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Australian Dairy Farmers reacts to new Coles milk supply arrangement

For Immediate Release

Australian Dairy Farmers (ADF) believes that more competition for milk is healthy and that this Coles initiative to source milk for Coles Brand 2 and 3 litre products directly from farmers in Victoria and South and Central NSW, has the potential for greater transparency within the dairy supply chain between farmers and retailers.

We are hopeful that Coles will use this measure to build closer relationships with farmers, but we are seeking further engagement on how the initiative will work.

Coles has confirmed that this new arrangement will not change their commitment to pass the 10 cent increase to their 2 and 3L fresh milk brand back to suppliers in other regions via their processor.

However, Coles must also commit to ensuring that \$1-a-litre milk never returns to their shelves after the price was raised to \$1.10 per litre in March.

The most unsustainable part of the dairy industry is the lack of value being returned to farmers through the domestic market.

It is imperative that value is delivered through the supply chain, with farmers receiving their fair share for the hard work, risk and investment that they have in this industry. This includes farmers securing their fair share of future retail price increases across the dairy cabinet.

Coles has also announced it will invest \$1.9 million through a new Coles Sustainable Dairy Development Group to fund research into improving the sustainability of Australia's dairy industry.

ADF would welcome the opportunity to work with Coles in ensuring this new development group delivers productivity gains to dairy farmers across Australia.

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