

STOCK & LAND

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Moon Lake lessons learned

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521 words

3 May 2018

Stock & Land

FSTOCL

13

English

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Valuable lessons have been learned, following the sale of Australia's biggest dairy farm to a Chinese investor, says a leading Tasmanian academic.

The entire board of Moon Lake Investments, which owns the Woolnorth, Tasmania, Van Dieman's Land Company, resigned last week.

University of Tasmanian senior lecturer in Chinese studies, Dr Mark Harrison, said the Tasmanian government appeared to have learned from the initial enthusiasm surrounding the 2016 sale.

"In 2015, the Tasmanian government expressed a great deal of optimism about the prospect of Chinese investment but was not very cool-headed about who the people were," Dr Harrison said.

"The State government now seem to have a much clearer recognition of some of the issues that have resulted from the sale."

"They have adopted a more circumspect tone.

"Lessons have been learned and that's a good thing."

Dr Harrison said the enthusiasm around Chinese investment was particularly evident around the visit by Chinese president Xi Jinping to Tasmania, in 2014.

Dr Harrison said it appeared Moon Lake's owner Chinese businessman Xianfeng Lu had a complex business empire, under ongoing reorganisation.

"He has juggled different entities as part of his operation," Dr Harrison said.

Mr Lu was like many successful business people in China a "self-made man" who had benefited from China's economic boom,

Dr Harrison said Mr Lu had a business making window blinds and sunshades and had experienced a drop off in profit growth.

"In 2012-16, he embarked on a growth strategy to take on debt and begin acquisitions," he said.

"It could be that this strategy has created medium-term challenges."

A spokesman for Mr Lu said the company's record since buying the property had been to maintain all jobs.

That was despite the 2016-17 milk price collapse and severe drought conditions, which affected production.

"The company has invested some \$14 million in development of two new dairy farms," the spokesman said.

Moon Lake had also invested heavily in development of Australia's biggest commercial organic milk farm project, currently converting three properties, totalling 760 hectares.

"The company has invested strongly into developing markets in China for its premium Van Milk, and it is currently in the process of developing new products for international and domestic markets, including organic UHT milk and yoghurt," the spokesman said.

Currently, an average of 10,000 litres of milk a week is flown to Ningbo, China, from Melbourne.

Fund manager AgCAP's chief executive Martin Newnham said his group had extensive experience in corporate dairy.

"You need to invest in your farm and people and you need to be proactive around the seasons," Mr Newnham said.

"We had years when we were very pleased we had secured fodder and good water assets."

He said dairy was a "multi-year" business.

"The climate will have an impact on calving, and production is not the sort of business you can stop," he said.

"It's not like a cropping situation where you can chose to put a crop in, or not."

The Tasmanian Government has been contacted for comment.

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