

SE **Business**
HD **Formula for success**
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INVESTORS are interested in building infant formula plants in NSW for export markets.

Dairy Connect chief executive Mike Logan said investors did not necessarily want “big plants” but were focused on plants that could produce 3.5-5 tonnes of product an hour.

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A NSW Government report released last week suggested the best prospects for significant growth in the medium term would come from large-scale production centres in more “competitive regions” and could be developed to fill the fresh **milk** supply gap, or as an integrated supply chain model.

The latter model would be capable of providing **firm** commitments on prices and volume offtake over five years.

The report, by industry consultant Fresh Agenda, said the outlook for whole **milk** powder and UHT was unlikely to foster growth from current farms.

Mr Logan said the state had the potential to “be like Victoria” and access domestic and export markets, but investors were aware that **milk** would have to be bought at the current NSW farmgate price — a premium to most Victorian farmgate prices.

“Most (interest) is from retailers and people in the retail and consumer market in Asia and **China**, not really **dairy** processors in the traditional sense,” he said.

Dairy Connect, which said it represents about 50 per cent of the state’s **milk** produced — but not 50 per cent of the farmers — said the NSW government report highlighted the need to establish market links with the right partners to develop the necessary infrastructure.

It is hoping to develop a “transparent” co-**equity** investment strategy where the NSW industry would partner with “offtake” investors to increase the state’s manufacturing and farm capacity.

“Our innovative strategy will ensure our customers receive an accountable and traceable product and the businesses along the entire **dairy** chain — the farmers, processors and vendors — will receive higher return for surplus **milk** and an opportunity to grow — it’s a win-win,” Mr Logan said.

“The proposal to develop three state of the art **milk** powder and canning facilities across the state will propel us beyond mere ingredients and let us become a small but strategic global supplier of whole products for the savvy infant nutritional market.” Last week the NSW government provided \$1 **million** to invest in growth. The report was welcomed by NSW Farmers.

But **dairy** chair Rob McIntosh said production could not be increased without higher returns to farmers. The \$1 a litre for house-**brand milk** was an “artificial price floor in the domestic **milk** market”.

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