

STOCK & LAND

Irrigation would boost VDL dairies

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North-west Tasmanian farmers and agronomists say irrigating Australia's largest dairy, Moon Lake Investments' Van Dieman's Land Farms, would significantly benefit production.

Moon Lake's entire board resigned, after failing to convince owner Xianfeng Lu to spend \$2 million on irrigating the company's 24 properties.

Former deputy chairman Dr David Crean said the board also estimated \$20 million needed to be spent on infrastructure upgrades, in the next four years.

"You have to spend capital on the business," Dr Crean said.

"The farms will be struggling with profitability - a large part of the expenditure was for maintaining or improving profitability."

Dr Crean said Mr Lu gave no reason for rejecting expert advice about irrigation and infrastructure spending.

GAME CHANGER:

Farm experts said general asset protection, such as maintenance of laneways, dairies and cow housing, was critical to the industry.

It should be a priority, before spending money was spent on other areas.

Montagu dairy farmer Dave Field irrigation was "a game changer.

"It's about the amount of pasture you can grow and the quality; it gives you more control," Mr Field said.

"It can get very wet and very dry here.

"If you have good drainage and good irrigation it helps.

"Good infrastructure and keeping it simple works."

Circular Head dairy consultant Andrew Wright said every farm was different.

"Drought proofing a farm will depend on the available water and the cost of delivering that water to grow feed or for pasture and crops," Mr Wright said.

"Provided that the economics of what a farmer can get for their product, along with associated costs with producing that milk, if irrigation is one of those costs and it stacks up to be economic to be applying that water, it has to be a no-brainer to be installing it.

"The fact that the board and the CEO were so keen to see investment on irrigation, why didn't the owner do it?"

And 2017 Tasmanian Share Dairy Farmer of the Year Cody Korpershoek, from Circular Head Farms, said irrigation "definitely adds value."

He said 35 per cent of the property he managed was irrigated.

"We had a very dry summer but we have had a good autumn," Mr Korpershoek said.

"It definitely helps you out

"It keeps your costs down, because you don't have to buy in fodder."

Meanwhile, a strident critic of the 2015 sale of Van Dieman's Land Farms to Moon Lake has said "the miraculous promises" around the purchase were starting to unravel.

Denison Independent MP Andrew Wilkie said those who opposed the sale were right all along.

"For example the big investment in new infrastructure, and presumably environmental improvements, is not being realised and lots of new jobs are not being created," Mr Wilkie said.

"Instead Australia's biggest dairy producing asset has become just another Chinese mass production centre for low-value products.

"No wonder the Australia board is bailing out."

But a spokesman for Mr Lu said the company's record since buying the property had been to maintain all jobs, despite the 2016-17 milk price collapse.

Severe drought conditions had also affected production.

"The company has invested some \$14 million in the development of two new dairy farms and has invested heavily in development of Australia's biggest commercial organic milk farm project," he said.

The process of converting three dairies, totalling 760 hectares, into organic production was well underway.

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

"The company has plans for other significant investment which it expects to announce in the coming year."

Moon Lake, which bought the historic Van Dieman's Land (VDL) company in 2015, has a herd of between 28,000 and 30,000 cattle.

It produces around 100 million litres of milk, processed by Fonterra, of which an average of 10,000 litres a week is sold into the Chinese market.

Moon Lake was created by Mr Lu specifically to buy VDL and he promised an additional \$100 million investment, over five years, with the aim of increasing job numbers from 140 to 235.

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