

UNEDITED TRANSCRIPT

**THE HOUSE OF ASSEMBLY SELECT COMMITTEE ON GROCERY
MARKETS AND PRICES MET IN COMMITTEE ROOM 2,
PARLIAMENT HOUSE, HOBART, ON TUESDAY, 5 AUGUST 1997.**

**Mr PATRICK CURRAN, UNITED MILK TASMANIA, WAS CALLED,
MADE THE STATUTORY DECLARATION AND WAS EXAMINED.**

CHAIRMAN (Mr Benneworth) - Thank you very much for coming, Mr Curran. You will be aware that the committee is inquiring into quite a large range of aspects of the grocery market and prices, and I presume you are in possession of a terms of reference.

Mr CURRAN - Yes.

CHAIRMAN - Our normal procedure at these meetings is to simply ask you to address the committee, give us the evidence that you would like us to hear and have on record, with or without specific reference to the terms of reference - it is up to you - and then the committee will ask you some questions.

Mr CURRAN - Okay. Well, for the committee's benefit, if I may, I would just like to make a very short statement, filling in some background on United Milk Tasmania and how we operate within Tasmania.

The dairy division of United Milk Tasmania has a turnover of around \$135 million. However, somewhat less than 10 per cent of that \$135 million is actually generated within Tasmania. The balance is generated within mainland Australia, and some 70 per cent of it, in fact, is generated on export sales. United Milk Tasmania has retail interests in Tasmania for butter products, for cheddar cheese products and for long-life milk products.

In terms of the butter products, in the market we operate in we get competition from the major dairy cooperatives in Victoria and also from New Zealand, as well as, of course, the butter gets put into a market that is termed the yellow fat market, which includes all the margarine brands, of which there are quite a large number available on the supermarket shelf.

As far as cheese is concerned, United Milk Tasmania only manufactures cheddar cheese. I am sure you will be aware, again if you looked at the dairy cabinet, there are various amounts of different types of cheeses available. But as far as cheddar cheese is concerned, again we receive competition from the major dairy cooperatives in Victoria and from Kraft in Victoria.

On the cheese market we also receive competition from companies in New South Wales, in Western Australia and from New Zealand, where there is quite strong competition in cheddar cheese.

UMT also sells long-life milk, although that in itself is quite a small market in Tasmania. Its product, long-life milk, is produced at a factory at Edith Creek, of which United Milk Tasmania is a joint venture partner on a 50-50 basis. Competition in that area again comes from the large cooperatives in Victoria, and also on occasions from New South Wales and from South Australia.

Overall United Milk Tasmania would generate, at wholesale prices, in the region of about \$8 million here in Tasmania. The products are available throughout Tasmania in just about every grocery store that you can visit.

CHAIRMAN - Thank you. Maybe I can start a few questions. Could I just ask how the - it is probably nothing to do with this - joint venture is going with Kraft at Warrnambool?

Mr CURRAN - Yes. The joint venture in Warrnambool is actually not with Kraft. The joint venture in Warrnambool again is a 50-50 joint venture. It is with another cooperative that is based in a place called Allansford, which is just outside Warrnambool, and they are called the Warrnambool Butter and Cheese Company.

Fundamentally, how that works is the Victorian cooperative has the primary responsibility for supplying the milk to the venture, and United Milk Tasmania has the primary responsibility for the manufacturing and the marketing.

That particular joint venture does not make retail products. All the products that it manufactures are industrial products - in other words, 20 kilogram blocks of cheese. On the basis that I do most of the marketing - I may be somewhat biased - it seems to be going rather well.

CHAIRMAN - Good. I remember it was just kicking off when we were in the last inquiry.

Mr CURRAN - Yes, indeed.

CHAIRMAN - Can I just come back and just try and clarify a couple of things. Less than 10 per cent of your output is being sold within Tasmania.

Mr CURRAN - Correct.

CHAIRMAN - Is that being sold directly to Tasmanian warehouses?

Mr CURRAN - Yes, indeed. We do business direct with the major retailers - Purity, Roelf Vos, Statewide and Coles.

CHAIRMAN - And that is done ex-UMT direct to the Coles buyers?

Mr CURRAN - Yes.

