



Australian
Competition &
Consumer
Commission

FILE NOTE			
Matter name:	[REDACTED]		
ACCC parties	Angus McAulay		
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Other parties	[REDACTED]	Note book Ref.	
		Date / Time:	20/9/2012 at 11:00hrs
Phone to	<input type="checkbox"/>	Phone from	<input type="checkbox"/>
		Meeting	<input type="checkbox"/>
		Research	<input checked="" type="checkbox"/>

Research to confirm SA fresh milk market information [REDACTED]

I conducted various internet searches to build a picture of the fresh milk market in SA. I also searched DORIS for internal papers on the acquisition by Lion of Dairy Farmers. In addition, I sought clarification of the names of the corporate groups involved, as the names of the companies seemed to change often over the last 5 years.

Companies involved

A search of 'IBIS World' (business and market information broker) indicated that the fresh milk and associated dairy products national market is dominated by four large corporate groups, and is worth approx. \$6 billion per annum –

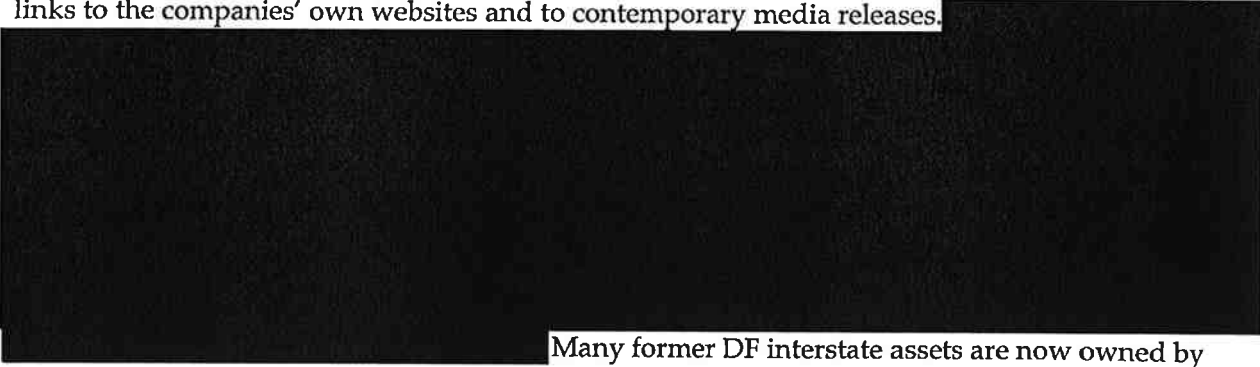
- Fonterra (a NZ based group)
- Lion Nathan National Foods (now called 'Lion Pty Ltd' but a fully owned subsidiary of the 'Kirin Group' – a Japanese conglomerate)
- Murray Goulburn Co-op
- Parmalat (an Italian company now owned by 'Lactalis', a French company)

[REDACTED] The recent documents, including those referring to the current rationalization of the network, use the name 'Lion' as the lead entity but the actual invoices and delivery notes refer to 'LD&D Australia Pty Ltd' as agent for:

- LD&D Milk Pty Ltd
- LD&D Foods Pty Ltd
- Berri Ltd
- Butterfield Specialty Foods Pty Ltd

- Dairy Farmers Limited
- QUD Pty Ltd

The apparent inconsistency is that Dairy Farmers appear to be owned by Lion. I did various searches and discovered that Lion Nathan National Foods (as then called) purchased Dairy Farmers in 2008. Searches included Wikipedia but relevant results were confirmed by following links to the companies' own websites and to contemporary media releases.



Many former DF interstate assets are now owned by Lion.

Lion Nathan was acquired by the Kirin Group (Kirin Holdings) in 2007. Lion Nathan then acquired a controlling interest in National Foods in 2008 and by 2009 had acquired 100% of the company. The entity was called Lion Nathan National Foods. In 2011 the name was shortened to 'Lion'. Lion is a diverse operator, and also owns, inter alia, several beer and wine brands along with associated brewing and wine making facilities.

The above information was confirmed on the Lion website (lionco.com.au) and the Dairy Farmers site (dairyfarmers.com.au), as well as the SA Dept of Primary Industries (PIRSA.sa.gov.au) and both dairy industry association sites (dairysa.com.au) and (dairyaustralia.com.au). There are apparently around 43 milk processor sites in SA, but little information is readily available on the size of each. Only one is owned by Parmalat and several by Lion. There are a number of small 'boutique' processors, including 'Paris Creek' and 'Fleurieu' and the total number includes processors of yoghurt, cheeses and specialty or gourmet products – not relevant to this matter.

ASIC searches

A search of ASIC's business name database reveals that the full title of 'Lion' is 'Lion Pty Ltd', ACN 128 004 268 and that the former name is indeed 'Lion Nathan National Foods Pty Ltd'. The company 'LD&D Australia Pty Ltd' ACN 083 019 390 is current and its former name is 'National Foods Australia Pty Ltd'. It is this company that appears on the complainant's invoices and delivery dockets. However, these documents all display the Lion logo and the name 'Lion' in large bold typeface.

Conclusions

This analysis is by no means extensive and the calculation of market shares would require a detailed examination of the ownership of multiple brands and the companies behind these brands. It would also require financial information on a state by state basis. The national market shares in dollar values are available for purchase from IBIS. Even with this information, the data would likely require skilled economic analysis to be able to assign close to exact market shares in SA.

However, the industry also produces perishable foodstuffs with a longer shelf life, such as yoghurt, as well as products with a much longer refrigerated product life, such as butter and cheeses. Then there is UHT milk, which has a long shelf life and requires no refrigeration. The fruit juice industry also produces long lasting sterilized fruit juices that do not require refrigeration.

Signature: *Angus McAulay*

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