



The
Van Diemen's
Land Company

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MEDIA RELEASE

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VDL TO LODGE FINAL DAIRY DEVELOPMENT PLANS FOR COMMONWEALTH APPROVAL

The Van Diemen's Land Company has welcomed approval by State regulatory authorities of its final dairy development plans for Woolnorth.

The Van Diemen's Land Company (VDL) Chief Executive Officer Michael Guerin said today the final farm plans would now be lodged soon for formal Federal EPBC assessment.

"VDL welcomes the detailed assessment by the State Government regulatory authorities and particularly the acknowledgement that the development demonstrates substantial public benefit," Mr Guerin said.

"Now that we have approvals for our Forest Practices Plan and Vegetation Management Agreement we can submit our draft Environmental Impact Statement for Federal Government EPBC assessment," he said.

The plans and associated environmental evaluation documentation were submitted for the final State assessment in December after development with experts over the past 3 years.

"The final plan which we will lodge soon for Federal EPBC assessment is a major step forward and demonstrates the VDL's commitment to dairy development in Tasmania's North-West," Mr Guerin said.

Mr Guerin said that as a result of the additional work carried out for the Environmental Impact Study, the plans demonstrated a clear net benefit socially, environmentally and economically for the region.

"We are confident the plans and accompanying expert scientific studies will result in better long term outcomes for the environment, particularly for the Tasmanian Devil.

"VDL's final farm design takes account of comments and suggestions we have received from a range of stakeholders, including the conservation movement.

VDL will also continue its engagement and assessment processes with the Aboriginal community around the significant Aboriginal cultural heritage aspects of the Woolnorth property.

“The inputs from all parties has resulted in a substantially reduced native vegetation clearing proposal downward from 3500ha of native vegetation clearing to 1806 ha - an almost 50% reduction from our original farm design plans.

“This means that 70% of the 6,900ha of native vegetation on the VDL properties will be protected in formal and informal reserves,” Mr Guerin said.

VDL has more than 28,000 dairy cows and 25 dairy farms in Tasmania’s North-West, including 13 on the Woolnorth property. In the year to June 2013 production of over 6.25m kilograms of milk solids made it the largest operator in Australia and among the larger grass based dairy operations in the world.

The company proposes to develop 11 new dairy farms on its Woolnorth property which will create 58 immediate direct ongoing roles, add 14,000 milking cows to its herd and an additional \$100m to the North-West economy.

“The development includes nine expansions around existing cleared farms and two new farms.

“Native vegetation clearing will occur mainly around the existing farms to achieve scale economies and a modern farm design. The two new farms will require native vegetation clearing.

“We are retaining a connected native vegetation landscape integrated with a farmland mosaic throughout Woolnorth.

Mr Guerin said VDL had an excellent environmental record at Woolnorth and was committed to protecting Tasmanian Devils and other native animals that thrived on the farms.

“We are a strong advocate and partner in the development of a devil-proof fence along our eastern farm boundary to protect healthy devils on Woolnorth from carriers of the Devil tumour disease.

“The farm design lodged for EPBC approval improves the Devils’ preferred mix of bush and grassland habitat by creating links between isolated bush habitats currently used for dens.

Mr Guerin said VDL was continuing its major capital raising initiatives to fund the Woolnorth dairy conversion program.

Mr Guerin said VDL had already demonstrated its confidence in the North-West Coast’s dairy industry with the opening of the new Cape Barren and Newlands dairies on Woolnorth in the past two years.

“VDL is continuing to invest in growth to take advantage of an expected upturn in Australia’s dairy industry and global dairy commodity prices,” he said.