CHAIRMAN - Is there any evidence or any history of your products going to central distribution centres on the mainland and then coming back via buying groups?

Mr CURRAN - I am not aware of any evidence of that. We do, and have been working over the last couple of years, to try and establish a market for our retail brands in the mainland. We have had some limited success in New South Wales and mainly in Queensland. But generally that has done the same thing. We sell to retailers in those States and it is distributed through their retail outlets in that State. I am not aware of any retail product coming back into Tasmania.

CHAIRMAN - Right. But it is possible that you could be selling to Coles, which would be putting it into its distribution centre in Victoria, and then sending that product back to Tasmania. You would probably not even know about it?

Mr CURRAN - I would know about it. I do not know if it is happening, but it is difficult to think of any reason why it should happen.

CHAIRMAN - Well, it does happen with a lot of other products; that is all.

Mr CURRAN - Yes.

CHAIRMAN - Can I ask you about pricing? This is a very vexing question, and it is good to have a Tasmanian processor here to talk about it. When you sell to Coles Victoria, or to Coles New South Wales, or to Coles Queensland, are you selling at the same price as you are to Coles Tasmania?

Mr CURRAN - Well, first of all, I understand your question. We should talk about Queensland and we can talk about two retailers - Woolworths, which are the Purity-Vos group, and another group called Franklins, with which we have done some limited business.

We do sell to those places in Queensland at a lower price than we do here in Tasmania. The reasons why we do that is, as I have said, we are endeavouring to establish a market; we have no brand strength like we have here in Tasmania; we have no - it is more correct to say that United Milk Tasmania has not made available advertising or promotional funds to support that; it has chosen to put a limited amount of funds in that area elsewhere.

So what we have essentially done to try and establish a market is to use price as a major selling point on the basis that if we have a competitive price we will (a), get distribution; (b), hopefully generate an initial sale; and (c), through the quality of a product, generate repeat purchase; the long-term strategy being that over a period of time - which may well take as long as

five or seven years - to gradually move the pricing of our product up.

So as far as a marketing strategy is concerned, we do use price to try and establish a market in Queensland.

Ms GIDDINGS - Can I just ask quickly then, how long has your strategy been going for?

Mr CURRAN - About a year and a half.

Ms GIDDINGS - And does that mean that you are making a loss on the product you are selling in Queensland?

Mr CURRAN - No, we are not making a loss. I have not actually looked at the costing so it is difficult to give you an answer to that on specifics. But we would not be making a loss on it. It gets put into the whole mix of the product range. Because I cannot quote you the cost, we would not be making a loss on the sales that we are doing in Queensland. I guess by definition, we are not making as much profit as we would be doing by selling it here in Tasmania. But it is seen as a long-term marketing strategy.

Ms GIDDINGS - Who bears the transport costs to get it to Queensland - you?

Mr CURRAN - We do, yes. Our terms to the retailers are free into store, as they are here in Tasmania.

CHAIRMAN - Thank you for bringing that up. On transport, on freight - and you are a very experienced man in this industry - on your knowledge,

are most manufacturers selling across Australia free into store? You do, I presume?

Mr CURRAN - I can only talk from - I joined United Milk Tasmania nine years ago and prior to that I was working for a company in Melbourne, which was supplying products to the grocery trade throughout Australia, and from memory - and it is quite a long while ago - I believe our prices were free into store, the same for all States except Western Australia, which I think was slightly higher, and I think Northern Territory was also slightly higher.

CHAIRMAN - And UMT certainly is selling FIS?

Mr CURRAN - Yes.

CHAIRMAN - No matter where in Australia, you are going FIS?

Mr CURRAN - Yes. Because we do not do retail brands in Western Australia or the Northern Territory, that does not come into the equation. But basically our national price, if we were to sell in Queensland or South Australia, would be the same.

CHAIRMAN - Okay. And you receive benefit from freight equalisation going north?

Mr CURRAN - To be honest, I do not know.

CHAIRMAN - Okay. All I am really trying to establish is, in my mind, that Bob Cheek buying for Coles in Hobart can buy at the same right if he is the

buyer for Woolworths in Sydney - off your company? That is the fact, is it?

Mr CURRAN - Well, ours is slightly different. As I said before, we are endeavouring to establish this market in Queensland, and we have a Queensland marketing price.

