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6 September 2023

Dear Interested Party

Re: Request for submissions: Bega's proposed acquisition of the businesses and certain assets of Betta Milk and Meander Valley Dairy from TasFoods

The Australian Competition and Consumer Commission (ACCC) is seeking your views on Bega Cheese Limited's (**Bega**) proposed acquisition of the businesses and certain assets of Betta Milk and Meander Valley Dairy (**Betta Milk and Meander Valley**) from TasFoods Limited (**TasFoods**) and its subsidiaries (the **proposed acquisition**). Further details are provided at **Attachment A**.

The ACCC's investigation is focused on the impact of the proposed acquisition on competition. In particular, we are seeking your views on:

- the impact on prices or terms of supply farmers receive for their raw milk in Tasmania, and
- the impact on wholesale prices, retail prices, and / or quality of milk-based beverages, fresh white milk and fresh milk processing services in Tasmania.

Further issues you may wish to address are set out in **Attachment B**.

This matter is public and you can forward this letter to anybody who may be interested.

The legal test which the ACCC applies in considering the proposed acquisition is in section 50 of the *Competition and Consumer Act 2010*. Section 50 prohibits acquisitions that are likely to have the effect of substantially lessening competition in a market.

Please provide your response by **20 September 2023** via email with the title: *Submission re: Bega/Betta Milk and Meander Valley - attention Gabrielle Byrne / Jacob Babic*. If you require more time to respond, please let us know.

If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Gabrielle Byrne on (02) 9102 4016 or Jacob Babic on (03) 9910 9405.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at ([ACCC mergers register](#)).

Confidentiality of submissions

The ACCC treats sensitive information it receives during a merger review as confidential, and will not publish your submission. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the Competition and Consumer Act 2010. Where the ACCC is required to disclose confidential information, we will notify you in advance where possible so that you have an opportunity to be heard. Therefore please clearly indicate if any information you provide is confidential. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Suzie Copley
General Manager
Policy, Coordination & Remedies

Attachment A

Proposed acquisition

Bega proposes to acquire the Betta Milk and Meander Valley Dairy businesses and certain assets from TasFoods Limited and its subsidiary, Van Diemen's Land Dairy Pty Ltd (**VDLD**). As part of the transaction:

- Bega will acquire the Betta Milk and Meander Valley Dairy brands, Betta Milk and Meander Valley Dairy plant and equipment (excluding the land and buildings) and the staff in both divisions;
- Bega will acquire a perpetual licence to use the Pyengana Dairy brand for milk and cream products (but not the cheese products) in Australia, and acquire the plant and equipment for these products;
- Bega will acquire certain distribution assets of the target brands and inventory from TasFoods and VDLD.
- VDLD will retain ownership of the land and building associated with Betta Milk at Burnie, and TasFoods will retain the lease associated with Meander Valley Dairy at Launceston; and
- VDLD will enter into a lease agreement for Bega to lease the Burnie site and TasFoods will enter a sublease for Bega to lease the Launceston site.

Total consideration for the proposed acquisition is approximately \$11 million.

TasFoods will continue to produce cheese products under the Pyengana Dairy brand.

Bega

Bega is an ASX listed company, headquartered in the town of Bega, New South Wales. In FY 2022 it had total revenue of approximately \$3 billion. Bega is an integrated dairy and food products company with production sites across Australia. In Tasmania Bega has a fresh milk processing plant in Hobart, which was acquired from Lion Dairy & Drinks in 2021. This processing plant produces white milk, milk-based beverages and packaged cream.

Betta Milk and Meander Valley Dairy

Betta Milk and the Meander Valley Dairy businesses are currently owned and operated by TasFoods, which is a publicly listed company, and VDLD. The Betta Milk and Meander Valley Dairy businesses produce, market and distribute a range of dairy products under the following brands:

- Meander Valley Dairy produces specialty packaged cream and butter, which is largely sold in Australia
- Betta Milk produces fresh white milk, milk-based beverages and packaged cream, which are all sold in Tasmania.

TasFoods also sells premium milk products in Tasmania under the Pyengana brand.

Attachment B

1. Please describe your business or organisation and explain your interest in the proposed acquisition, including any commercial relationship(s) with Bega or TasFoods and / or its subsidiaries.

Farmers

2. List the processor(s) to which you currently sell your raw milk.
3. What is the annual volume of raw milk you supply? Please break down the proportions supplied to different processors or supplied for other uses. What is your calving pattern (i.e. seasonal, split or year-round)?
4. Are there any other processor(s) to which you could sell your raw milk? If so, please list them. If you decide to exclude any particular processors in your region from this list, please provide reasons why.
5. Have you switched between processors in the past? If so, please indicate how frequently.
 - a. If you have not switched processors in the past, have you used any competitive tension between processors to get better prices or non-price terms for your raw milk? Please provide any examples.
6. What impact do you think the proposed acquisition will have on your business and the raw milk price you can obtain?

Dairy processors

7. Who do you consider are currently your closest competitors in acquiring raw milk in Tasmania? If there is a particular processor(s) in Tasmania that you do not consider you compete strongly with, please provide detail as to why.
8. Please comment on whether you think the proposed acquisition will have an effect on competition for the acquisition of raw milk. If yes, please explain how. If no, please explain why not.
9. Please comment on whether you currently have the capacity and capabilities to provide fresh milk processing service to third parties. If not, please comment on how readily you could expand your operations to supply fresh milk processing services to third parties, including but not limited to the investment needed and time required.

Wholesalers and retailers

10. Please comment on whether Bega and TasFoods are close competitors in the supply of fresh milk processing services and / or in the supply of fresh processed milk?
11. Which fresh milk processor(s) do you currently use and / or acquire processed fresh milk from?
12. Are there other processor(s) you could use and / or acquire processed fresh milk from? If no, please explain why not.

13. Please comment on whether the proposed acquisition will impact the prices or terms on which you currently acquire processed fresh milk and / or use fresh milk processors. Have you used any competitive tension between fresh milk processors to get better prices or non-price terms for processed fresh milk? Please provide any examples.
14. Please comment on whether the proposed acquisition will impact the retail prices and / or quality of processed fresh milk in Tasmania.
15. Please comment on whether the proposed acquisition will impact the wholesale prices, retail prices and / or quality of milk-based beverages in Tasmania.

Other information or competition issues

16. Please provide any additional information or comments that you consider relevant to the ACCC's consideration of the proposed acquisition.