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The Honourable Greg Hall, MLC,
Chair Legislative Council Select Committee on the Dairy Industry in Tasmania

Dear Councilor

Thank you for the opportunity to make a submission to the Legislative Council Select Committee on the Dairy Industry in Tasmania.

The value-adding segment of the State's dairy industry has been a substantial contributor to the evolution of the Tasmanian Brand to its present position of considerable strength. A recent brand health survey confirmed anecdotal evidence that our brand has become a potent asset for many segments of the economy, including the dairy industry.

- Perceptions of Tasmania were rated by respondents at an average of 8.4 out of 10;
- 83.44 per cent of respondents believed Tasmania's reputation was improving;
- Respondents rated their confidence in the State's future at an average of 8.3 out of 10;
- The words used most often to describe Tasmania were: *Clean; Beautiful; and Natural.*

The co-founder of award-winning business Willie Smith's Organic Cider, Sam Reid, wrote recently: "Brand Tasmania is on fire! People from around Australian and around the globe want to get a piece of this island and its people and there truly is magic in the Tasmanian air."

The Brand Tasmania Council frequently refers to a quotation by Michael Eisner, who led the Disney organisation for 21 years. Mr Eisner said:

A brand is a living entity – and it is enriched or undermined cumulatively over time, the product of a thousand small gestures

At Brand Tasmania, we equate those gestures to stories about Tasmania's natural assets, people and products. Since our establishment in 1997, we have worked to publicise the achievements of the State's businesses, issuing 176 electronic newsletters that have featured more than 1,000 of *Tasmania's Stories*, each of them with at least one local hero. Over this time, few sectors have provided us with more good news stories (or *brand drivers* or *gestures*) than the dairy industry.



Tasmania's fertile soils, temperate climate and usually reliable rainfall position the State to supply quality dairy products to external markets. Our dairies produce excellent milk that is the raw material for a stunning array of cheeses and other products. Tasmanian cheeses have regularly collected national and international awards – making *gestures* that have been widely publicised and have helped drive the evolution of Brand Tasmania.

Earlier this year, Heidi Farm Gruyere won the prestigious Grand Champion Cheese award at the Australian Grand Dairy Awards. The cheese outscored entries from all over Australia to win the top award for the third time. This was testament to the work of Head Cheese-maker Ueli Berger, whose skill and commitment ensure that the Lion-owned Heritage plant in Burnie remains a strong contributor to the Tasmanian Brand. Heritage also had two cheeses included in the Australian Cheeseboard Perpetual Trophy. South Cape Brie and Tasmanian Red Square were nominated along with three interstate cheeses. Other Tasmanian winners at this year's awards were: King Island Dairy Black Label Triple Cream Blue (blue cheese); King Island Dairy Stormy Washed Rind (washed/mixed rind cheese); South Cape Parmesan (hard cheese); Bay of Fires Cloth Bound Cheddar (cheddar); and Fonterra Australia Pty Ltd of Spreyton (butter).

These companies, and many others, have delivered numerous similar achievements over the years. For a relatively small dairy region, we do exceptionally well. Certainly, no discussion about Tasmanian fine food is complete without reference to our vast array of gourmet cheeses.

Traditionally, branding has not been considered so important for bulk dairy commodities such as milk powders, but the recent experience of Bellamy's Organics demands a re-think of that supposition. Although Bellamy's does not, at this point, use Tasmanian material, its positioning as a Tasmanian business has, no doubt, helped it to achieve its stunning success in Asian markets.

The fact that Tasmanian milk is produced in a GM-free environment and that artificial hormones and antibiotics are not used to promote livestock growth contribute to its brand value. This applies to bulk commodities, as it does to gourmet products. Tasmanian milk and dairy products can claim to be as safe as they are delicious. This is increasingly important, especially in Asia.

Tasmania's Brand Ambassador, Tetsuya Wakuda, told a gathering in Hobart this year that 'clean air and water and good soil make the Tasmanian brand over and above *organic*.'



Recent investor in the Tasmanian dairy scene, Lu Xianfeng, has signed up his Van Diemen's Land Co as a Brand Tasmania Partner. 'I have a genuine feeling for the environmental heritage and brand values that Tasmania holds dearly,' he said 'In fact, it is as much these values I want to embrace as the VDL property itself.' Mr Lu finds Tasmania's natural beauty 'almost too good to be real'.

Opinions like these contribute immensely to the building of our brand.

In cider-marketer Sam Reid's view the Tasmanian Brand has achieved a unified positioning and is working on all fronts. 'It's most important ingredients – it's people – are passionate advocates and ambassadors and it has a never-ending list of proof-points, or reasons to believe, that just keep delivering,' Mr Reid wrote. 'These proof points are the result of a lot of hard work by individuals and small teams who are passionate about delivering the best product they possibly can; be it an experience in the wilderness; a world-class whisky; a tourism resort; or an amazing food and beverage experience. In marketing terms the people behind the products are contributing to growing the equity of the Tasmanian brand – putting in more than they are taking out for an overall net benefit to Tasmania.'

Mr Reid expressed concern that outsiders, who had not previously contributed to this brand-building could snatch its benefits, in some cases by competing directly with those who had done so much hard work in building the brand. It's likely that people within the dairy industry, who have worked over the years to build their place-of-origin brand, would share this concern.

The Brand Tasmania Council is satisfied in general terms with the direction of the dairy industry. Even the biggest value-adding businesses have kept sight of the quality imperative that is fundamental to our brand.

The council would like to see:

- Continued growth in a dairy industry that takes every opportunity presented by the State's large-scale irrigation projects;
- Stabilisation of the price paid for milk at the farm gate at a level that ensures a viable income for all dairy operators;
- Continued emphasis on quality and the production of *brand drivers* in the value-added sector;
- Utilisation of the contacts and vision of Lu Xianfeng for the good of the industry as a whole;



- Avoidance, to the greatest extent possible, of food-production mishaps or other incidents that would undermine the Tasmanian Brand.

I hope these comments are helpful to the Select Committee.

Michael Grainger

Chairman
Brand Tasmania Council