

SE **Business**  
HD **Chinese** lapping up **dairy** farms  
BY SUE NEALES, Rural reporter  
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EXCLUSIVE **CHINESE** investment is flooding into Australia's **dairy** industry, with four multi-**million**-dollar mega-deals in progress that are likely to see **Chinese** state-owned companies taking big stakes in all Australia's largest **dairy** farming **operations**.

In western Victorian, about 50 **dairy** farmers between Colac and Mount Gambier have signed individual option deals to sell their farms, worth a collective \$400 **million**, to a secretive **Chinese**-dominated **dairy** conglomerate being put together by Tasmanian-based property developer Troy Harper.

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The 50 farms together run 90,000 cows producing 500 **million** litres of **milk** a year, about one-twelfth of Victoria's total **milk** supply.

The plan is for the newly aggregated farms to boost their **milk** production by at least 50 per cent, to supply two new consortiums-owned processing plants to be built in western Victoria that would process and export \$700m worth of prized infant **milk** formula into **China** and other global markets.

Mr Harper, who describes himself as a private **equity** facilitator through his **company** Linear Capital, would only reveal that the **Chinese** part-owner of the massive new **dairy** venture was a "major dominant state-owned Beijing-based player" in the food industry, with established brands, trading might and retail power.

He declined to name the **Chinese company** — there is speculation it is the dominant COFCO **Group**, **China**'s largest food processing, manufacturer and trader, or its listed subsidiary **China** Food — or to name the other global and Australian investors who took up the other 49 per cent of the as-yet unnamed new **dairy** behemoth.

But Mr Harper said the full extent and details of the deal would become clearer in the next two days. "We have partnered with a major **group** out of **China**; this is about putting together a new way of doing things, building a global **business** and getting a better deal for farmers," he said yesterday.

"They were looking to try and find a piece of the industry and restructure it so it worked for them; we were asked to (assemble an entity) to supply to the scale of 500 **million** litres of **milk** a year; it has taken eight months but we have now concluding (buying) our farms." The new **business** will be Australia's largest **dairy** farming **company**, five times bigger than the large Van Diemen's Land **Company** (VDL) in northwest Tasmania, which the state-owned **Chinese** Investment Corporation came close to buying last year for more than \$200m.

It was also confirmed this week that VDL is once again in play. The Australian understands Mike Guerin, a former Elders boss and the former chief executive of VDL until he suddenly resigned early this year, is putting together a **group** of investors with a **Chinese company** contributing 51 per cent, to **buy** VDL's 19,000ha, 25 farms and 18,000 milking **dairy** cows owned by NZ's Plymouth District Council.

Mr Guerin would not comment yesterday. Also in Tasmania, Landmark Harcourts has assembled 12 **dairy** farms around the Smithton area collectively for **sale** for \$120m.

Landmark property director John Hewitt, who returned last week from **China** where he was marketing the "North West **Dairy** Aggregation" cluster to potential **Chinese** bidders, said he had realised last year that no **Chinese** corporate bidders wanted to talk about property purchases of a scale smaller than \$100m.

His cluster of farms, all located close together, runs 12,000 cows producing 60 **million** litres of **milk** annually. "The main barrier is not that they are tyre kickers or not interested, but that they only want to spend more than \$100m and typically prefer a 51 per cent joint venture deal," Mr Hewitt said.

Linear Capitals' Mr Harper said yesterday all his western Victorian farm purchases were locked in, the investment money committed and processing plants already on the drawing **board**.

He also confirmed the **company** is also in discussions with the state government to lease the 120-bed former Glenormiston agricultural college at Mortlake as part of the deal, to use as a **dairy** training and educational facility.

But Farmer Power, the western Victorian rebel **dairy group**, fears the plan is to fly in **Chinese dairy** workers on low wages and 457 visas, use Glenormiston as their training and accommodation base before being dispatched to work on the outlying southwest Victorian farms.

Mr Harper promised that local farmers would be the beneficiaries of the **Chinese** conglomerate deal, as the new **company** seeks to improve productivity on its farms and builds two new processing facilities.

But for rival **dairy** processors with factories in the area such as Saputo-owned Warrnambool **Cheese & Butter** factory at Allendale, Murray Goulburn's **dairy** processing plant at Koroit and Fonterra's Cobden plant, the locking up of the 50 farms with their 500 **million** litres of annual **milk** production by the **Chinese** corporation would **lead** to a drastic shortage of **milk** supply. "I wouldn't call it a disruption, but a redistribution of **milk** supply; western Victoria was the only place we could aggregate this number of farms together for the amount of **milk** needed," Mr Harper said.

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