CHAIRMAN - Okay. Some companies would load that into cooperative advertising. You have just decided to go with the price?

Mr CURRAN - Yes, it is essentially the same thing. We are using price as a means of getting distribution and hopefully to generate initial sale, and then hoping that the quality of our product gives it a repeat purchase.

Mr CHEEK - What about Victoria? Is that the same price as Queensland that you are selling into Victoria?

Mr CURRAN - At the moment we do not have any activity in Victoria.

Mr CHEEK - What about New South Wales?

Mr CURRAN - New South Wales and Queensland, we have very limited stuff in New South Wales that we are looking at, and essentially it is the same tactic we are using in New South Wales.

CHAIRMAN - Would it surprise you if I was to show you a letter from a major company - a major retail grocery company in Australia - which has written this committee a letter and said, "The vast majority of the merchandise that goes into stores is not supplied FIS"? Does that surprise you?

Mr CURRAN - I really do not know one way or the other.

CHAIRMAN - Well, it surprises the hell out of me. It is a pretty unfair question, but it is a worry. Any other questions while we are on pricing?

Mrs HOLLISTER - I was just going to ask you about your packaging and labelling. Do you provide your product with different labels and packaging? The reason I ask is I know you have very identifiable red labelling for your cheese -

Mr CURRAN - Yes.

Mrs HOLLISTER - but you also, in some supermarkets here, have a less obvious packaging, which is still your cheese. Do you do that very often?

Mr CURRAN - The only things we do with our cheese is we package it in Table Cape brand, which is the one you are talking about -

Mrs HOLLISTER - Yes, the red one.

Mr CURRAN - and we also supply some retailer housebrand or generic brand. But there is no relationship in terms of packaging between that cheese and our cheese. So the only United Milk Tasmania cheddar cheese that we retail is in the packaging that you are aware of.

Mrs HOLLISTER - Right, a very identifiable brand.

Mr CURRAN - Yes.

CHAIRMAN - Mr Curran, can we now please take you to terms of reference number two, which is really looking at the processing sector within Tasmania and the value of that sector to the State of Tasmania. Your company's turnover is \$135 million. That would put it right up there, would it, as probably the biggest manufacturer in Tasmania?

Mr CURRAN - I think in the *Business Review Weekly* we sort of chop and change with the Trust Bank about whether we are the biggest Tasmanian-owned company or not.

CHAIRMAN - Okay. Well, the terms of reference ask for the committee to look at recent trends in local processing and manufacturing, and they also ask us to look at action needed to prevent any further loss of Tasmanian manufacturing and processing capacity. Would you offer a comment on either of those terms of reference? Generally is the climate favourable to the manufacturing process in this State?

Mr CURRAN - UMT has taken the stance that to endeavour to increase sales of retail products, we have tended to look towards exporting retail products. At the moment we are working with butter specifically, and we are exporting in the region of, I think, about eight to ten different brands to markets like Malaysia, Singapore, Hong Kong, and we are working on some business through into the Middle East.

I think as far as the butter market is concerned, we would consider that we already have a reasonable market share in that area. We can spend a lot of money to try and increase that market share, but once you get to a certain level, it becomes a lot of diminishing returns. So we have seen a greater opportunity as exporting our product overseas.

I guess it is a similar situation in the cheese area. We are doing a little retail cheese into Malaysia, but not very much. The South-East Asian people do not eat cheese to the same extent they eat butter. They do not eat either of those products to the same extent that we do, so it is a fairly long-term education process going through. But we would see success, or increased sales, of our retail products more likely to happen overseas than here in Tasmania.

CHAIRMAN - The Australian Industry Commission at the moment is pushing deregulation of the dairy industry, and I guess it is about to happen in Tasmania - or certainly an inquiry is about to happen. Would you like to comment on the deregulation of the dairy industry in Tasmania, particularly in relation to any spin-off effects for or against your current company's operation?

Mr CURRAN - Only in the broadest of terms, Mr Chairman. The deregulation of the milk industry here in Tasmania has been handled by our Company Secretary who has the responsibility of dealing with the farmers, and he is much more aware of what is going on than I am.

