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**It's time to act on Coles' cutthroat discounting now**

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For immediate release

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Australian Dairy Farmers (ADF) President Chris Griffin expressed extreme disappointment that the Senate Economics References Committee's final report on the Inquiry into the impacts of supermarket price decisions on the dairy industry has not recommended immediate action on Coles' cutthroat discounting.

"The Committee 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 ADF President Chris Griffin.

"Coles' actions have already contributed to the loss of more than 26 dairy farmers from the industry in Queensland since January," said Mr Griffin.

Whilst dairy farmers are leaving the industry the Committee has recommended four reviews, one study and one consultation process. We need action.

"This cut-throat discounting by Coles has now been going on for nine months and it is time the government took action to stop it. This is the second inquiry in two years, the time for talking is over, we need action," Mr Griffin said.

"We've seen this discounting cycle before in the United Kingdom, we know what the issues are, we know this cutthroat discounting ultimately flows on to the farmers and their families and we know the UK Competition Commission had to take legislative action to re-balance the market power of the supermarkets there."

The Government must take action to balance the unfair market power of the two big supermarkets and provide fairness and transparency along the supply chain.

Coles and Woolworths have unparalleled market power that is not replicated anywhere else in the world. The top five supermarket chains in the United Kingdom have about 80% of the market, the same as Coles and Woolworths here in Australia. This cannot be good for competition in the long term and is definitely not good for the supermarkets' suppliers.

"ADF applauds Senators Xenophon, Williams, Madigan, Milne and Heffernan for having the courage to stand up to Coles and say it how it is in their minority report. ADF calls on the Federal Government to immediately respond to the Committee's minority report and work with industry to implement its recommendations."

"The price cuts are unsustainable and the plain fact is milk priced at \$1 per litre does not bring in enough money to support farmers, processors and retailers. The evidence shows it and Coles knows it," Mr Griffin said.

The dairy industry has done modelling on what the potential impact of the discounting is if it continues.

This national modelling outlines a potential annual loss of \$44 million from the value chain due to the shift to home brand products. This scenario would lead to a drop of 2 cents per litre in the farmgate price. For the vast majority of northern NSW and Queensland dairy farmers this would result in the loss of any profit margin on their milk.

Farmers in the drinking milk states are under pressure and they are leaving the industry due to the uncertainty created by Coles and doubts about the long-term sustainability of their farms at these prices.

"This is leading to a lack of investment in the industry in the drinking milk states at a time when it is vital that farmers develop their farms to meet anticipated future growth in demand," Mr Griffin said.

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