

# Media Release

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## **Coles Extends Direct-Sourcing Milk Model to Tasmania**

*Coles to buy milk direct from Tasmanian dairy farms for Coles Brand milk*

Coles is restructuring its milk supply chain to purchase milk directly from Tasmanian dairy farms for Coles Brand fresh white milk, providing farmers with greater confidence over their future income and securing ongoing supply of fresh local milk for Tasmanian customers.

Under the new sourcing model, Coles will offer Tasmanian dairy farmers transparent farmgate contracts of up to three years, replacing the current model under which Coles Brand fresh white milk sold in Tasmania is sourced through processors, who set the price farmers receive.

Coles launched its direct sourcing model in Victoria and Southern and Central New South Wales in 2019, contracting directly with local farmers to supply milk for Coles Brand fresh white milk in those markets and offering a competitive farmgate milk price.

The model was extended to South Australia and Western Australia in 2020, with all Coles Brand fresh white milk in those markets now coming from directly-contracted farmers within their respective states.

Under the direct 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 Bega Dairy & Drinks will process and bottle milk sourced directly from Tasmanian farmers at their plant in Hobart to produce Coles Brand fresh white milk.

The new sourcing model will help ensure that all Coles Brand fresh white milk sold at Coles supermarkets and Coles Express stores in Tasmania continues to be sourced, processed and bottled in Tasmania.

South Australian Dairy farmer Glenn Dohnt from Monteith said signing a long-term agreement to supply milk directly to Coles last year provided certainty for his family's dairy farm at Monteith, where he milks 700 cows.

"We have been waiting for a supply contract like Coles' for a long time; it's the perfect fit for us, a second-generation farming family who has been in the game for over 40 years," he said.

"We place great value in the fact we are supplying milk to an Australian company and Australians every day. Coles is the best processor we have ever dealt with; the transparency, the long-term agreements and directly working with the Coles dairy team gives us confidence that our future is bright."

Charlotte Rhodes, Coles General Manager for Dairy, said she was proud of the relationships Coles had built with dairy farmers across Australia to purchase their high-quality milk for Coles customers.

“We currently have over 60 Australian dairy farms supplying milk for Coles Brand under direct contracting arrangements, which not only provides the opportunity to lock in a price but also gives them a choice on the length of the agreement,” she said.

“We're pleased to be investing in the sustainability of the Tasmanian dairy sector at the same time as ensuring we have locally-produced milk for our Tassie customers.

“Tasmanian dairy products are also popular with our customers in other states and we are proud to offer dairy products from Tassie brands like Pyengana, Meander Valley and Ashgrove in Coles supermarkets across Australia.”

In addition to creating a dedicated milk pool, Coles has established the Coles Sustainable Dairy Development Group, through which Coles invests directly in on-farm sustainability projects in consultation with dairy farmers.

Dairy farmers can find more information about Coles' direct sourcing model at [www.milkdepartment.com.au](http://www.milkdepartment.com.au)

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**For further information, please contact**

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