

# THE LAND

News

## Farm sale raises FIRB query

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Turmoil at Australia's biggest dairy company, Tasmania's Moon Lake Investments, has raised serious questions about the role of the Foreign Investment Review Board, say China experts.

A disagreement over governance and spending by Moon Lake Investments' owner, Chinese businessman Xianfeng Lu saw the company's entire Australian board step down last week.

In addition, the chief executive of Moon Lake's subsidiary company, Van Diemen's Land Company, Evan Rolley will not extend his contract beyond June 30, this year.

Former Moon Lake deputy chairman Dr David Crean said the board resigned after Mr Lu rejected its advice on corporate governance and the need for millions of dollars in farm upgrades. University of Tasmanian senior lecturer in Chinese studies, Dr Mark Harrison, said the issue raised questions about the role of the FIRB. The board approved Moon Lake's \$280million purchase of VDL in 2016.

Dr Harrison said at the time of the purchase, Mr Lu had access to a large amount of credit, dairy consumption in China had increased sharply and there was a corresponding increase in prices.

"He was looking for overseas acquisitions, and this opportunity came up," Dr Harrison said. "But he made promises about investment and there are questions about the viability of that."

Mr Lu created Moon Lake specifically to buy VDL.

He promised an additional \$100 million investment, over five years, with the aim of increasing job numbers from 140 to 235.

Dr Harrison said there were also questions about jurisdiction when it came to foreign investment.

"What exactly is the remit of FIRB and the remit of the State government when these types of foreign investments impact upon local communities? It would seem to me there is a question about exactly how you get those systems to work better."

Dr Harrison said the FIRB's remit was relatively limited, looking only at the national interest. And Australia China Business Council agribusiness and food chair Barry White said the troubles at Moon Lake "certainly raise a lot of question marks" about the role of the FIRB.

"We don't want to make it so restrictive that we turn people away. But there has to be a balance.

"I think the FIRB does have a role to show more interest and more understanding of these transactions," he said.

Mr White said the case highlighted concerns about the quality of due diligence, carried out by Chinese investors.

The price Mr Lu paid for VDL was "a big investment in anyone's eyes".

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