

SE Early General News
HD NSW **dairy** potential under review
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CHEAPER land and well-advanced plans to add value to NSW **milk** are set to make central west a growth zone for the Australian **dairy** industry in the next two years.

Dairy Connect NSW chief executive officer Mike Logan said that although long overlooked by the **milk** industry as something of a 'bridesmaid' state for manufacturing, NSW's **dairy** potential was now being seriously reviewed by overseas investors.

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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 Vic and Tas, while sea freight costs to Asia were lower from Sydney.

Mr Logan said the first of three proposed **milk** powder plant projects in NSW were on the cusp of being signed off, with foreign investment backing at Orange, and off-take agreements for **milk** powder products had already been negotiated 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 1.25mt output.

Mr Logan said that with backing from energy supplier AGL, DairyConnect'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 50pc in five years.

"We believe the central west will be an enormous growth area for **dairy** within two years," he told the recent Australia-**China Business** Week forum.

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

"We're showing investors we are competitive with NZ or Vic or Tas and well-run farms can make serious money," Mr Logan said.

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 **milk** supply chain from farms to factory and along the cold chain.

DairyConnect 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 cooperative 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 certainly an area that's suitable for NSW," he said, noting **Chinese** families were obsessed with the health and nutritional needs of their children.

Freedom Foods has also focused on servicing the needs of **Chinese** brands including Bright Foods and New Hope.

ANDREW MARSHALL

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