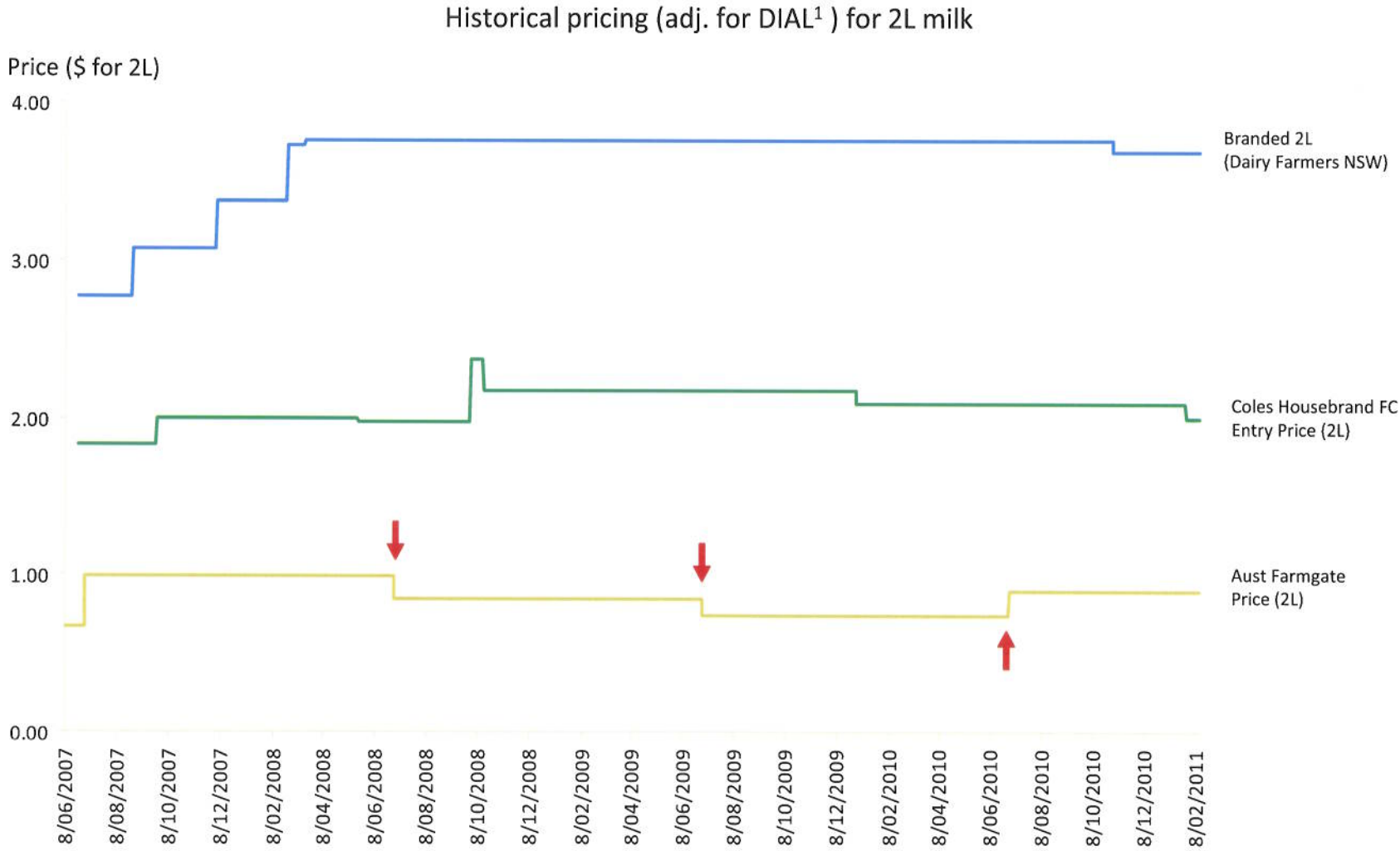


Farmgate price moves independently of retail price

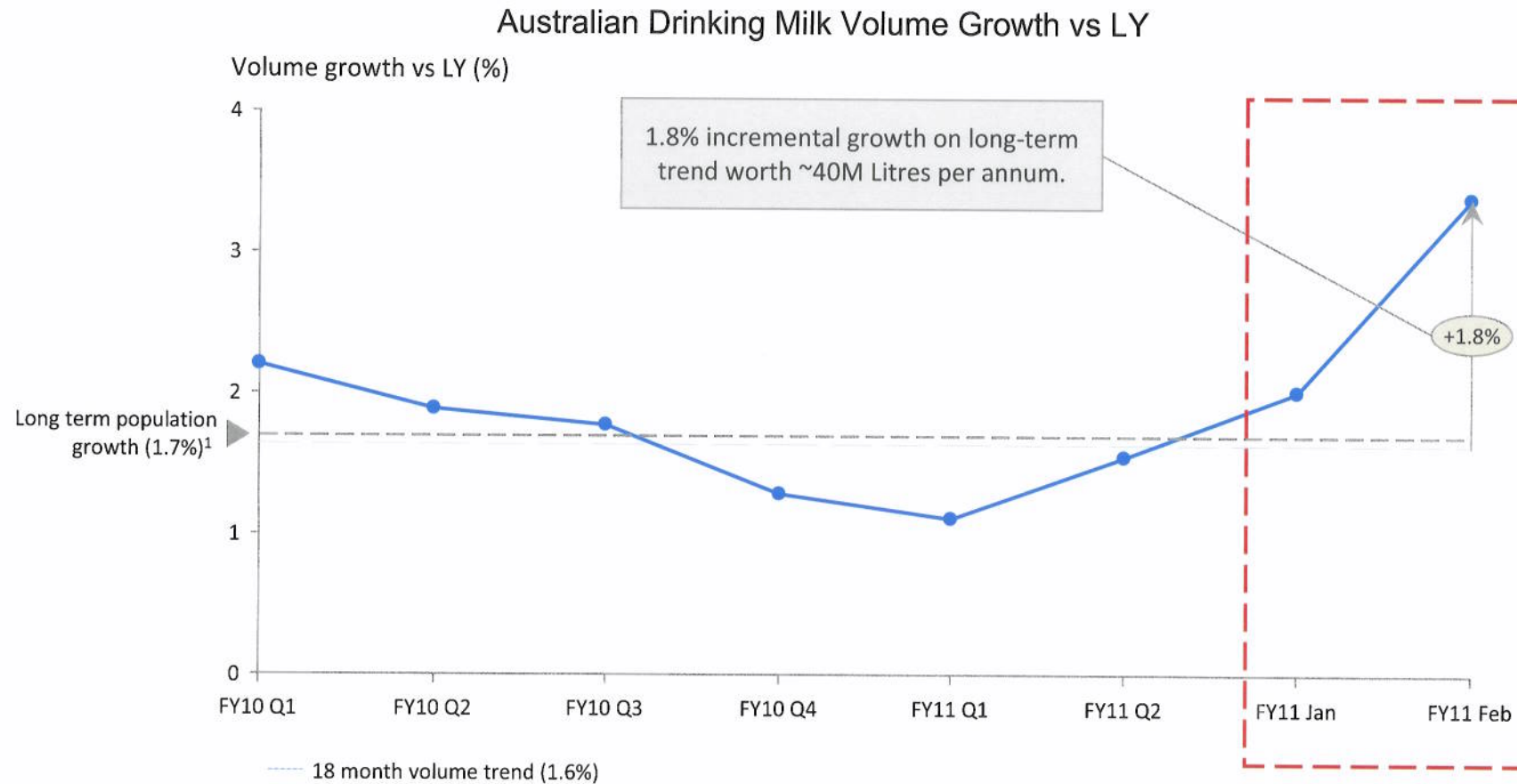


1. DIAL adjustment removes 11cpl from before February 2009
 Source: BIW "as was" SYS 50b pricing report, NSW Zone 1; Dairy Australia, 2010

Claim: "Coles' move is extremely unlikely to increase the aggregate consumption of milk."

