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ABN 76 060 549 653

26 July 2011

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**ADF demands Coles listens to its customers and prices milk sustainably**

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**For immediate release**

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“After six months of unsustainable pricing of its home brand milk, this cynical marketing tactic has devalued milk as a product and caused unnecessary worry for farmers, particularly those in the key retail drinking milk states of Queensland, Northern NSW and WA,” said ADF Vice President Adrian Drury.

Consumers are not the winner from this, they know they are simply paying more on other food items and ADF is disappointed that Coles is not listening to its customers by pricing milk sustainably.

Consumers can support dairy farmers by buying branded milk and not supermarket brands.

The last time milk was a \$1 per litre was around 1992. No-one can live on a wage set at 1992 levels.

More broadly Coles’ action has cut at the heart of all farmers since (whether they supply Coles or not) they are seeing the product they produce ‘devalued’ in the market place.

“Coles has shown total disregard for dairy farmers’ livelihoods and for their customers,” Mr Drury said.

“Coles 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 now set prices that are sustainable.”

Cole’s claim that milk consumption is up, ignores the reality that milk is an inelastic product and that any increase in consumption is due to normal population growth.

The recent inability of the ACCC to address this problem demonstrates that strengthening existing laws, or making new regulation, is the only answer to Cole’s actions.

The ADF has made recommendations to amend the Competition and Consumer Act 2010 and they are:

- a mandatory Supermarket Code of Conduct be developed, in consultation with industry, with an Ombudsman or Commissioner with strong powers;
- a definition of unconscionable conduct be inserted into the Act;
- an “effects” test be reintroduced;
- a statutory duty of good faith be enacted as part of the Act; and
- that the United Kingdom Competition Act 1998 be examined, section 18 in particular, with a view to amending the Act along similar lines to prevent predatory pricing and the misuse of market power.

“The price cuts are unsustainable and the plain fact is milk priced at \$1 per litre doesn’t bring in enough money to support farmers, processors and retailers. Coles knows it,” Mr Drury said.

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