

## Welfare, Nicholas

---

**From:** Mergers  
**Sent:** Tuesday, 20 October 2020 2:17 PM  
**To:** Mergers  
**Subject:** Request for comment - Proposed acquisition of Lion Dairy & Drinks Pty Ltd by Saputo Dairy Australia Pty Limited [SEC=OFFICIAL]

**Security Classification:**  
OFFICIAL

**OFFICIAL**

Good Morning/Afternoon

One of the Australian Competition and Consumer Commission's (**ACCC**) key responsibilities is to investigate whether proposed acquisitions are likely to substantially lessen competition.

We are emailing you to seek your views on a proposed acquisition of Lion Dairy & Drinks Pty Ltd (**Lion D&D**) by Saputo Dairy Australia Pty Limited (**Saputo**) (the **proposed acquisition**).

Lion D&D and Saputo both operate dairy processing plants and purchase raw milk from dairy farmers and milk brokers. They also supply dairy products to retailers. Saputo proposes to acquire Lion D&D, including its ten dairy processing plants, various retail brands like Big M, Farmers Union, and Dairy Farmers, and other assets in Australia.

We are particularly interested in your views on the questions below. We are happy to receive your response by email, or have a discussion with you over the phone.

This matter is public and you can forward this email to anyone who may be interested.

If you would like to make a comment, please do so by 5pm on **5 November 2020** by return email.

Alternatively, you are welcome to email or call me on 02 9230 3813, or call Karina Geddes on 02 9102 4008, if you prefer to set up a phone call to discuss. If we do not hear from you, we may also call you directly in the coming weeks to follow up.

### Questions

1. Please outline any commercial relationship/s you have with either of Lion D&D or Saputo, as it will help us to better understand your views.

### Farmers

2. Please list the processor(s) to which you currently sell your milk.
3. Are there any other processor(s) to which you could sell your milk? If so, please list them. If you decide to exclude any particular processors in your region from this list, please provide reasons why.

4. Have you switched between processors in the past? If so, please indicate how frequently.
5. What impact do you think Saputo acquiring Lion D&D will have on your business and the milk price you can obtain? Will it reduce the number of potential buyers of your raw milk?
6. Could you supply to a processor that does not have a processing plant in your region? If so, please indicate which processor(s) or region(s).
7. Please provide us with background on your operations:
  - a. What is the annual volume of milk you supply? Please break down the proportions supplied to different processors or supplied for other uses.
  - b. What is your calving pattern (i.e. seasonal, split or year-round)?

### **Dairy processors**

8. For each region in which you operate and Saputo and Lion D&D are also present, who do you consider to be your closest competitors in acquiring raw milk? If there is a particular processor/s in the region that you do not consider you compete strongly with, please provide details as to why.
9. Are you aware of any recent/potential dairy processors entering the regions relevant to the above question and acquiring raw milk from dairy farmers? (Please identify)
10. Are you aware of any other potential buyers (e.g. retailers or milk brokers) in those regions who are acquiring raw milk from dairy farmers? (Please identify)
11. Please comment on whether you think the proposed acquisition will have an effect on competition for the acquisition of raw milk in those regions. If yes, please explain how. If no, please explain why not.
12. Please identify whether there is any unused capacity available at your dairy processing plant, and if so, outline how much capacity you have available to acquire additional raw milk.
13. Please identify the steps required to expand dairy processing capacity and the costs of each step.

### **Purchasers of dairy products**

14. How closely do Saputo and Lion D&D compete in the supply of dairy products such as white drinking milk, flavoured drinking milk and yoghurt? Relevant factors to consider may include:
  - c. the range of products supplied,
  - d. whether Saputo and Lion D&D respond to each other's promotional activity, and
  - e. whether you can substitute between Saputo and Lion D&D dairy products. Please provide specific examples where possible.
15. If you are a supermarket, please comment on how closely Saputo and Lion D&D compete for the supply of private label drinking milk and/or processing services to your business, including examples where possible.
16. If Saputo acquired Lion D&D, is this likely to impact your business and the terms on which you acquire dairy products? If yes, please explain how.

### **Confidentiality**

The ACCC will treat any comments confidentially, and will not publish submissions regarding the proposed acquisition. 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, the ACCC will notify you in advance where possible so that you may have an opportunity to be heard. Therefore, if the information provided to the ACCC is of a confidential nature, please indicate as such. Our Informal Merger Review Process Guidelines contain more information on confidentiality.

If you have any questions, please do not hesitate to contact me.

Kind regards,

**Nicholas Welfare**

Analyst | Merger & Authorisation Review Division

**Australian Competition & Consumer Commission**

Level 20 | 175 Pitt St, Sydney

T: (02) 9230 3813

<http://www.accc.gov.au>

The ACCC acknowledges the traditional owners and custodians of Country throughout Australia and recognises their continuing connection to the land, sea and community. We pay our respects to them and their cultures; and to their Elders past, present and future.