– Australian Dairy Industry Council (ADIC), Senate submission

Fact: Since "Down Down" launch, industry volume has grown above long run average



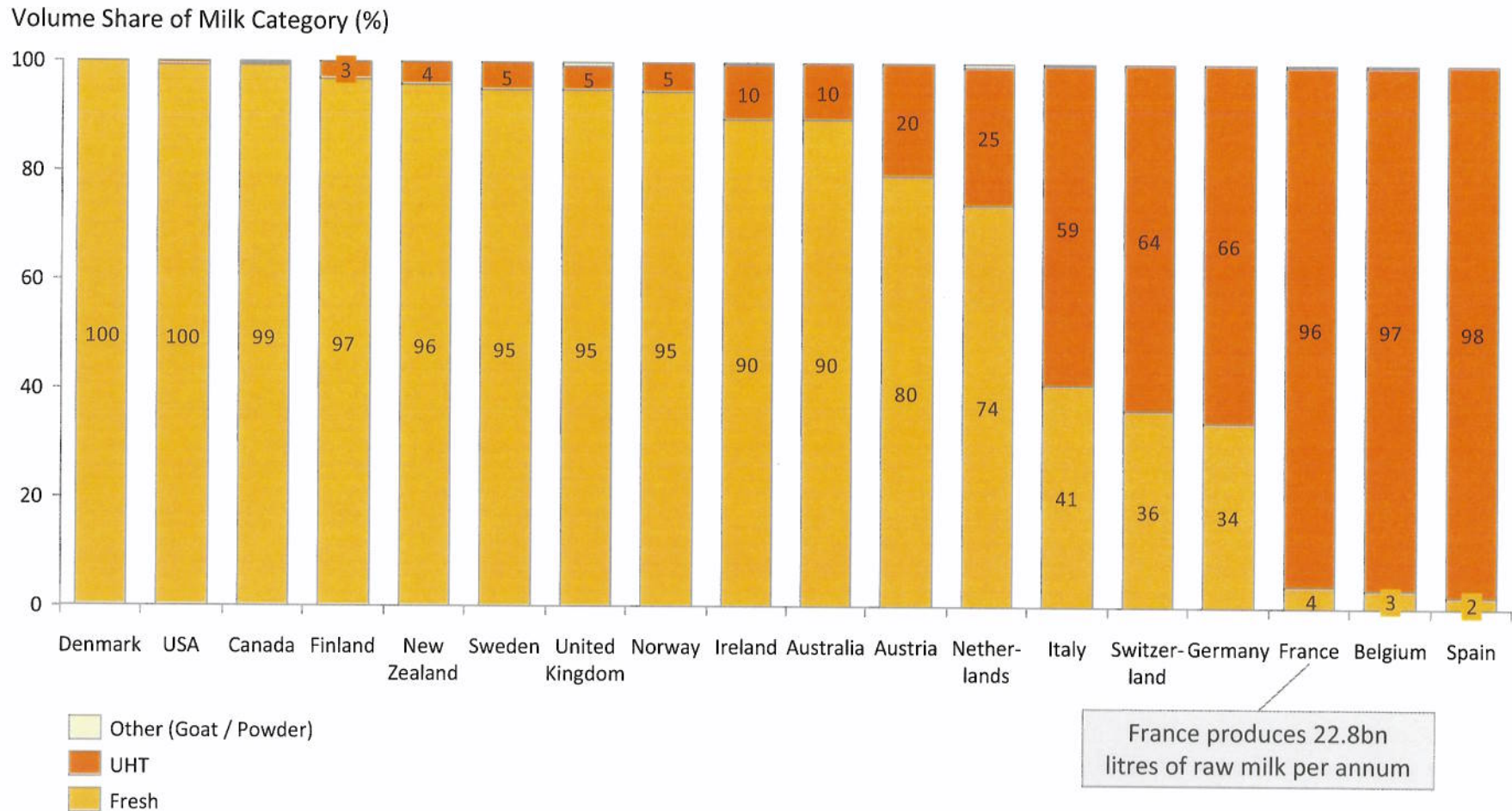
1. Australian Demographic Statistics June 2010, ABS released on 21/12/2010
Source: Dairy Australia, 2010; ABS; ADIC

Claim: "We could end up in the situation that applies in Europe where 90 percent of the milk is UHT."

– Senator Xenophon, Tablelands Advertiser, 25/2/11

Fact: Many western European countries have fresh milk as their dominant preference

