

## STOCK & LAND

None

### Processors coy about Koroit

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Australian dairy processors have responded cautiously to questions about the possible purchase of Murray Goulburn's (MG) Koroit plant.

Among the potential purchasers of the one-billion-litre plant, which is currently running at about half its capacity, are Bega, the Gippsland-based Burra Foods, the NSW co-operative Norco, Victoria's Australian Consolidated Milk (ACM) and Chinese interests.

The national competition watchdog, the Australian Competition and Consumer Commission (ACCC), approved the sale of MG to Canadian processor Saputo on the proviso Saputo divests itself of the Koroit factory.

The ACCC gained a court-enforceable undertaking that the plant be sold "within a specified period".

Burra Foods chief executive Grant Crothers said the company "may be interested", in buying what he said was a "quality asset", such as Koroit.

"I have said we are looking to expand our business," Mr Crothers said.

"You have to work out if it will make some money. How do you get it to be profitable?"

Mr Crothers said any purchase would depend on whether or not it added value to Burra's business model.

"The whole dairy industry is looking to expand," he said.

"We are always interested in investing in increased capacity in Gippsland, so we are always looking at our options."

ACM managing director Michael Auld said the company, which collects from farmers in Western Victoria, had not come to a final conclusion on the purchase.

"Once we understand what's for sale, what comes as a part of it - around milk supply - and we understand in a bit more detail what it entails, we'll make a decision," Mr Auld said.

"But it's less likely, rather than more likely.

"We will just see how the process closes out - we haven't made a definitive decision, one way or another."

A spokesperson for Bega confirmed the company was interested in buying Koroit.

"We initially showed interest in buying MG, so by definition we would be interested in Koroit," the spokesperson said.

But the spokesperson said no decision would be made until the sale process had been revealed, after May 1.

"There's nothing to look at, at the moment," they said.

They said it was likely the sale would take four or five months to complete.

It's believed the Koroit plant could be valued at between \$200 and \$300 million.

Saputo already owns Australia's biggest dairy processing plant, the Warrnambool Cheese and Butter (WCB) factory, at Allansford.

The ACCC had raised concerns that Saputo owning the region's two largest plants, both near Warrnambool, would have substantially less competition for the purchase of raw milk in the region.

The ACCC claimed that would have led to farmers being paid less at least in the medium term.

"When approving a new owner of Koroit, we will focus on its ability to be a strong and effective competitor for raw milk in the region," ACCC chairman Rod Sims said.

Mr Sims has also sought a binding undertaking from Saputo to supply a guaranteed volume of milk to the prospective purchaser, for a specified time.

The final hurdle to Saputo's acquisition of MG was expected to be cleared yesterday (April 18), when the Foreign Investment Review Board (FIRB) decision on the sale was expected.

MG continued to expect the sale would complete on May 1.

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