I guess the deregulation of the milk industry is probably more likely to affect what we call market milk - in other words, the milk you buy at the supermarket and use at home. But at this stage, United Milk Tasmania is not actually involved in that marketplace.

I guess what will affect our retail products in terms of butter and cheese will depend on how much we end up paying for milk to convert into butter and cheese.

There seems to be various opinions about whether the price of milk will increase or decrease, and I think I would not put myself in a position of being qualified to comment on that area.

So basically I think on butter and cheese it is probably not going to make too much of a difference.

CHAIRMAN - Would it be in order for the committee to ask, through you to the company, for its policy?

Mr CURRAN - Yes.

CHAIRMAN - Because I think it is something that is going to affect the price of milk, and I think we are entitled to know - perhaps the people of Tasmania are entitled to know - UMT's stance on deregulation.

Mr CURRAN - Certainly, I am quite prepared to go back and discuss this with the Company Secretary. We have already discussed it, I believe, with some of our suppliers, as you could imagine.

CHAIRMAN - Yes.

Mr CURRAN - I am sure we have a position on it, and we can submit to the committee a written statement.

CHAIRMAN - Just a written report would be very good; thank you very much.

Mr CURRAN - Yes.

CHAIRMAN - Are there any factors that you believe are inhibiting the expansion of UMT and its turnover in Tasmania?

Mr CURRAN - I think it is fair to say that in these two areas - in the butter or the yellow fat market and in the cheese market - we are actually subjected to quite a lot of competition. As I identified previously, we get quite a lot of competition from the large companies, namely Bonlac and Murray/Goulburn, who produce butter in Victoria and sell here. There has just been recently a launch of New Zealand soft butter here into Tasmania.

The margarine market, as you know, is very well developed and there has been a recent launch of a product that is somewhere between margarine and butter called, 'I Cannot Believe Its Not Butter', which has had a reasonable success in the USA and the UK. So we are under quite severe competition in the yellow fat area, if you like.

We are under some similar competition in the cheese area. Again, New Zealand have been, over the last two years or so, quite active in the promotion of their product, and again most major dairy companies in Australia who manufacture cheddar cheese would be selling it here.

Our ability, for example, to increase prices has been very severely restricted. Butter prices, for example, in 500 gram Duck River, which would be our major unit seller, have probably not increased in the last four years.

Cheese prices would have gone up marginally, somewhere around 8 per cent over the last four years. So I think that shows, in this area at least, quite a healthy competitive environment.

CHAIRMAN - Do you have a good working relationship with Coles and Woolworths in Tasmania?

Mr CURRAN - Yes.

CHAIRMAN - There have been some suggestions made to this committee over its duration that the competitive nature of those two companies is not as good as it could be - I do not quite know where I am leading myself here. In Victoria you have bigger competition - I will put it this way. Would you like to see a third competitor in the Tasmanian market? Would that help the turnover of UMT products in this market?

Mr CURRAN - It is a difficult question because, as you alluded to earlier, the population is fairly static; one would not say that we have a buoyant economy at the moment. One of the dangers may well be that if you bring in another competitor, that in an endeavour to have a promotional activity through their stores, have attractive prices through their stores so they can compete with each other, they may well put increased pressure on us as a manufacturer to spend more money to promote our products. So that would clearly increase our costs, which is fine if you increase your volume. But because of the population and the economy, you may run into trouble in actually achieving an increase in volumes.

Alternatively I guess, just thinking fairly broadly, any new entrant into the retail market quite often gives everybody a lift; it generates more activity and may well indeed overall help activity at the retail level. So it is a difficult question to do a real yes/no answer to it.

CHAIRMAN - I realise that.

Ms GIDDINGS - Just in terms of prices, I understand what you are saying in terms of you have the cheaper prices in Queensland and New South Wales to break into the market. But it does concern me that we are paying

more in Tasmania for our own product as well. How much of a say do you have in the shelf price of the product with Purity and Coles, or do you just sell them at that one price and then it is up to them how much they put on top of that for their profit margin?

Mr CURRAN - That is correct; their profit margin is their business.

Ms GIDDINGS - Right. I guess you would have some idea of what that profit margin would be in comparison to other States?