2010 Volume Share of Milk Category by Type (%)



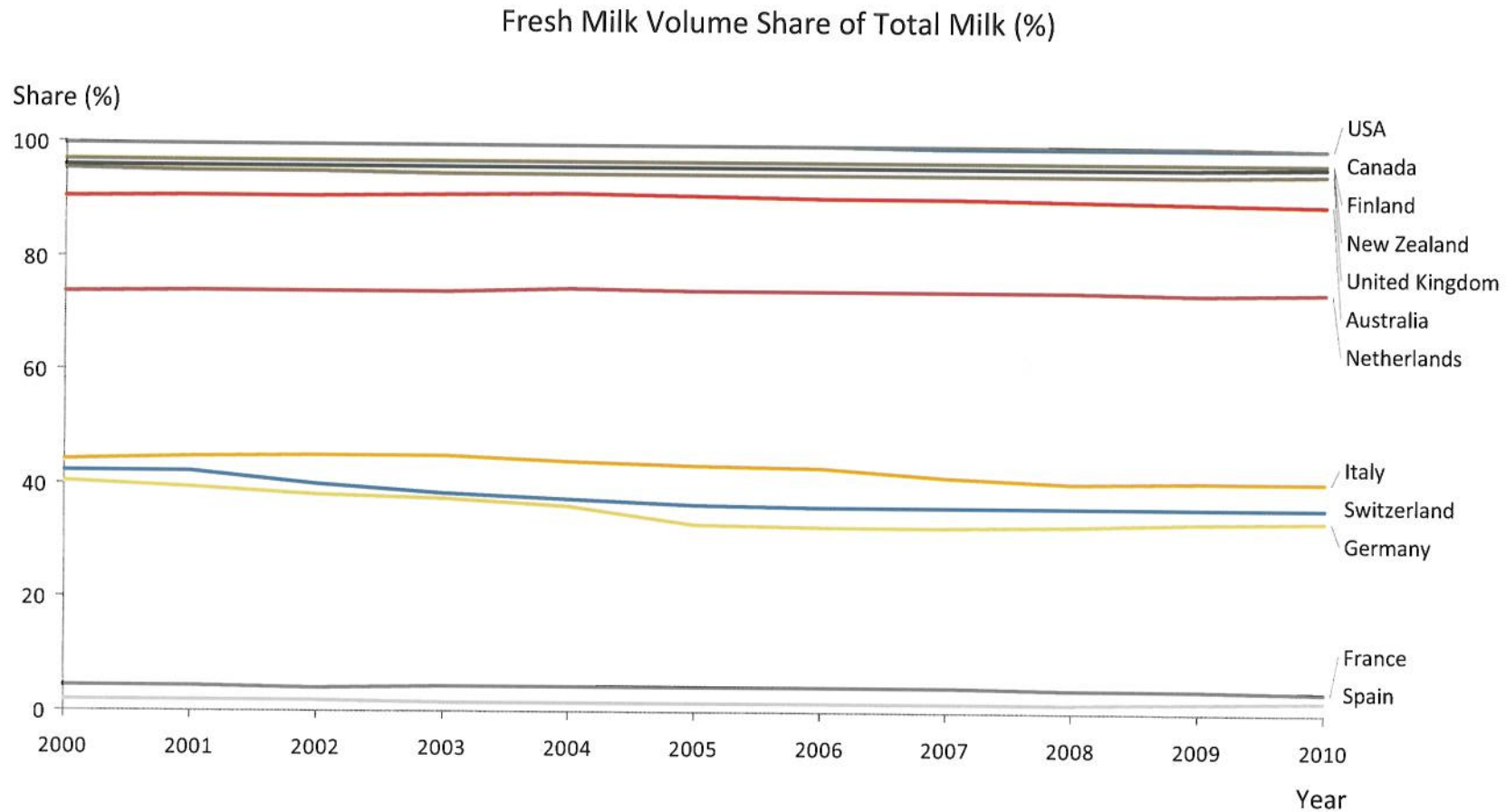
Source: Euromonitor

<http://www.tablelands.com.au/wordpress/wp-content/uploads/2011/02/27-Fact.pdf>

Claim: "I do not believe that Coles and Woolworths would lose any sleep if they substituted long-life UHT"

– Professor Zumbo, Transcript of the Senate Inquiry (9/3/11)

Fact: No country has substituted fresh milk for UHT over the last decade; customer preference is the key driver of demand



