OR LIQUIDS UNDER PRESSURE".

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, unless otherwise stated. These practices are dealt with under the headings: Board of Directors and its Committees; Internal Control Framework; Ethical Standards; Business Risks and Emergency Planning; and The Role of Members.

Board of Directors and its Committees

The Board of Directors is responsible for the overall Corporate Governance of the Co-operative including strategic direction and enhancing organisational performance, the sound management of its business and assets, confirming financial objectives, understanding and managing risks to maximise opportunities, establishing goals for management and monitoring performance against those goals. The Board of Directors is also responsible for reporting to members and being accountable to, and focused on, the needs of members and meeting statutory and regulatory requirements. To give further effect, the Audit Committee assists in the execution of the Board's responsibilities.

To better understand the operations of the Co-operative's businesses the Board receives regular reports, presentations and briefing papers on key aspects and makes site visits to the Co-operative's operations.

COMPOSITION OF THE BOARD

Under the Rules of the Co-operative the Board of Directors is comprised of a minimum of six Non-executive (supplier) Directors who represent the members from the Northern, Central and Southern regions. Each region is represented by two supplier Directors, with Directors having a three year term. At each Annual General Meeting two Directors shall retire in accordance with the Rules of the Co-operative. The Rules also allow for two Independent Directors to be elected to the Board. Currently the positions for the two Independent Directors remain vacant.

An active member of the Co-operative may seek election as a supplier Director in accordance with the Rules of the Co-operative. Independent Directors, when nominated and elected, are elected for a term of three years after which time they retire. The supplier Directors regularly consider whether or not the skills and characteristics which might be contributed by Independent Directors should be added to the Board to maximise its effectiveness. Independent Directors are to be nominated by the Board and elected by members. Currently there are no Independent Directors on the Board.

If a potential conflict of interest should arise, the Director concerned takes no part in discussions at the Board meeting on the issue, nor exercises any influence over other Board members.

Remuneration of Directors is voted on at each Annual General Meeting. The amount paid may vary between Directors depending on their level of responsibilities. Remuneration of Directors is set out in the notes to the financial statements.

BOARD CORPORATE GOVERNANCE POLICY AND EMERGING CORPORATE GOVERNANCE ISSUES

The purpose of the Corporate Governance Policy document is to provide guidance to Directors and management on how the Co-operative is to be governed in practice. The document was developed having regard to the *NSW Co-operatives Act 1992* and Norco's Rules. All current Directors have signed Deed Polls and Statutory Declarations, to ensure their commitment to the Corporate Governance Policy and the duties and responsibilities specifically addressed in the Deed Polls.

A review of the Corporate Governance Policy is periodically undertaken by the Directors to ensure that issues of governance are practised in accordance with the policy. At the same time, the policy is reviewed to ensure it is still relevant and up to date. The Corporate Governance Policy document was last reviewed by the Directors on 20 December 2007.

BOARD EDUCATION AND TRAINING

The Board of Directors established a Director Education and Training policy during the year to provide Directors with a clear understanding of the educational and training requirements to be met by individual Directors to ensure that they keep abreast of emerging business, industry and corporate governance issues.

The policy ensures that each Director shall maintain membership in the Australian Institute of Company Directors (AICD) during the period of their directorship, at the cost of the Co-operative. Newly appointed Directors to the Board shall complete the AICD Company Directors' Course within the first 12 months of their directorship. Current Directors on the Norco Board as at 26 September 2007 who have not completed the AICD Company Directors' Course shall complete the course within 12 months. On an ongoing basis, Directors are to ensure they will complete not less than 15 hours of professional development and training in each financial year. The Co-operative bears all financial costs in relation to approved Director training.

Since the introduction of this policy, two Directors completed the AICD Company Directors' Course prior to 30 June 2008 and another two Directors have completed the course during August 2008. In addition, two Directors had completed the course in previous periods and as a result, all of the current Board members now have completed this widely recognised and accredited course.

BOARD COMMITTEES

The Directors seek to achieve best practice in Corporate Governance and accountability through the following Board Committees which assist the Board in the execution of its responsibilities. These Committees have adopted Terms of Reference defining their respective roles and responsibilities.

AUDIT COMMITTEE

The role of the Audit Committee is to advise on the establishment and maintenance of an overall framework of internal control and appropriate ethical standards for the management of the Co-operative. The Committee gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies for inclusion in financial statements. The Audit Committee also embraces as part of its charter the Co-operative's Risk Management Program.

The Committee comprises three Directors elected annually, along with management invitees, the Chief Executive Officer and Chief Financial Officer. The Chairman of the Co-operative shall not be a member of the Committee.

The Audit Committee ensures:

- compliance with statutory responsibilities relating to financial disclosure
- focus on significant changes in accounting policies, standards and practices or other reporting requirements likely to affect developments in financial reporting
- regular reviews of operations and policies are conducted
- review of the audit and annual financial statements and interim financial information and the adequacy of existing external audit arrangements with particular emphasis on the scope and quality of the audit
- risk management reporting systems are in place to effectively identify and manage strategic, operational and financial risks.

The Audit Committee reviews the performance of the external auditors on an annual basis and meets them during the year as follows:

- to review the results and findings of the audit, the adequacy of financial and operating controls, and to monitor the implementation of any recommendations made
- to review the draft financial statements and the audit report and to make the necessary recommendation to the Board for the approval of the financial statements.

BOARD EXECUTIVE COMMITTEE

The role of the Board Executive Committee is to assist the Board in the efficient functioning and planning of Board meetings by monitoring and reviewing the quality and presentation of Board papers. The Committee comprises the Chairman, Deputy Chairman and Chief Executive Officer. Other Directors may also be invited to attend.