Mr CURRAN - I do not really; it does vary. In some areas I guess they look at, like we do, maximising their return. So they may look at some product areas where they think they can get a better product margin on; some areas where they can get margins on; some products that they use as attractions to pull people into their store and they get a low margin on. In any supermarket I guess you have somewhere between 6 000 and 8 000 different items, so it is to do with the whole mix of that. But, in fairness to me, I think that is a question you really should ask the retailers.

Ms GIDDINGS - Yes. Do you sell at the same price to the independents as well?

Mr CURRAN - Yes.

Ms GIDDINGS - Do you sell to their independent warehouse in the north of the State, and then it is distributed through them?

Mr CURRAN - Yes.

Mr CHEEK - On any particular product - say, butter - how much cheaper would that be on average in Queensland than Tasmania?

Mr CURRAN - To show you the variation on prices and what you have to come up against, we would sell some of our product - say, a 500 gram Tasty Cheddar Cheese - in Tasmania at \$4.99, which is considered an attractive special. In Queensland, \$3.99 would be considered an attractive special. The ongoing shelf prices tend to be relatively higher and a lot closer. But I think over a kilogram - and I am guessing here, because I do not have a shelf price report for Queensland - for our theme, because of what we are trying to achieve with our objectives, you may well be talking in the region of about 50 cents to 60 cents per kilogram of cheese, which is quite a big block of cheese.

Ms GIDDINGS - Is our Tasmanian price at all subsidising the lower cost at the moment for New South Wales and Queensland?

Mr CURRAN - No.

Ms GIDDINGS - Not at all.

Mr CURRAN - It is a marketing strategy that we have undertaken. Our objective always is to maximise our milk price back to our suppliers; because we are a cooperative that is what we have to do. So I guess, probably being quite blunt about it, we have reached the stage where we think we probably have got as big a market share as we are going to get in Tasmania.

It is not a really growing market so we have to look at alternatives, and to do that we, as United Milk Tasmania, do not have the resources to do what you would call a full-blown new product launch, if you like, where you do advertising on television etcetera. So we are trying to do some niche marketing using price as an attractive thing to get people to try our product

in the first place.

Mr CHEEK - So what percentage of the Queensland market would you have in the yellow fat products?

Mr CURRAN - At the moment probably much less than 5 per cent, probably less than 2 per cent. But it is our Duck River here. Whilst you take all of the sizes and all of the packages that we have and put them all together, Duck River probably has - well, UMT's brands because we have a Ringarooma brand that is a very local brand - in the region of about 45 per cent of the butter market. We would not obviously have that of the total yellow fat market, but of the butter market it is that.

Mr CHEEK - Incidentally - this is probably not related to it - is there a swing back to butter from margarine now, or does it stay about the same?

Mr CURRAN - I hope you are right.

Laughter.

CHAIRMAN - So do the farmers.

Mr CURRAN - Yes, so does the farmer. On a national scale, actually I think the worse situation it got to, which was probably about five or six years ago perhaps, butter had dropped down to about 26 per cent of the total market.

Through the introduction of soft products - we call ours Duck River Soft, and there are various other ones which have a fairly low proportion of

vegetable oil in them which makes it much more spreadable - that has helped bring the butter market back. I think now, on a national basis, you are probably looking at about 28 per cent butter, 72 per cent margarine.

In Tasmania it is probably higher. Our individual consumption of butter is highest in this State than it is in any other State. So we in Tasmania are probably up somewhere around 31 per cent or 32 per cent of butter, and the balance being margarines. So there has been a slight swing back.

Mr CHEEK - Thank you; that is interesting.

CHAIRMAN - Can you understand that Mr and Mrs Consumer in Tasmania are going to be disappointed, I think, to learn that your company is selling products into Queensland cheaper than you are selling them into Tasmania?

Mr CURRAN - Again, I think you have to relate it back to what our overall objective is here. Our overall objective is to maximise our profitability so that we can pay the farmers. As a cooperative, we do not have any alternative than to do that.

So if you look at what our opportunities are, if we do not do activity in Queensland and we continue with doing only activity on the export side - and we have already said that we are exporting 70 per cent and, as far as the Tasmanian economy is concerned, we are exporting some 33 000 tonnes of product.

