

8 April 2011

Richard Chadwick  
General Manager – Adjudication  
Australian Competition and Consumer Commission  
23 Marcus Clarke Street  
Canberra ACT 2601

By Email – [adjudication@acc.gov.au](mailto:adjudication@acc.gov.au)

Dear Dr Chadwick

**Australian Dairy Farmers Ltd – Revocation & Substitution - A91263**

Thank you for your letter of 11 March 2011 asking for comments from Coles on the application by Australian Dairy Farmers Ltd (**ADF**) for revocation of authorisation A90966 and substitution of the new authorisation A91263.

Coles believes that ADF plays an important role in the dairy industry and that it performs an essential function representing the interests of dairy farmers across Australia. Coles is supportive of collective bargaining at the farm gate and of ADF's request for substitution of the new authorisation A91263.

As ADF has noted in its application to the Australian Competition and Consumer Commission, Australia's farm gate milk price is driven by world market prices. Farm gate prices are also ultimately set through negotiation between milk processors and dairy farmers. Coles separately sets its purchase price for milk with milk processors and independently determines its price offering for milk to consumers in stores based on competition in the grocery market.

Coles considers that increased transparency in farm gate pricing, as well as extended opportunities for collective bargaining by dairy farmers, should be facilitated to assist dairy farmers in achieving fair returns and reasonable contractual terms in supply agreements with milk processors.

Please do not hesitate to contact me should the ACCC require any further information in this regard.

Yours sincerely



**John Durkan**  
Coles Merchandise Director