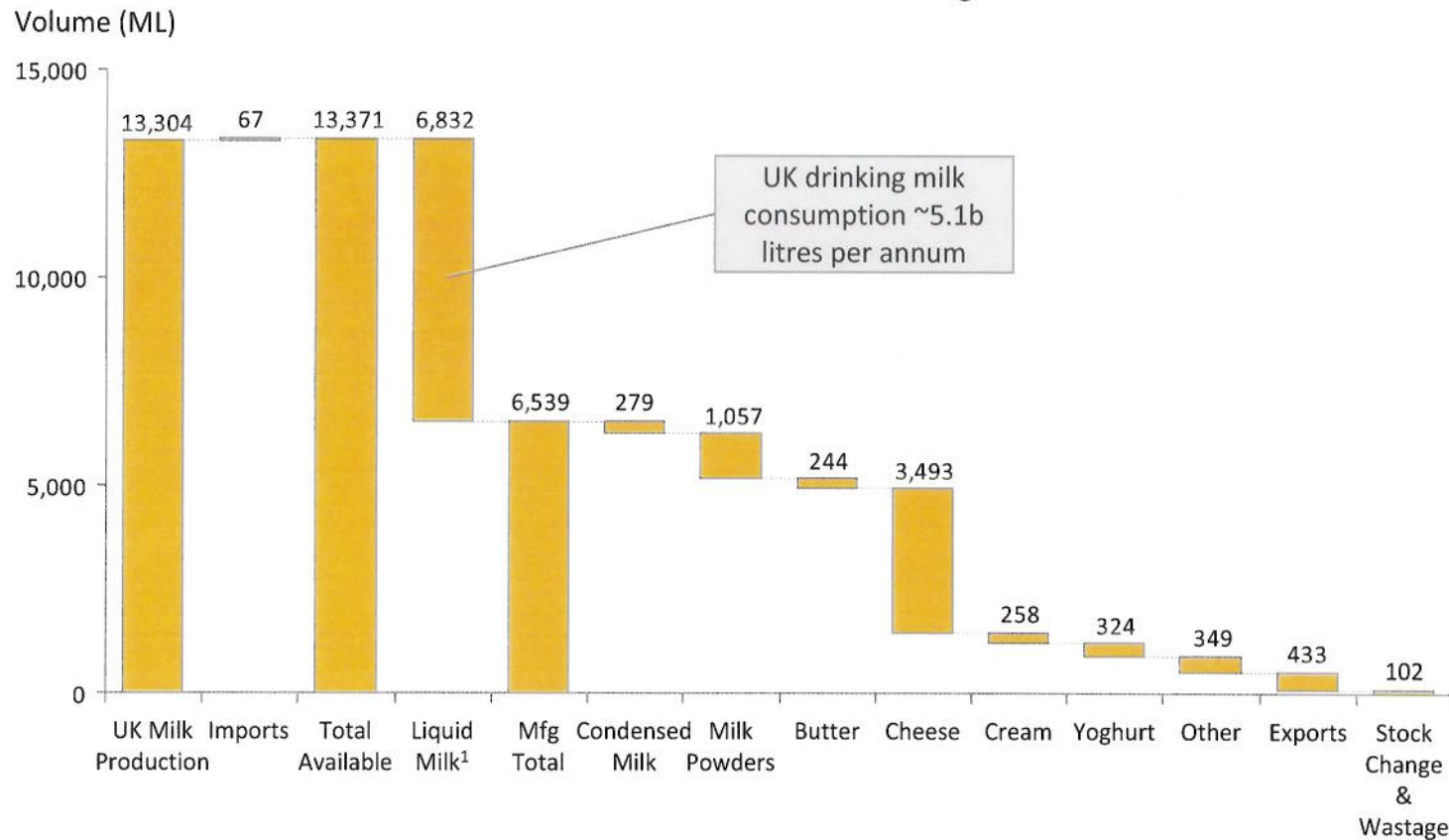
Source: Euromonitor

Claim: "They destroyed their dairy industry in the UK and now (they) buy all their milk from the Netherlands"

