

## STOCK & LAND

News

### Board quit

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A disagreement over the direction of Australia's largest dairy farm, Tasmania's Moon Lake Investments (MLI), has seen the resignation of its entire board.

Former deputy chair Dr David Crean and non-executive directors Keith Sutton, Rob Poole, Bruce Donnison and Simon Lyons resigned en masse on Tuesday.

In addition, the chief executive of Moon Lake's subsidiary company, VDL Farms', Evan Rolley will not extend his contract beyond June 30, 2018.

Dr Crean said the resignations were in response to Moon Lake's owner, Chinese businessman Xianfeng Lu, who denied advice on corporate governance and the need for millions of dollars in farm upgrades.

The board requested a \$2 million dollar investment to build dams and irrigation to drought-proof the 24 north-west Tasmanian properties, which Dr Crean said was rejected by Mr Lu.

"Given we had a material risk in front of us - it was a one in a 20-year dry season - we had to buy in extra feed," Dr Crean said.

"It's about protecting the profit of the business."

For the past three months, Dr Crean said the board tried to persuade Mr Lu to commit to on-farm capital expenditure of \$4 million annually for three years.

He said the money was needed for wallaby fencing, new laneways, and feedlots.

"Everyone of the managers on the farms would tell you, straight away, the capex (capital expenditure) we were proposing is necessary," Dr Crean said.

"The wallabies are prolific - they eat any pasture you grow."

Dr Crean said the board was offering advice, based on expert information, which was being ignored by Mr Lu.

"We said, 'what are we here for?'" he said.

Dr Crean said Mr Lu had essentially taken back control of the company.

"He will be chief executive of everything," he said.

"He will run the farms with a general manager, which the (former) board considers totally inadequate. We need a well credentialed chief executive, who has the unanimous and strong support of the board."

Dr Crean said the board was at a loss as to why Mr Lu rejected their advice.

"We were commissioned, as a board, to provide fearless and fair advice and we took our obligations, according to corporate law," Dr Crean said.

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