

T.H. 20/1/88

City Dairy leases out three milk rounds

COMBAND -

MILK VENDORS

By JILL DAAMEN

Three North Taranaki milk rounds will be leased following interviews of prospective vendors today.

Twelve applications have been received for the three available rounds which will be leased by the City Dairy Ltd, says City Dairy Ltd managing director Colin Banks.

The runs are being leased instead of sold as in the past and successful lessees will have the right to renew their respective contracts or purchase the round after two years, says Mr Banks.

The rounds were advertised as available for lease two weeks ago. The applicants are mainly people outside the industry, with some relief drivers applying for the lease, says Mr Banks.

Milk stations, such as City Dairy Ltd, will have control of vending and distribution from April 1 if the Milk Bill, now before Parliament, is enacted.

In the past, the Milk Board has had this control.

Mr Banks has fielded several inquiries from interested people questioning the future of home delivery.

"We are legally obliged to maintain home delivery," he says.

Despite the present insecurity and uncertainty surrounding the industry, Mr Banks says he does not feel there is any real threat to home deliveries.

"The high per capita milk consumption is largely the consequence of home delivery," he says.

"A person who gets six bottles delivered daily is unlikely to go to the supermarket once a week to buy 60 or so bottles," says Mr banks.

He says by the time the two-year lease is up, the milk

station and lessees will have a clearer picture of the changes and effects deregulation has had on the industry.

Since cartoned milk came on the market, there has been a 1.2% swing from home delivery to supermarket sales, he says.

Cartoned milk has well secured its place on the market with 28% of total milk sales, he says.

"It hasn't had a marked effect on rounds in New Plymouth," he says.

But Mr Banks is reluctant to predict the impact that plastic two-litre milk bottles will have on the market.

These could be on North Taranaki shelves by April.