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HD **China's dairy** churn: we can get more **milk** out of your cows  
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EXCLUSIVE ONE of **China's** biggest **milk** companies is buying up **dairy** farms in Australia, convinced it can generate higher **milk** production and bigger profits here than most local **dairy** farmers are achieving.

The Ningbo **Dairy Group** says that to produce as much fresh **milk** as it would like to fly to **China** from its Victorian farms, profitably and rapidly, it needs to bring in **Chinese** employees, fast-track construction of a new **milk** processing plant and cut through government red tape.

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Ningbo **Dairy**, which runs 20,000 cows on 30 farms in **China's** coastal Zhejiang province, south of Shanghai, has already spent more than \$15 **million** buying and improving three farms in Victoria's verdant South Gippsland region. It has further well-advanced plans — and cash — to **buy** more farms in Gippsland and northern NSW, to increase its herd from 550 to 2500 cows and to build its own \$6 **million** fresh **milk** processing plant on its 280ha Glenview Farm at Kernot.

Ningbo **Dairy** vice-president Harry Wang said the key to its profitable Australian **dairy** investment lay in vertically integrating the **group's** Australian operations, with it owning and controlling all parts of the supply chain.

Inspecting Ningbo **Dairy's** cluster of farms near Phillip Island yesterday with his uncle and **company** owner Yin Chong Zhang, Mr Wang said the target was to own enough farms, superior cows and processing facilities to produce and fly 100,000 litres of fresh **milk** a day direct from Melbourne and Sydney to **China**.

Mr Wang said Australian **dairy** products were well-known by consumers in **China** for being high-quality and safe. The small amount of Australian fresh **milk** currently being flown in by plane by NSW co-operative Norco is being snapped up for an astounding \$10 a litre.

With fresh **milk** processed by Ningbo **Dairy** in its **Chinese** dairies selling for a maximum price of \$2 a litre, Mr Wang says the **company** unashamedly sees Australian **dairy** farming and **milk** processing with the focus on exports to **China** as the place to be.

"We also think there is room for big production increases (in the industry) here; our cows produce 9000 litres of **milk** a year in **China** but here in Australia the average is 6000 litres," Mr Zhang said.

"There is huge potential in Australia because there is land here that can run **dairy** cows while in **China** there are few farms left for expansion. Australia and New Zealand are the best countries in the world for dairying and that is why I expect more **Chinese** like us will come here." Mr Zhang said positives about Australia were the availability of cheap high-rainfall land suited to dairying and the superior genetics of its cows. Ningbo **Dairy** exported 1200 of its best young heifers last year to its **Chinese** operations.

The downside of Australian dairying to the **Chinese** newcomers is the low **milk** price paid by Australian processors to farmers, high labour costs, excessive red tape, a slowness to innovate and the lack of good young workers.

Mr Wang said Ningbo **Dairy**, trading in Australia as YoYou **Dairy**, had already increased production significantly in 18 months on its previously rundown Gippsland farms by investing in pasture improvements and buying top-quality cows.

Future innovations being adapted from **China** will include more crop production such as growing maize to feed cattle, with the milking cows likely to be kept in barns rather than grazing paddocks for much of winter and spring.

As local workers are hard to come by and expensive, Mr Zhang is keen to bring some of his 2000 employees from **China** to Australia to **milk** cows and help lift farm production levels to **Chinese** standards.

"The **milk** price paid here to farmers – less than 50 cents a litre – is a joke and so is the fact that you **buy milk** in a shop here for \$1 a litre," Mr Wang said.

"With labour so expensive — three times more than in **China** — and **milk** cheaper, it makes profitable farming very hard; we see the only way is to process the **milk** ourselves, export it to **China** and to bring some of our workers here," Mr Wang said. "We are ready to **buy** more farms and build our factory as soon as possible; the only thing that will slow us down is if the **milk** price paid here stays low and we continue to have problems finding enough good managers and young employees keen to work hard."

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