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Farmers suffer, Government dithers and hides behind ineffective ACCC

For immediate release

Australian Dairy Farmers (ADF) President Chris Griffin has today expressed great disappointment in the Government's so-called responses to the Senate Economics References Committee's 2011 final report of the *Inquiry into the impacts of supermarket price decisions on the dairy industry* and *Milking it for all it's worth – competition and pricing in the Australian dairy industry*.

The Government, after two years of inquiries and conclusive evidence of impacts on dairy farmers, is yet again avoiding taking action.

"They are hiding behind the ACCC, which has time and again proven itself to be ineffective and powerless against the tactics of the major supermarkets," said Mr Griffin.

ADF is amazed that the Government is satisfied with the ACCC's 'monitoring' when it admitted in evidence to the Senate Committee that it had "not done any monitoring of the other items" in reference to the approximately 15,000 other items in a supermarket that Coles may be increasing the price of to offset the price cuts on staples such as milk.*

The ACCC also admitted that it had not checked if Coles was selling below cost in regional areas such as Darwin, Kununurra and "other far flung places."#

Even Coles' major competitor, Woolworths stated a year ago that the price cut was unsustainable and would lead to farmers being impacted.

"The dairy farmers of Australia demand action. The Government has been presented with clear and uncontestable evidence that Coles' marketing tactic is adversely affecting dairy farming families and action needs to be taken now," said Mr Griffin.

"Coles' actions have already contributed to the loss of some 30 dairy farmers from the industry in Queensland since January 2011, and more are set to leave with farmers being confronted with lower contract prices and major cuts to their incomes over recent months," said Mr Griffin.

Farmers in Qld and NSW are having to sign contracts at three cents per litre less than last year. For many dairy farmers this means they will become unprofitable.

Mr Griffin said, "ADF is calling on the Government to support the dairy industry's recommendation for an enforceable and mandatory Code of Conduct for supermarkets that covers the entire value chain, from farmer to retailer."

The industry also calls for a Supermarket Commissioner or Ombudsman to be established to investigate complaints and strongly enforce the new code.

"The price cuts are unsustainable and the plain fact is milk priced at 1992 levels does not bring in enough money to support farmers, processors and retailers in the year 2012. The evidence shows it and Coles knows it," Mr Griffin said.

After two years of inquiries, hearings and submissions the government has agreed in principle to seven recommendations and noted twenty-four out of a total of thirty one. There is no action!

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*Senate Economics References Committee hearing, Thursday 6 October 2011, Page 37
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