

**14 May 2020**

## **COLES TO BUY MILK DIRECT FROM SA, WA FARMERS FOR OWN BRAND MILK**

- Follows successful roll-out in Victoria, Southern and Central NSW**
- Guaranteed farmgate prices, one or two year contracts, flexible supply options**

Coles is recruiting dairy farmers in South Australia and Western Australia to supply milk for Coles Brand fresh white milk, delivering guaranteed farmgate prices for farmers.

Coles launched its new milk sourcing model in Victoria and Southern and Central New South Wales last July, contracting directly with local farmers to supply milk for Coles Brand in those markets and offering a competitive farmgate milk price.

Coles Brand fresh milk is 100% Australian, and was previously sourced entirely from dairy processors who purchased milk from farmers, under contracts that allowed the processor rather than Coles to set the farmgate price.

Under the new sourcing model, Coles offers a farmgate price directly to farmers, and pays dairy processors to process and bottle the milk under a toll processing agreement. Coles has toll processing arrangements for milk sourced directly from farmers in SA and WA with Lion Dairy and Drinks, Brownes Dairy and Lactalis Australia.

Dairy farmers supplying direct to Coles can decide between one or two year contracts, with guaranteed prices, providing them with certainty of income and the confidence they need to plan for the future of their business.

Coles Chief Executive Commercial and Express Greg Davis said Coles was pleased to be able to collaborate directly with more Australian dairy farmers.

"We're proud of the relationships we have built with our directly-contracted farmers in Victoria and Southern and Central NSW to buy their high-quality milk, and we're thrilled to be able to extend that model to work with farmers in SA and WA," he said.

"By offering farmers the opportunity to lock in a price and giving them choice on the length of contract, Coles is investing in the long-term sustainability of our suppliers and the Australian dairy sector."

Over the past year Coles has also provided additional financial support to directly-contracted farmers to help them deal with the impact of bushfire and drought.

Mr Davis said new business models to improve returns for dairy farmers were an important part of addressing the long-term structural issues facing the dairy industry.

"We are committed to investing in sustainable dairy farming, and the success of our direct sourcing model shows that it can make a real difference to our suppliers," he said.

In addition to creating a dedicated milk pool, Coles has leveraged its direct relationships with industry stakeholders to establish the Coles Sustainable Dairy Development Group (CSDDG), which invests in on-farm sustainability measures and is managed in collaboration with farmers.

Farmers in South Australia and Western Australia interested in contracting part or all of their milk production to Coles can email [milksupply@coles.com.au](mailto:milksupply@coles.com.au) or phone 1300 995 141.

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**For further information, please contact**

Coles Media Line (03) 9829 5250 or [media.relations@coles.com.au](mailto:media.relations@coles.com.au)