I think not last fiscal year, because the figures are not available, but the fiscal year before that, we paid our farmers in the region of \$87 million. So I think we have a significant input into the Tasmanian economy, and this is just merely a strategy to try and increase that. It is just one of these things; it is just a strategy that we are doing.

If we sold no product at all in Queensland, I do not think that would affect what we are doing here in Tasmania.

Mrs BLADEL - So you are saying the price would not alter?

Mr CURRAN - Yes.

Mrs BLADEL - Through you, Mr Chairman - you mentioned that New Zealand has made a big marketing ploy into Australia -

Mr CURRAN - They have made a significant effort, yes.

Mrs BLADEL - Yes. Is there a reciprocal effort into New Zealand?

Mr CURRAN - Well, if we understand the situation that we now have - this very free economic relationship between Australia and New Zealand - the New Zealand dairy industry is probably marginally bigger than the Australian dairy industry, even though they have only to supply a population of some 3.4 million. So they see Australia as an attractive 18 million market additional.

We, in fact, do sell cheese into New Zealand. That cheese, in actual fact, gets sent over there; gets cut and gets packaged by another brand. So again, within the resources that we have, we are endeavouring to actually capture part of that New Zealand market.

Those tonnages vary between about 400 to 600 tonnes per year, so I guess it is not insignificant. So we are doing our bit, if you like, given our resources and what our strategies are.

I am not totally aware of what the larger companies - say, Murray/Goulburn and Bonlac - are doing in New Zealand. I believe they do have some activity there.

Mrs BLADEL - Are there any possibilities of markets in South-East Asia for cheese?

Mr CURRAN - Well, again we do sell some retail packed cheese into Malaysia, but that is very limited. We do export thousands of tonnes of cheese, both from our Wynyard factory and from the joint venture in Victoria, all through South-East Asia, mainly Japan, Korea, the Philippines and Indonesia.

We also export our cheese to the Middle East; we also export our cheese to Europe; we also export our cheese to the USA; we export to Trinidad - if you want to go there. It is not as pretty as it sounds, I can tell you. So, yes, we are very active in both marketing and manufacturing our cheddar cheese.

CHAIRMAN - Just supporting what Mrs Bladel is saying there, would a single-desk seller, in your opinion, out of Australia benefit the consumers of Australia, à la the New Zealand experience - a single-desk marketing authority?

Mr CURRAN - Yes. The Australian Dairy Corporation, through agreement with industry and involvement with the Government to make it legal, is a single-desk seller in Japan. So when we sell to Japan we sell through the Australian Dairy Corporation. The Australian Dairy Corporation also holds the Government quarter for the European union. So they act as a single-desk seller through that area. In all other countries, we do it as an individual

company.

It is an extremely complex and large subject of which people can talk about for days on end. Personally, in very quick things I believe that United Milk Tasmania is well served by doing its own marketing. I believe it makes it a much more responsible, a much more flexible, a much more active company in understanding what the consumer is requiring and what the trends are, if it has to do its own marketing.

But having said that, there have also been benefits over, I think, the last 30 years that the ADC has been doing it into Japan, and there have been some benefits in the UK also.

Ms GIDDINGS - You mentioned you have the Duck River brand and also the Ringarooma brand?

Mr CURRAN - Yes.

Ms GIDDINGS - That is also UMT?

Mr CURRAN - Yes.

Ms GIDDINGS - Are there any other brands?

Mr CURRAN - Our brand of cheese is Table Cape.

Ms GIDDINGS - Right. But in terms of butters, they are just the two?

Mr CURRAN - No, Ringarooma and Duck River. You can also buy Lactos brand butter, which we manufacture for them. We have an arrangement with the Lactos company where we manufacture and pack their butter for them. With our Table Cape cheese, they actually cut and wrap our cheese; we manufacture it.

Ms GIDDINGS - So it is the same butter in each brand then? It is just a different brand name?

Mr CURRAN - Yes. By law butter has to be the same; by law butter has to have - if it is unsalted butter, it must have 82 per cent fat, 2 per cent no salt, and 16 per cent moisture. If it is salted, then it has up to 2 per cent salt in it.

Ms GIDDINGS - So in terms of the consumer then, they are just buying a brand name, are they not, rather than the product itself?

Mr CURRAN - Yes. So whatever UMT brand you buy, you can be assured of the highest quality.

