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ADF challenges Coles to explain why they have increased milk prices in Western Australia alone

For immediate release

Australian Dairy Farmers (ADF) Vice President Adrian Drury has challenged Coles to explain why they have made a five cent a litre price increase as a one-off payment to WA dairy farmers alone.

Coles has announced a five cents per litre increase to WA milk processing company, Brownes Dairy.

Whilst ADF acknowledges this is a step in the right direction for sustainable milk pricing for Western Australian farmers Coles needs to explain why they have not done it for the rest of Australia.

Mr Drury said "Coles also needs to acknowledge publicly that by reducing the price of milk to \$1 per litre on their home brand milk they made a mistake and set prices that are unsustainable."

The last time milk was a \$1 per litre was around 1992. No-one can live on a wage set at 1992 levels. Would Coles' executives be willing to go back to 1992 wage levels?

"Reversing this decision and raising their prices to a sustainable level for farmers, processors and retailers is the right thing to do."

Coles is currently undermining the value and sustainability of fresh milk supplies across the whole country.

ADF is seeking an explanation from Coles on why they took this action in WA because it does not seem logical to increase prices in one market alone, when their marketing tactic impacts the whole of Australia. They must understand that the price on the retail shelf is linked to what farmers ultimately get paid.

ADF would like to point out to Coles that farmers in other key drinking milk production markets of Queensland and NSW have also been doing it tough. Apart from the devastating floods and cyclone Yasi in Queensland they too have been impacted by low milk prices and also, as Coles well knows, will be hardest hit by their unsustainable price cuts on milk.

Dairy farmers in South Australia have also been doing it tough with drought and low milk prices and will be hit hard too.

Mr Drury asks "Have Coles only targeted WA because their parent company Wesfarmers is based in Western Australia? Surely even Coles could not be that cynical?"

Coles is using discounted milk as a marketing tactic to get more customers through their doors while also rapidly growing the market share of their own generic supermarket brands, at the expense of private brand milk. This tactic is fundamentally changing the market and undermining the sustainability of the industry and cannot be continued in the long term.

The ruthless discounting of Coles has been described by other retailers as unsustainable, and it is going to hurt the entire industry including dairy farmers, service businesses, transport operators, processors, vendors, and other retailers. It will threaten the jobs of employees throughout the whole industry. Many farmers in Queensland will see their milk cheques drop next month as a direct result of the Coles' cut-throat price discount campaign.

“It is time Coles raised prices to a sustainable level and stopped their marketing tactic. This recent increase in WA is only a temporary fix.”

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