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FACT SHEET 1

Woolnorth Dairy Expansion Economic Benefits

- VDL operates 13 dairy farms on the Woolnorth property and a further 12 dairy farms in the wider Circular Head area with approximately 26,000 dairy animals on 19,000 hectares making it Australia's single largest milk supplier.
- The company increased milk production by 8% to 6.25 million kilogram of milk solids (kgms) in the 2012-13 year when milk production in Tasmania was down.
- VDL is in a position to take advantage of the forecast upturn in dairy prices.
- The Tasmanian dairy challenge is to produce another 350ML of milk per year in the next 5 years which is a 40% growth in farm milk production, requiring more farms, more cows, more people to double historical growth rates and meet processing capacity.
- To meet emerging competitive challenges in the dairy industry requires large scale operations that follow world's best practice to reduce the cost of production. This means commitments to animal welfare, environmental and safety standards.
- The historic Woolnorth property provides a unique opportunity to pursue all these objectives within a geographically self-contained operation.
- A social and economic analysis has been completed. The analysis concludes that the overall social impact should be highly beneficial.
- The expansion of dairy at Woolnorth would also build on the company's existing significant contribution to the local economy.
- By 2020 the mature operation should yield almost three times the total value added to \$100 million and almost double the employment to 526 jobs.
- Milk production for Woolnorth and other VDL farms is planned to increase from 6.25 million kilograms of milk solids (2012-13) to 15 million kilograms of milk solids over four years with the proposed development.
- VDL has determined that sustainable and profitable operations with acceptable returns over time can best be achieved through the strategic clearing of 1,806 hectares of native vegetation to enable:
 1. The expansion of nine current dairy farms
 2. The development of two new dairies from newly cleared land.
- VDL is fully committed to the dairy industry in the NW. The VDL has demonstrated its commitment with the opening of the new Cape Barren Dairy and the Newlands dairy on Woolnorth.
- VDL is continuing to pursue its capital raising program.

FACT SHEET 2

Tasmanian Devil

- The VDL Co has an excellent environmental track record on Woolnorth which is the home of some of the healthiest Tasmanian Devils left in a farming and bush environment
- The Company is committed to protecting Devil den areas and will improve their preferred mixed habitat of bush and grassland on Woolnorth by creating links between isolated bush habitats;
- For the first time ever in the planning phase, the VDL proposal identifies and protects all of the elements of the habitat of the Tasmanian devil necessary to sustain this important population.
- While the aim of mitigation at Woolnorth, in particular, is to sustain the existing populations of devils, quolls and eagles, this should be considered in the following context. Landscape mosaics of productive agricultural land and native vegetation remnants, such as those to be found at Woolnorth, promote high densities of predators such as devils, quolls and eagles, far exceeding natural (pre 1750) densities of these animals.
- The high densities are supported by the productive pasture which supports the growth of large populations of prey species (native grazing animals-notably wallaby) on which these predators feed.
- A road care mitigation strategy will be implemented with the aim of reducing the existing level of road kill despite an increase in road traffic due to the dairy development that will occur over a number of years.
- Once it can be confirmed by the State Authorities that Woolnorth continues to remain free of the devastating Devil Facial Tumour Disease, and following approval of the proposed development Action by the Regulators, it is proposed to construct a devil proof fence with the cooperation of VDL, DPIPWE and Devil Island Projects Inc.
- The fence will protect the Woolnorth population from the disease. A prey management plan will also be implemented to ensure sufficient food is continuously available behind the fence.
- The Company has been a strong supporter and advocate of the fence since the inception of the idea and will be a major participant in its design, construction and maintenance.
- Without profitable dairy development VDL cannot contribute, as a private landowner, to the considerable expenditures required for the success of the devil fence project.

FACT SHEET 3

Land Conservation and Vegetation Clearing

- VDL is committed to accepting the decision of the independent statutory umpire – whichever way it goes.
- VDL's final farm design plans take account of the emerging challenges and the inputs of a range of stakeholders including the TCT.
- This has resulted in a substantially reduced native vegetation clearing proposal downward from 3500ha of native vegetation clearing in the original plan to 1806ha – an almost 50% reduction.
- 70% of the 6,900ha of native vegetation on the whole of the VDL Woolnorth properties will be protected in formal and informal reserves;
- The Devil Proof fence and the development of links between Devil Den areas will enhance the Devil and Quoll habitat;
- For the first time in Tasmania a private property proposal has been developed that incorporates all of the elements necessary for sustainable habitat utilisation by the largest predators comprising the wedge-tailed eagle, masked owl, spotted-tailed quoll and the Tasmanian devil.
- The protected areas put in place to sustain a vital, functioning ecosystem for these species exceed any that precede this proposal.
- The level of protection afforded eagles nests and masked owl exceeds all statutory requirements, the efforts to protect functional home ranges of quolls exceeds any at this scale, even on public land.
- The proposed land clearing cannot be described as broad-scale. Of the proposed 36 dairy farms in VDL's final plan, the company proposes to clear around nine existing properties to bring them up to scale and to develop two new properties.
- The EIS clearly shows that VDL assessed a range of other options and carried out a cost-benefit analysis to arrive at the final plan.
- The conversion will result in an increase in the extent of pasture resulting in the landscape becoming about 70% pasture and 30% native vegetation.
- This being 10,457 ha of dairy pasture and 4,320 ha of native vegetation. This ratio is generally considered to be a sustainable level of clearance and has been recommended as a model target by some ecologists.
- The forest will be cleared under a Forest Practices Plan that has been approved by the Tasmanian State government's Forest Practices Authority.
- The retained forest as well as the balance of land on the property will be protected and managed under the terms of a Vegetation Management Agreement for a minimum statutory period of 15 years.
- The retained and protected vegetation covers an area of 4,320 ha under this plan. This area increases substantially the levels of protection for two of the most threatened forest types in the region, Melaleuca swamp forest and Eucalyptus brookeriana swamp forest.
- More than 75% of the majority of habitat types will be retained, none will be reduced to less than 30% of the current extent and the average retention level will be 82%. As such the diversity of habitats present and the prey species that they support will be retained.

