

Wednesday 5 June 2019

COLES TO BUY MILK DIRECTLY FROM FARMERS FOR COLES BRAND MILK

- ***Fair and competitive, guaranteed farmgate prices***
- ***Longer term contracts available with flexible options***
- ***Coles to invest in sustainable farm development***

Coles will next month begin sourcing milk directly from farmers in Victoria and Southern and Central New South Wales for Coles Brand fresh white milk, delivering more value to farmers including fair and competitive farmgate prices and improved certainty of future income.

The new sourcing model will offer longer-term contracts. Dairy farmers can decide between one, two or three year contracts. This will help build the confidence of farmers to invest and grow.

Coles has previously relied on dairy processors to purchase milk from farmers to supply for Coles Brand milk, under contracts that allow the processor rather than Coles to set the farmgate price.

Under the new sourcing model, Coles will offer the competitive farmgate price directly to farmers.

Coles will pay dairy processor Saputo to process and bottle under a toll processing agreement.

Coles will also offer farmers contracts with guaranteed prices for two years and a floor price in the third year with flexible options of supply – providing greater certainty of income and allowing farmers to more confidently plan for their future.

Coles Chief Operating Officer Greg Davis said Coles was proud to be collaborating directly with Australian dairy farmers to purchase their high-quality milk and strengthening the sustainability and long-term resilience of our dairy farm suppliers.

“In addition to offering a fair and competitive price, dairy farmers will have more choice regarding the length of contract and more certainty around income” he said.

“Over many years, Coles has developed direct relationships with thousands of meat, seafood and fresh produce farmers supplying to our stores; it is a successful model, and we think it can work in dairy too.”

Mr Davis said the new sourcing model was an important first step to improve returns for dairy farmers while the industry and government continued to work towards a long-term solution to structural issues facing the industry.

“If the model works as we hope it will, we will look for opportunities to expand the footprint to other milk-producing regions and potentially other products in the dairy case,” he said.

“We hope our customers will embrace the investment in sustainable dairy farming by purchasing Coles Brand fresh white milk.”

Coles will also invest an additional \$1.9 million into improving the sustainability of Australia's dairy industry through the newly established Coles Sustainable Dairy Development Group.

The investment will fund research into more sustainable farming practices, adoption of new technology, more efficient use of pasture, feed and water, and support for business development and talent retention, and farmers will have a direct voice in how funds are deployed.

The price of Coles Brand fresh white milk will remain the same. Coles will continue to pass on the benefit of the price increase to processors in other regions for distribution to their farmers supplying milk for Coles Brand 2L and 3L fresh white milk.

Farmers in Victoria and Southern and Central NSW interested in contracting part or all of their milk production to Coles can send an expression of interest to milksupply@coles.com.au.

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For further information, please contact

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