– Mr Andrew Reitzer, CEO Metcash, quoted in *The Age*, 3/3/11

Fact: In the UK, 99.5% of all milk is produced domestically

UK Raw Milk Production and Usage : 2010



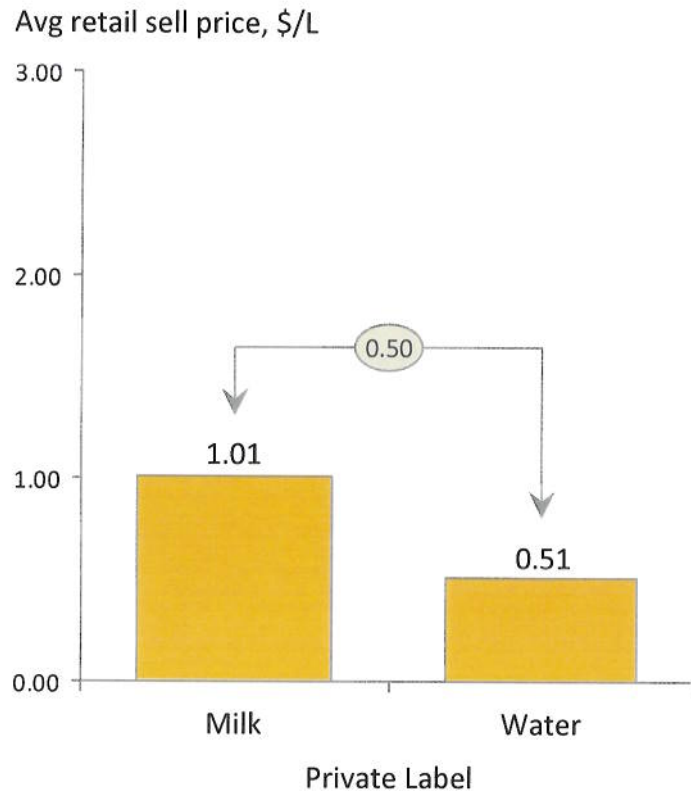
1. Liquid milk that leaves the primary dairy in liquid form. This may be used for manufacture of other food products, or as liquid drinking milk.
Source: DEFRA (UK); DairyCo

Claim: "I noticed in Coles....a bottle of water was more expensive than a bottle of milk."

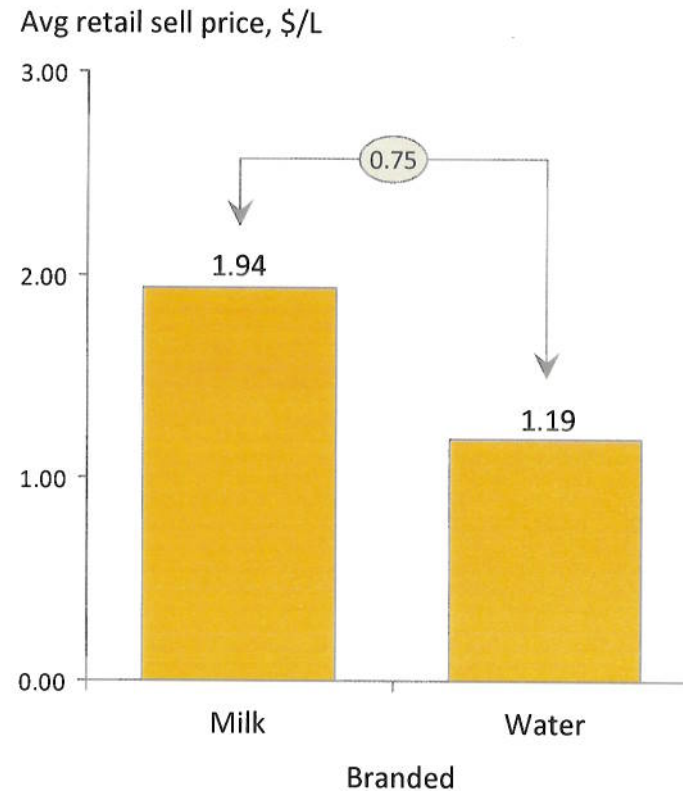
– Senator Williams, Transcript of the Senate Inquiry (8/3/11)

Fact: Coles Brand bottled water is not more expensive than Coles Brand milk

PL milk is \$0.50/L more expensive than PL water



Branded milk is \$0.75/L more expensive than branded water



Note: analysis period compared from 31/01/11 – 20/02/11 for milk prices and 5 promotional weeks spanning the same dates for water. Water does not include value-added products (eg Vitamin Water). Milk does not include flavoured milk

Source: BIW as-was national annual data; Transcript of the Senate Inquiry (8/3/11)






<http://www.inquiry.biw.gov.au/States/qa/20110203/P.pdf>

Claim: Prof ZUMBO - "There could be games being played as to the quality of the home-brand milk"

Senator HEFFERNAN—"I can confirm that there is, certainly."

