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MEDIA RELEASE

National Foods to phase out production and open new distribution centre in Hexham

National Foods has announced today it intends to phase out production at its Hexham manufacturing plant next year and open a new Distribution Centre in Hexham in November 2009.

No firm date has been set for production to cease, by the end of 2010, at the manufacturing site as different options are being pursued for different product lines. There are 78 people employed at the site.

The new Distribution Centre, to employ 19 people, is scheduled to open in November 2009. It will be located at 16 Gallegan Road, Hexham. Employees from National Foods' Cardiff Distribution Centre, due to close in November, will transfer to the new centre in Hexham, which will also handle some of the volume currently handled in the Berkeley Vale Distribution Centre.

National Foods Group Executive Manufacturing Operations, Arthur Murphy, said the decision to close the manufacturing site, where thickened cream, sweetened condensed milk and cottage cheese are manufactured, follows a strategic review.

"Any decision that will result in job losses is taken extremely seriously, but this is about helping ensure National Foods remains strong and viable in the long term," Mr Murphy said. "This is a strategic decision and no reflection on the people who are doing a great job producing quality product at Hexham every day.

"There will be no impact on local farmers as National Foods will continue to require the milk it buys locally."

Thickened cream production will transfer to another site and National Foods will explore third party manufacturing options for sweetened condensed milk and cottage cheese.

"We have a good business at Hexham but when we take into account a range of factors, including duplication in our network, the age of the site, the costs associated with manufacturing at that location and the scale of our operation we do not see long-term viability for the site. We will continue to use the Hexham site for milk storage until early 2011," Mr Murphy said.

All employees whose jobs are impacted will be fully supported and National Foods will consider redeployment opportunities along with relocation assistance where appropriate.

“Hexham, Newcastle and the Hunter Valley region are still very important to National Foods. We continue to buy local milk and sponsor the Newcastle Knights, the Newcastle Show, the Newcastle Surf Fest and the Tocal Agricultural College Field Day.”

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