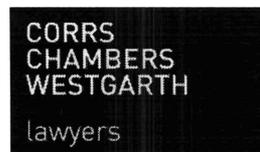


Our reference
ECS/PREM5520-9016605

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3 March 2008

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By email: danielle.staltari@accg.gov.au

Danielle Staltari
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Australian Competition and Consumer
Commission
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Eddie Scuderi (07) 3228 9319
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Dear Danielle

Application for minor variation lodged by Premium Milk

We refer to the three questions you raised in your email of 13 February 2008. We apologise for the time it has taken to respond.

The answers to your questions, using your numbering, are as follows:

Question 1

Premium Milk does not know the number of milk producers in the new zone in New South Wales. As you are aware, only eight milk producers in New South Wales have indicated a willingness to become members of Premium Milk.

However, more significantly, the authorisation that currently exists (and its predecessor) related to a potential 580 dairy farmer members through six co-operatives. As noted in the Commission's Determination in relation to authorisation A90972 dated 9 November 2005, Premium Milk's application was expressed to apply to current Premium members and to all future members¹. The Commission's Determination also noted that the size of the bargaining group was small relative to the market in which it competes².

We are instructed that the total number of Premium members as at January 2008³ is 177, well below the 580 that was subject to the original application for authorisation. Even allowing for the proposed new members in New South Wales, the total number of Premium suppliers will be still relatively small compared to the market in which Premium competes.

We are also instructed to advise that Premium is prepared to provide an undertaking not to exceed 580 members without seeking further authorisation from the Commission.

¹ See paragraph 8.26 of the Determination.

² See paragraph 10.4 of the Determination.

³ January 2008 was the last occasion upon which Premium members made a financial contribution allowing the number of members to be calculated.

Question 2

Premium is happy to provide an undertaking to the Commission not to change the proposed new zone or add a new zone in the future without seeking prior authorisation from the Commission.

Question 3

We are instructed that there have been no amendments to the Constitution since November 2005.

Please let us know if you require any further information or wish to discuss any of the matters address in this letter.

Yours faithfully
Corrs Chambers Westgarth

A handwritten signature in black ink, appearing to be 'E. Scuderi', with a long horizontal stroke extending to the right.

Eddie Scuderi
Partner

copy: joanne.balisi@acc.gov.au