



**HD** **Dairy** expansion needs international freight route: DMG

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**Dairy** Processor Devondale Murray Goulbourn (DMG), is dramatically shifting its market focus to Asian consumers, but says it needs access to a direct international shipping route from Tasmania.

The **company** has announced a \$14 **million** investment in innovation, at its Edith Creek facility, to cater for the growing Asian middle class.

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Construction will begin next month, and by this time next year the Edith Creek Devondale Murray Goulbourn processing facility, will be churning out **dairy** beverages, destined for an Asian market.

The facility turns over about \$100 **million** annually, and of that only about 30 percent is due to international trade.

But Mr Helou says the **company** is aiming to grow their international exports, to account for as much as 65 per cent of total **business** at the Edith Creek facility with new packaging lines for **dairy** beverages solely targeted at an Asian market.

"It's really simple," he said.

"It's a determination to connect with those high growth markets and they are in Asia, in **China**, all the way down to Indonesia.

"Asian consumers don't want commodities anymore," he said.

"They want premium products, safe products, functional products."

While the **company** is keenly anticipating burgeoning export demand, there is concern over the lack of an international freight route from Tasmania.

Mr Helou says it is imperative that a direct route to Asia is established as soon as possible.

"It's hugely important, not just to my **company**, but to other exporters too," Mr Helou said.

"You need direct access, you need efficient access, and efficient logistics.

"That's exercised when you load a ship that goes straight to its destination - Shanghai, Beijing, for example.

"It is counter-productive and inefficient to ship to Melbourne first, unload the ship, take it to your warehouse and then reload it back up, and on-send it to an export market," he said.

"That is not value adding, it's value destroying."

A tender process is under way for an operator for an international freight route from Bell Bay in the state's south east, with an outcome expected within the next two months.

Mr Helou says he will work with both state and federal governments on the detail but that any direct route would be a welcome one.

The facility employs about 180 people at the moment, and while this expansion won't create any new roles, Mr Helou says it will secure existing jobs.

"It's very exciting because it's one of the first investments that targets the Asian consumer as a primary objective," he said.

"This investment will secure existing jobs into the long term."

DMG has also announced an increased **stake** in the youngest Tasmanian **dairy** processing **company**, Tasmanian **Dairy** Products, in Smithton.

"We've gone from 56 per cent to 76 per cent," Mr Helou said.

"We've increased our investment because of our confidence and belief that Tasmania will grow and will become a bigger **dairy** food exporter," he said.

Late last week the **company** held an extraordinary general meeting to vote on a change to the **company**'s own share structure.

Concerns were raised by Victorian farmers who are members of the DMG co-operative that it was just one step short of taking the **company** public - something they are vehemently opposed to.

But Mr Helou says there is absolutely no talk of going public and that he is committed to maintaining the co-operative structure.

"There's two principles that our **board** is big on respecting, and will not breach," he said.

"They are co-op structure, and 100 per cent farmer control.

"Those two principles will not be breached, and would be almost impossible to breach, because it requires a constitutional vote of greater than 90 per cent which is an impossibility."

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