



SUBMISSION TO THE PARLIAMENTARY ENQUIRY INTO TASMANIA'S DAIRY INDUSTRY  
ON BEHALF OF BETTA MILK COOPERATIVE SOCIETY LTD, BURNIE, TASMANIA

Betta Milk Cooperative Society Limited is Tasmania's largest branded milk processor. The company was founded as a cooperative by North West Tasmanian dairy farmers in 1956 and is this year celebrating 60 years in business.

The company is no longer a true cooperative however the majority of its 70 registered shareholders are descendants of the company's farming founders, some remaining actively involved in Tasmania's dairy industry.

Betta Milk processes around 12,000 litres of liquid milk each year, all of which is sourced from Tasmanian dairy farms and distributed through Tasmanian retail outlets. The company also owns a subsidiary business, Hellyers Road Distillery, established in 1999 and situated on land adjacent to Betta's Burnie milk factory. The company employs 60 people in total.

The Betta Milk factory in Burnie is currently undertaking an engineering audit which it is hoped will lead to several significant operational upgrades in the next 2-3 years. These upgrades will deliver much-needed operational efficiencies and product enhancements, such as the capacity to produce extended shelf life products, crucial to the export viability of fresh milk.

Presently the milk plant processes milk received from Tasmania dairy farms four times per week. This milk is then distributed state wide through depots based in Burnie, Launceston and Hobart and through an independently contracted vendor network. Future operational upgrades aside, Betta Milk has current capacity to increase production levels through a rolling shift system. Increased capacity to process market milk could lead to job growth in the region with potential to send Tasmanian milk products to the mainland and/or Asia.

Betta Milk does not harbour the capacity to market and seek distribution arrangements outside of Tasmania. It operates with a small executive team of three people who are also charged with responsibilities for the Whisky Division of the business. The company does have scope to deliver contract packing arrangements of Tasmanian milk to the aforementioned markets. To do this, it would require the support of the Tasmanian Government to;

- Assist with interstate contacts and support through leveraging the Tasmanian brand
- Assist with overseas contacts and distribution opportunities leveraging the Tasmanian brand, through State and Federal resource and Austrade offices in Asia. Such activity would require official government support to create procedural pathways that ensure all export/import regulations are met.

Betta Milk has previously held conversations with the management of Moonlake Investments, owners of the Van Diemens Land Company. These discussions were based around a contract packing arrangement that would send Tasmanian Milk to regions of China. We understand that

Moonlake has since contracted an alternative multi-national, Tasmanian based processor to distribute VDL milk in China. Betta Milk has now undertaken procedures to gain an export licence and will institute follow up discussions with Moonlake, once the licence is granted, to see whether further opportunities exist for an export alliance. The Office of the Coordinator General has been very helpful in initiating the first round of discussions between Betta Milk and Moonlake.

#### SUMMARY

Betta Milk has the capacity to produce up to 30 million litres of Tasmanian farm milk for interstate or export distribution. However, the company does not have the financial or personnel resources to successfully penetrate new markets, especially Asia. The advent of regular, refrigerated air freight service from Hobart to Asia within the next few years will deliver increased export opportunities for perishable food companies, like Betta Milk. There will be definite opportunities for Tasmanian food and beverage producers however, most of them are small to medium operators with minimal resources and knowledge to successfully penetrate foreign markets.

A recent example of the dangers faced by small operators came with a Victorian dairy company whose trust in a Chinese cold-chain distribution affiliation was breached when their fresh milk product failed upon presentation to the market.

Through no fault of its own (other than misplaced trust) this company's brand was tainted and Chinese regulatory requirements around the import of dairy products tightened to a degree that now makes export to that country tied up in red tape.

The Tasmanian Government in conjunction with its Federal colleagues and Austrade should collaborate to create streamlined pathways and assistance for exporters that will encourage accredited producers to undertake export activity. At the moment there are too many regulatory impediments and risks around the exporting of fresh food products into Asia.

A blanket approach to exporting for accredited local producers, which fits under the platform and guarantee of the Tasmanian Brand, and backed by the State Government, would serve to stimulate export activity and grow local businesses/wealth.

*Submitted on behalf of Betta Milk Cooperative Society Ltd by Mark Littler, General Manager*

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