

## Media Release

29 May 2014

### REALITY CHECK NEEDED FOR MILK FACTORY

The recent report from AGL about the establishment of a powdered milk factory for the Gloucester area at first looks very attractive. Any such project would be a new employer and support existing local industries such as dairying. Unlike some industries that will be gone in a few years, leaving a doubtful legacy, dairy is sustainable for the foreseeable future.

Drying the milk near where it is produced means that transport costs are lowered and the locals benefit from the value added to the product. Combine these positives with the possibility of earning export dollars and ready access to energy and at first glance you seem to have a complete package of benefits. However quite a few more boxes need to be ticked before anyone gets too excited.

Groundswell Gloucester spokesperson David Hare-Scott said “If something seems to be too good to be true it often is too good to be true. On close examination this proposal seems to be much hope and little reality.

“At the moment all we have is an agreement by two organisations to work together. AGL is desperately looking for ways to promote their Gloucester Gas Project. The other partner, Dairy Connect, is just a lobby group for the dairy industry with a limited track record having only been established in 2012. It is not a commercial enterprise.”

The reality is:

- The AGL board has not made any final decision to proceed with gas production in Gloucester. We understand that this is unlikely until at least early 2015.
- Financing the project is likely to be a major problem in the current climate and Dairy Connect has no capital.
- The lead time for the project is likely to be substantial with initial feasibility studies not yet started. Who can foresee the outcome?
- There is certainly no guarantee that if it was built such a factory would be built in Gloucester. This is made clear by AGL’s media release.
- This is only an agreement to examine an idea.

A side to this that AGL never wants to address is that regardless of any possible benefits from their proposed gas field there are risks. Should the milk factory go ahead if it means pastures, aquifers and human health are also put at risk?

Groundswell Gloucester believes there are likely to be major risks with the viability of the milk factory project. Dairy Connect has said that the intended market for this powdered milk is China. For any country to seriously consider entering into contracts for the supply of infant formula a major issue will be the source of the milk. It would seem very doubtful that such a product developed in conjunction with a CSG supply company, with the associated risks, would be an attractive option. There are moves in other countries not to accept milk from CSG affected areas.

Mr Hare-Scott concluded "It is very difficult not to be cynical about this proposal. It would seem that there are no limits to the spin which AGL is prepared to engage in. The announcement was clearly designed to build up hopes which sadly may be dashed."

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