

HD Sun rises over new era for dairying

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Dairy producers fared well, with all tariffs on Australian **dairy** eliminated in four to 11 years. Photo: Kitty Hill

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Chinese giant New Hope will invest up to \$500million in Australian **dairy** farms and processing plants as part of a deal with ASX-listed Freedom Foods in what could be the first of many deals fuelled by the historic **China**-Australia free trade agreement. Freedom Foods and the Perich **Group** have signed a memorandum of understanding with New Hope, **China's** biggest private **company**, with interests in agriculture, financial services and real estate. "With increasing demand from markets in **China** and south-east Asia for high-quality, value-added product, Australia through companies such as Freedom Foods and Perich **Group** is well placed to play an important role in the development of this supply chain," Freedom Foods managing director Rory Macleod said. To secure **milk** supply, New Hope has set up an investment fund of up to \$500million to invest in **dairy** farms and processing.

Freedom Foods said it had built on supply arrangements with New Hope for long-life **milk** and was considering collaborating in other **dairy** operations here and overseas to take Freedom Foods products to **China**. Perich **Group**, New Hope and other investors will contribute most of the **equity** for farm investment, starting next year. News of the deal comes on the back of the free trade agreement with **China** that gave Australia unprecedented access to the **Chinese** market. **Dairy** producers fared particularly well, with all tariffs - up to 20per cent - on Australian **dairy** eliminated in four to 11 years, depending on the product. "We couldn't wish for a better deal," Murray Goulburn managing director Gary Helou said. Murray Goulburn collects almost 40per cent of Australia's 9.1billion litre **milk** pool and is the nation's biggest **dairy** exporter.

The **company** plans to raise up to \$500 **million** by listing a unit trust on the ASX next year. It comes as New Zealand-listed a2 **Milk Company** is seeking a dual listing on the Australian Securities Exchange in a bid to open up its register to Australian investors and boost the liquidity of its shares. The **company** said on Tuesday it expects the application process for an ASX listing to be completed early next year.

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