Ms GIDDINGS - It is the same all round.

Mr CURRAN - Yes.

Mrs BLADEL - But they do sell at different prices off the shelf, do they not?

Mr CURRAN - Well, actually not, from the last time I looked. If you look, for example, at 500 gram Lactos butter and 500 gram Duck River butter in the pack - ours is in foil; theirs is in parchment, and there is a bit of a cost difference between them - but basically they are the same price. I think the Ringarooma butter, which is 500 grams in gold foil, as against Duck River, which has green on it, would be the same price. There are some other packs that we do in plastic tubs - that is, 375 grams - and obviously they have different pricing structures.

CHAIRMAN - Can I ask you a question with regard to help you may require - I will come at it another way. Given the competitive nature of this industry - and it is incredibly competitive, as you obviously well know - what can be done within the State of Tasmania to give you an edge over your mainland competitors? Is there help that could be offered by the Government, by our local buyers or by anyone? I am giving you the opportunity to say, 'We could be better if', because I think that is really what the committee is trying to -

Mr CURRAN - Well, to be honest, Mr Chairman, I am a great believer in our standing up for ourselves. We should be good at what we do, and we should be able to survive in an orderly competitive marketplace. I would have to say that the evidence over the past three or four years has been these two marketplaces have been relatively orderly and competitive.

The thing I would be wary of is if someone like the New Zealand Dairy Board did come in and constantly, almost as a loss leader, endeavoured to establish one of their brands or one of their products - and I am not suggesting they are doing that at the moment; that would come about through evidence over a period of time - then I think perhaps there may be an area in which some assistance could be sought.

However, fundamentally United Milk Tasmania, as we have heard this morning, operates within the world market, sells its products all over the world, and to do that, must be competitive and cost efficient in its own right.

So whilst I think it is tempting, as it always is, to say, 'Oh, you should do this, this and this, and not allow these people in; they're not allowed to do that', to be perfectly honest, for the benefit of both UMT and indeed the consumers, I think a nice healthy competitive market that exists with the product areas that we are looking at, is good for the consumer and is good for UMT. It makes them work harder and work smarter.

CHAIRMAN - You do not have red-tape problems that you want to tell us about; that the price of hydro is not too dear etcetera? Most people who are coming in here are finding someone to blame. It sounds very, very refreshing to hear you say that.

Mr CURRAN - Most of the things that we would like - in fact, doing business in Tasmania we find, apart from the normal day-to-day things, quite reasonable to operate within. I guess from our point of view, because we spend so much of our effort on the export market - we have recently had AQIS - the Australian Quarantine Inspection Service - move its offices from Launceston into Melbourne, and all the documentation that we now do, we have to send to Melbourne to get signed and that causes us difficulties.

Mrs HOLLISTER - Mr Curran, in light of what you have been saying with your developing an export market - I think you said 70 per cent of your products go on the export market - with the recent information about some of your suppliers selling their milk to Victorian companies, is that going to impact on this strategic plan you have to expand your export market?

Mr CURRAN - Well, having just said, I believe people should stand up for themselves. I believe the suppliers, if they are not happy with the price they are paid for the milk, they should really go to wherever they can to get a better price for it. That is what it is all about. I, as an individual in fact, find it difficult to understand how they will be better off in the longer term, but that is their choice.

We have budgeted this fiscal year that we have just commenced to have something like 360 million litres of milk. As I understand the Victorian

operation, it is concerned with something like 20 million litres of milk. So in percentage terms it is not a huge figure.

Mrs HOLLISTER - So that loss will be taken up with other suppliers filling in?

Mr CURRAN - Well, I think we have a responsibility to talk to our other suppliers; we have a responsibility to operate our business as best we can, to encourage more milk from other suppliers, and may be even gain those suppliers who choose to go to Melbourne back again in the future.

CHAIRMAN - Okay. Are there any further questions?

Well if not, Mr Curran, I would like to thank you sincerely on behalf of the committee for the open and frank way you have been prepared to discuss the matters with us. This has very valuable, and I would like to thank you for giving up your time to come down and talk to us. Thank you very much.

Mr CURRAN - Thank you very much.

THE WITNESS WITHDREW.

