

SE **Business**  
HD **Saputo lets rip at milk pricing**  
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GLOBAL **dairy** giant and winner of last year's heated battle for the Warrnambool **Cheese & Butter company**, Saputo, has slammed Australia's supermarket duopoly for selling **milk** cheaper than water.

Lino Saputo Jr, chief executive of Saputo International, told a Rabobank leadership dinner in Sydney he found the discount pricing of **milk** in Coles and Woolworths at a low \$1 a litre "mind-boggling and baffling".

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"It doesn't make sense: we (the processors) are all trying to beat each other at buying, collecting and processing the **milk**, and then they give it away?" Mr Saputo said.

"(Since arriving here) we've seen retailers and processors that are sometimes less than responsible in their actions, and not giving farmers a fair value for their product; that's not a game we are prepared to play.

"I don't understand the practices that are going on here in Australia, where you have competitors tripping over themselves to give away a valuable product at below cost." Mr Saputo said the low prices paid for **milk** in Australia confirmed his **firm's** decision to focus on WCB producing value-added products for export.

He also is determined to lock-in the existing 900 **million** litres supplied annually by farmers in southwestern Victoria to WCB's Allendale processing plant, and looking to grow the **business**.

He said he was not threatened by the arrival of a **Chinese** food **company** in western Victoria, investing \$500 **million** into buying 60 **dairy** farms between Colac and Mount Gambier, producing 500 **million** litres a year.

Many of the farmers who have **sold** or promised to sell their **dairy** farms to the **Chinese** joint venture consortium are traditional suppliers to WCB, who have decided to exit the industry now they are cashed up after selling their WCB shares to Saputo early this year for \$9.60 each.

Canadian-based listed **company** Saputo, one of the 10 biggest **dairy** processing companies in the world with a \$9.2 **billion business** processing 8 **billion** litres of **milk** each year in Australia, Canada, US and Argentina, beat local companies Bega **Cheese** and Murray Goulburn late last year to **buy** WCB.

Mr Saputo told The Weekend Australian his WCB team was "thinking outside the box" in how to appeal to its **dairy** farmer-suppliers to commit their **milk** to Saputo over the long-term.

He hopes to soon secure one **billion** litres of **milk**, most of which would need to come from western Victoria and southeast South Australia because of the location of WCB's processing sites near Warrnambool. "I know price is important but I am challenging them to think of other programs that compellingly demonstrate we are here to assist farmers and want to fight this fight together with them as an industry," Mr Saputo said.

"It might be joint investment programs to assist the more progressive **dairy** farmers to consider growing their production base; because we need that **milk**, both the base and the creation of a bigger surplus." Mr Saputo said Australia was a key focus for Saputo, as one of the three countries in the world with the lowest cost of **milk** production, alongside Argentina and New Zealand. "We believe in the future of the **dairy** industry in Australia," Mr Saputo said. "We are putting our money where our mouth is and investing here."

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