



**HD** Victorian **dairy company** goes into receivership

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The parent **company** of a large **milk** processor, **sold** just earlier this year to foreign interests, has had the receivers called in, raising questions about some of the investments being made in the red hot **dairy** industry.

Corporate restructuring **firm** PPB has stepped in to run Five Star Foods, and put in a new manager to oversee operations of its three United **Dairy** Power subsidiaries, which **buy** and process **milk** from farms in Victoria and South Australia.

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The new managing director Marcus Derwin told the ABC that he understands any nervousness, but it is **business** as usual.

"I do know that fundamentally we've got a good **business**, it's been trading since 1999 and it has a strong **brand** presence," he said.

Mr Derwin is organising regional meetings to further meet and talk with the roughly 150 farmers who supply the **company**, and who are paid a premium for their fresh **milk**.

"I'm not aware of anyone jumping ship, which is great," he added.

The Melbourne-based **business** processes more than 200 **million** litres of **milk** a year into products including **cheese** and **butter**.

Industry body the United Dairyfarmers of Victoria said its "major concern is that farmers continue to have a place for their **milk** and keep getting paid."

"As far as we are able to ascertain, no-one is adversely affected at this point. But we are keeping an eye on it," said UDV President Tyrn Jones.

United **Dairy** Power was bought for \$70 **million** in January by **Hong Kong** businessman William Hui, who at the time said it could be a way to break into **China's** multi-**billion**-dollar powdered **milk** market.

**Dairy** ventures have been in hot demand by both domestic and overseas investors for their potential to supply rising middle-class Asian markets, particularly in **China**, with several deals signed in the past few years to supply **dairy** products, develop manufacturing plants or take over established businesses.

According to the UDV there are many large established companies who understand the industry, but the receivership of Five Star Foods could serve "as a cautionary tale to those who want to rush in and purchase a **business** they may not necessarily understand."

**Dairy** takeover frenzy continues

A large **Chinese dairy** and food producer is currently looking for investors for a new **company** that plans to **buy dairy** farms, and build two new processing plants.

Speculation has been rife in Victoria's south-west **dairy** industry over the plan to **acquire** at least 50 farms and launch a venture that would aim to capture a significant volume of the area's fresh **milk** production.

It is the type of farm model that will arise, according to the UDV, as investors consider how to move into the industry.

"The best models are slow, cautionary investment in collaborative models with people who understand the local environment, economic and regulatory frameworks," said Mr Jones.

In the statement from PPB Advisory, which is overseeing the receivership of the parent **company**, partner Greg Quinn said the priority had been to speak to all concerned and stabilise the **business**.

"This has been successfully achieved and we've been encouraged by the positive response from key suppliers and customers of UDP," he said.

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