coles

MEDIA RELEASE

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Coles' response to interim Senate Committee milk report

Coles notes the release of the Senate's second interim report into milk pricing and welcomes the report's acknowledgement of the customer benefit of lower milk prices - and that such benefits should not be dismissed lightly.

Coles managing director Ian McLeod said he was pleased that the committee has recognised that there is no evidence that Coles' milk price cut is damaging the dairy industry.

"We're pleased that the committee has recognised that lower prices are good for customers, and that Coles' milk price cuts are saving consumers one million dollars a week," Mr McLeod said.

Coles' move to reduce the price of its private label milk is consistent with its commitment to provide quality food that costs less to Australian consumers.

Coles is delivering on this commitment to its customers at a time when the cost of living for families continues to rise – through higher energy costs, school fees and basic everyday requirements.

Coles reduced the price of its private labelled milk in January as part of its 'Down Down' price campaign. This campaign has reduced the price of over 5,000 individual products over the past 12 months.

Before making its milk price reduction Coles took undertook a series of actions to ensure we would not hurt milk processors and dairy farmers, including:

- fully funding the retail price cut from our own profit margin;
- giving milk processors a higher contract price from their milk price in January; and
- inserting rise and fall clauses in our contracts with milk processors so that we are committed to paying higher contract prices if farm-gate prices increase.

The Commonwealth Treasury and the ACCC have both subsequently said that Coles' actions have done nothing to farm-gate prices in the short term and will not damage the long-term sustainability of the dairy industry.

Mr McLeod said that the company has cooperated fully with the Senate Inquiry.

"We have given the committee a comprehensive written submission, we've appeared at the Committee hearings, and we've responded in writing to over one hundred supplementary questions," Mr McLeod said.

"In all of our dealings with the Senate Committee, and with the Australian dairy industry, we have reinforced that our retail milk price cuts will not have a detrimental impact on Australian dairy farmers.

"Coles' customers rightly expect us to keep prices for essential grocery items as low as possible. We will continue to put the interests of our customers first, by delivering on our commitment to offer quality and value."