FACT SHEET 4

Filling the Factories

- VDL is in a position to take advantage of the forecast upturn in dairy prices and recent rapid expansion in processing capacity in the Tasmanian dairy industry.
- In the last two years milk processing capacity in Tasmania has accelerated rapidly. This is evidenced through the private sector by:
 - Fonterra's \$6.5 million gas conversion at Spreyton (2011) and \$12 million upgrade of its Wynyard cheese plant (2010). Fonterra has previously processed 65% of the state's milk with capacity of over 500ML.
 - Tasmanian Dairy Products has invested \$75M in a new milk powder operation in Smithton that opened in September 2012 with a capacity of 250ML.
 - Lion is investing \$150M in a new plant in Burnie which centralises their national cheese-making which will mean 50-100ML of additional milk processing capacity. Investments are also planned on King Island.
 - Cadbury (Kraft) are investing in their chocolate making process at Burnie and Claremont with \$20M in 2012 with Federal Government financial support.
 - Tamar Valley Dairy, Red Cow Dairies and Ashgrove Cheese have invested in new processing capacity in 2011/12.
- DairyTas has been working with its industry partners to develop a project that will support the sustainable growth of the Tasmanian Dairy Industry over the next 5 years.
- The aim of the Filling the Factories Project is to ensure that the current investment in dairy processing capacity will be sustainable into the future and that milk growth will happen to fill the factories.
- The project builds on the positive industry outlook and recent growth rates of over 3% per annum in the past 10 years to bring a further 355 million litres of milk into the factories by 2017.
- This requires a 40% growth in farm milk production, requiring more farms, more cows, more people to double historical growth rates and meet processing capacity. This means:
 - 67,500 more milking cows
 - 550 new jobs across the dairy industry
 - On farm investment of \$600M
 - An increased gross value of farm milk income of \$130M per year
- To meet emerging competitive challenges in the dairy industry requires large scale operations that follow world's best practice to reduce the cost of production. This means commitments to animal welfare and environmental and safety standards.
- The historic Woolnorth property provides a unique opportunity to pursue all these objectives within a geographically self-contained operation to take advantage of this emerging opportunity

- Most importantly by developing the Woolnorth property the expanded milk production will not come from displacing other agricultural production on existing cleared farms and will thereby add net new jobs and income to NW Tasmania.
- Achieving the expanded milk production has the added advantage of ensuring ongoing competitiveness of all milk processors which keeps healthy completion for all farmers' milk.
- A number of Government programs are also underway or planned to support important infrastructure for the Dairy Industry in Tasmania.
 - The Commonwealth has provided \$4.5 million for the Agritas Training Centre in Smithton which will provide resources to support more people entering the industry and for existing people to improve their skills.
 - The \$1.5 million Commonwealth supported Harcus River Road power development will allow more areas to be opened up to new dairy farm developments in Circular Head.
 - The State and Commonwealth Governments have combined to fund \$220 million for irrigation development infrastructure across 10 projects in Tasmania with up to 150,000 MLs in new water access.



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VDL Co Plans at a Glance

Value Add for Circular Head

2012 \$39.5m

2020 \$100.6m

Jobs Supported by VDL Co

2012 269

2020 526

Milk Production

2012 6 Million Kg

2020 15 Million Kg

Native Vegetation Protected across Woolnorth