REMUNERATION COMMITTEE

The objective of the Remuneration Committee is to make recommendations to the Board in relation to the remuneration of the Chief Executive Officer and Board Directors.

In giving effect to this objective, the Committee will monitor and review Senior Management remuneration, evaluate the performance of the Chief Executive Officer and make recommendations in relation to the remuneration of Directors.

The Committee comprises two Directors and the Chief Executive Officer.

MEMBER SERVICES COMMITTEE

The purpose of the Member Services Committee is to support the Board in fulfilling its responsibilities relating to member issues that are not related to milk supply.

This is achieved by developing policies and strategies for improved communication with members and by managing exceptional circumstances such as drought and flood. The Committee also responds to member issues regarding general Board policy and liaises with members twice yearly on a district basis.

The Committee comprises all six Directors, together with the Chief Executive Officer, Milk Supply Group General Manager and Co-operative Secretary.

CAPITAL REPAYMENT COMMITTEE

The objective of the Capital Repayment Committee is to assist the Board by undertaking regular reviews of the Co-operative's ability to repay amounts due to former members in respect of their cancelled and forfeited membership without adversely affecting the financial position of the Co-operative.

The Committee comprises the Chairman, Deputy Chairman and the Chief Executive Officer. Meetings of the committee are held not less than once every three months.

Internal control framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework which can be categorised under the following headings:

- Financial reporting – there is a comprehensive budgeting system with an annual budget approved by the Directors. Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly.
- Quality and integrity of personnel – the Co-operative's policies and procedures manual. New policies and procedures are developed as the need arises or amendments made to existing policies and procedures.
- Investment appraisal – the Co-operative has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures and due diligence requirements where businesses are being acquired and divested.
- Executive authority limits – the Co-operative has clearly defined financial authority limits for management positions in relation to capital expenditure, foreign exchange, forward purchase agreements, forward grain sale agreements and general expenses.

QUALITY ACCREDITATION

The Norco Foods Business Unit strives to ensure that its products are of the highest standard. The Lismore Ice Cream Business Unit has accreditation in HACCP with the NSW Food Authority, WQA, Woolworths HACCP quality assurance standards and has an Approved Arrangement with AQIS for export. The Labrador milk factory has HACCP accreditation with Safe Foods QLD, WQA, Woolworths HACCP quality assurance standards and NCS HACCP accreditation. The Raleigh milk factory has NSW Food Authority HACCP accreditation, NCS HACCP accreditation, NASAA and ACO accreditation (both for organic milk).

In the Norco Agribusiness Unit, the Goldmix Stockfeeds manufacturing mill at Lismore has achieved FeedSafe accreditation under the Stockfeed Manufacturers' Association of Australia and HACCP accreditation. The Goldmix Stockfeeds manufacturing mill at Windaera in Queensland has achieved FeedSafe accreditation under the Stockfeed Manufacturers' Association of Australia and has both ISO 9001 and HACCP accreditation. Norco is a member of the Stockfeed Manufacturers' Association of Australia.

Rural Retail staff are AgSafe accredited for the handling, transport and recommendation of agricultural chemical products. The Rural Retail premises are AgSafe accredited for the storage and handling of agricultural chemical products.

SAFETY

Norco Co-operative Limited is committed to the safety and wellbeing of staff across its entire operations. Norco complies with the relevant safety legislation in both NSW and Queensland. On a monthly basis, the Board of Directors receives reports detailing the safety performance for the business and monitors this performance closely.

ENVIRONMENT

The Co-operative aims to ensure that the highest standard of environmental care is achieved. The Co-operative recognises that it has a responsibility to ensure that its operations are sensitive to the environment and comply with the letter and spirit of all applicable environmental legislation.

Ethical standards

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Co-operative. Every employee has a nominated supervisor to whom they may refer any issue arising from their employment.

Business risks and emergency planning

Management has identified, and is continuing to identify, business risks and potential emergencies with the aim of minimising the impact on the Co-operative.

Business risks arise from such matters as:

- action by competitors and industry rationalisation
- government policy changes
- physical loss of assets through fire or another natural disaster
- the impact of exchange rate movements on the price of raw materials and on sales
- difficulties in sourcing raw materials
- the purchase, development and use of information systems, and other emergencies that may occur.

The role of members

The Board of Directors aims to ensure that the members are informed of all major developments affecting the Co-operative's state of affairs. Information is communicated to members as follows:

- The Annual Report is distributed to all members. The Annual Report includes relevant information about the operations of the Co-operative for the financial year just ended, changes in the state of affairs of the Co-operative and details of future developments, in addition to the other disclosures required by the Co-operatives Legislation.

- Meetings are held twice a year with supplier members at various locations to personally inform them about the affairs of the Co-operative.
- In addition to the twice-yearly meetings with supplier members, a more informal communication network is in place throughout the Norco supply area called 'NorcoNet'. The purpose of 'NorcoNet' is to bring small groups of members together on a regular basis to form a local network to discuss general dairy industry issues and issues that relate to the Co-operative.
- The preparation and distribution of a Dairy Dialogue and newsletters.
- Proposed major changes in the Co-operative which relate to the core businesses are required by the *NSW Co-operatives Act 1992* to be submitted to a vote of members.
- Communication is a two-way process, and the Board encourages individual members or groups of members to attend Board meetings by appointment.

The Board encourages full participation of members at the Annual General Meeting to ensure a high level of accountability and identification with the Co-operative's strategies and goals. Important issues are presented to the members as single resolutions.

The members are responsible for voting on the appointment of Directors.