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LONG TERM MILK DEAL TO STRENGTHEN DAIRY INDUSTRY

Around 220 NSW and Queensland dairy farmers will supply 60 million litres of Coles Brand milk annually over a nine year period following an extension of Coles' milk contract with Norco.

Coles' milk contract with Norco has been extended until 2023, with Coles having an option to further extend it until 2026.

The extension will play a significant part in Norco's future aim to reach an annual sales turnover target of \$1 billion.

Norco Chief Executive Officer Brett Kelly said the extension of the contract was an exciting step for the 121 year old co-operative.

"We expect to grow to a collective sales turnover of approximately \$1 billion over coming years, effectively doubling our current sales and Coles will play a substantial part in this growth," he said.

The new deal comes two years after Norco signed an initial contract to provide Coles Brand milk to supermarkets across NSW and Queensland over a five year period.

"To service the contract which commenced in 2014, Norco employed an additional 22 team members and signed 74 new farmers to supply milk," Mr Kelly said.

"Norco's milk sales increased by 60 per cent over the past two years, contributing substantially to the co-op's collective sales growth of 33 per cent," he said.

"The extension of the Coles contract for Queensland and northern NSW gives surety to our dairy farmers and the confidence to reinvest and grow their production as the contract volume grows. This is excellent for the Queensland and northern NSW dairy market."

"The extended contract is very significant in terms of building the Queensland market and driving long-term reinvestment in the dairy industry through our member suppliers.

"By extending the length of our contract with Coles, we are able to improve Norco's brand profile and increase consumer awareness of farmers working together with retailers."

"On the back of this contract, we will invest more funds into our facilities to further enhance efficiencies throughout the supply chain."

Coles State General Manager Jerry Farrell said the extension of the contract was evidence of its confidence in Norco.

"We're delighted to extend our partnership with Norco, which allows us to provide our customers with great quality milk for years to come," he said.

“Norco is one of the longest standing dairy co-operatives in Australia, which continually grows by taking on new opportunities in the dairy sector. We are delighted to enter into a new, extended partnership with such a reputable company that has such high standards for quality.”

In addition to supplying milk to Coles, Norco also produces a range of flavoured ice creams under the Coles Brand which has further strengthened its partnership.

Mr Kelly said strong long-term partnerships created sustainability for Norco in the future.

“Norco’s strategy has been to invest in production once we have secured a contract. That’s why it is important we align ourselves with the right partners like Coles,” he said.