

THE LAND

SE EARLY GENERAL NEWS

HD **Dairy** eyes on NSW?growth

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CHEAPER land and well-advanced plans to add export value to NSW **milk** are set to make the State's Central West a growth zone for the Australian **dairy** industry in the next two years.

Although long overlooked by the **milk** industry as something of a "bridesmaid" State for manufacturing, NSW's **dairy** potential is now being seriously reviewed by overseas investors, says **Dairy** Connect NSW chief executive officer Mike Logan.

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Part of the attraction was the State's **dairy** farmland values, which at \$20,000 a hectare were typically \$30,000/ha cheaper than New Zealand, and well below Victoria and Tasmania.

Sea freight costs to Asia were lower from Sydney.

Mr Logan said the first of three proposed **milk** powder plant projects in NSW was on the cusp of being signed off with foreign investment backing at Orange, and off-take agreements for powder products had already been lined up with **Chinese** retailers.

Australia produced just 108,000 tonnes of whole **milk** powder last year (down 22 per cent on the previous year), while **China** consumed 1.8 **million** tonnes, including most of NZ's 1.25m tonne output.

With backing from energy supplier AGL, **Dairy** Connect's push to get similar small, but efficient powder plants built at Gloucester on the Mid North Coast and Nowra on the South Coast was likely to require up to 500 **million** litres annually for all three sites, lifting **milk** demand from NSW farms by 50 per cent within five years, Mr Logan said.

"We believe the Central West will be an enormous growth area for **dairy** within two years," he told this month's Australia-**China Business**- Week forum.

"NSW represents a great chance to invest at a grass roots level, particularly for the **Chinese** industry.

"We're showing investors we are competitive with NZ or Victoria or Tasmania and well-run farms can make serious money."

He pointed to a relatively modest-sized, low-cost 300-cow Lachlan Valley farm milking 38 litres a head daily (well up from the NSW average of about 26L/day).

"This bloke has a tax problem, so he's just bought the farm next door," Mr Logan said.

Given **Chinese dairy** retailers were now legally responsible for guaranteeing the quality of products they **sold**, it made sense for **Chinese** businesses to co-invest in the entire **milk** supply chain.

Dairy Connect also wants to see NSW's emerging **milk** powder sector value-added with a nutritional powder or infant formula production plant in Sydney.

While the Norco co-operative had broken new ground proving the credibility of NSW processing and quality assurance standards with its much-applauded fresh **milk** exports to **China**, Mr Logan was not convinced the fresh **milk** export advantage would last for long.

"We need to get into a market that's bigger and infant formula is certainly an area that's suitable for NSW," he said, noting **Chinese** families were obsessed with the health and nutritional needs of their children.

"The **Chinese** mum might seem like a nice enough lady, but she's the toughest and probably the most well informed mother in the world when it comes to knowing about her child's health and needs.

"She's educated, connected, internet savvy and has an enormous impact on the marketplace when making decisions about what's safe and good for her child."

Freedom Foods has also focused on servicing the needs of **Chinese** brands including Bright Foods and New Hope, helping them build their quality credibility with Australian-sourced **milk** products.

"We focus on what we're good at making quality product and helping build the reputation of others' brands in Asia," said managing director Rory Macleod.

"I don't think we can easily be good at taking our own brands to Asia when local companies already have a market position, but our products can enhance their brands."

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