

Media Release

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Coles Supply Contracts Support Long-Term Sustainability of WA Dairy Farms *Farmers now supplying milk directly for Coles Brand fresh white milk sold in WA*

Coles will meet with Western Australian dairy farmers in coming weeks to discuss opportunities to invest in on-farm sustainability initiatives, as a part of new direct sourcing agreements for Coles Brand fresh white milk.

Coles has restructured its Coles Brand milk supply model in WA by contracting directly with Western Australian dairy farmers, replacing the previous model under which Coles Brand milk sold in WA was sourced through processors, who set the price farmers received.

Coles Brand fresh white milk sold in the state is now sourced directly from WA farmers under transparent contracts that include a minimum farmgate price until June 2023, providing farmers with greater confidence over their income so that they can plan for the future.

Coles has partnered with 10 dairy farmers across South West WA to supply a total of 35 million litres of milk per year to be used in Coles Brand milk sold at all Coles supermarkets and Coles Express petrol and convenience sites in the state.

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), through which Coles invests directly in on-farm sustainability projects in consultation with dairy farmers.

Since June 2019 when Coles first began sourcing milk direct from farmers in Victoria and southern and central New South Wales, the CSDDG has invested in animal health-care technology trials and helped improve workplace safety by providing supplies of hand sanitiser and installing defibrillators at dairy farms.

WA dairy farmer Don Fry, from Brunswick Junction, is one of 10 WA dairy farmers who have been supplying milk to Coles under direct contracts since October.

"We were thrilled Coles was able to offer us a long-term contract – it gave our family, with sons on the farm, genuine confidence in our future. The communication has been a real standout and the growing direct relationship is really refreshing," he said.

Coles Dairy General Manager Charlotte Rhodes said the new sourcing arrangement helped to ensure security of supply for Coles customers while supporting the long-term sustainability of supplier's farms.

"By working directly with dairy farmers, we're able to offer a transparent price, as well as more choice regarding the length of the contract, providing improved certainty around income," she said.

“In the last year we’ve built strong relationships with our directly-contracted dairy farmers in NSW, Victoria and South Australia. Extending our direct-sourcing model to Western Australia is an important step in investing in a sustainable dairy industry and addressing long-term structural problems.”

“As part of our Sustainable Dairy Development Group, we’ll be meeting directly with WA dairy farmers over the coming weeks to discuss measures aimed at improving the long-term sustainability of their farms.”

The latest contracts bring the total number of Australian farms supplying milk to Coles under direct contracting arrangements to almost 60, with Coles purchasing more than 5 million litres of Australian fresh white milk for customers each week across the country.

Coles has established toll processing arrangements with Lion and Brownes to process and bottle the milk it purchases directly from WA dairy farmers.

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