– Senate inquiry transcript (9/3/11)

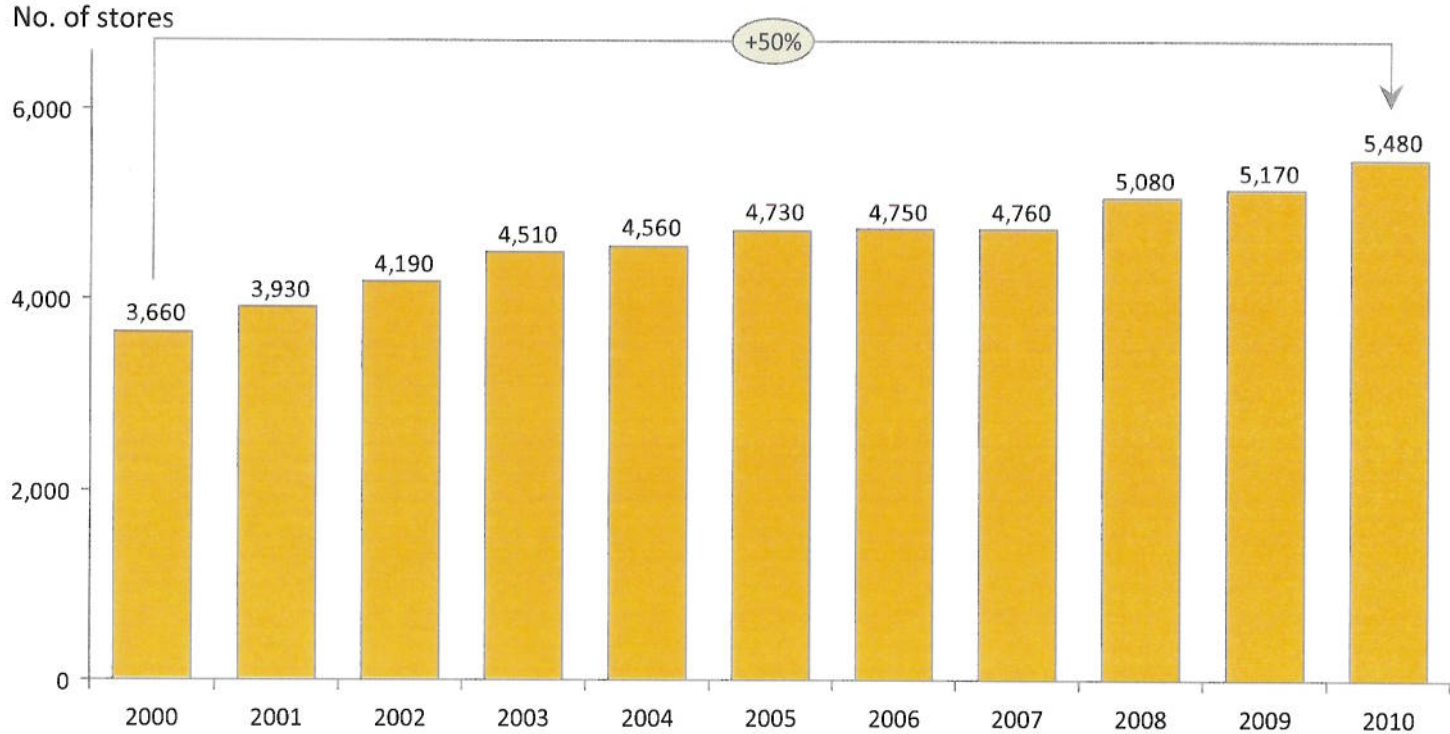
Fact: There are minimal specification differences between housebrand and branded milk

Victorian milk	 Coles Brand	 Woolworths Fresh	 Woolworths Homebrand	 Branded (Pura)	 Branded (Pauls)
Energy	272kj	272kj	265kj	272kj	276kj
Protein	3.2g	3.2g	3.2g	3.2g	3.3g
Fat	3.6g	3.6g	3.4g	3.6g	3.6g
Saturated Fat	2.4g	2.4g	2.2g	2.4g	2.3g
Carbohydrate	4.9g	4.9g	4.9g	4.9g	4.9g
Sugars	4.9g	4.9g	4.9g	4.9g	4.9g
Sodium	44mg	44mg	44mg	44mg	44mg
Calcium	114mg	114mg	114mg	114mg	120mg
Price (2 litres)	\$2.00	\$2.29	\$2.00	\$3.43	\$2.99

Note: all specifications per 100ml

Source: Product Nutritional Information Panels; Transcript of the Senate Inquiry (9/3/11)

The number of convenience stores in Australia has increased by 50% over the past decade



Note: Convenience stores defined as small self-service food shop with particularly long opening hours and a noticeable focus on convenience items, such as ready meals and fast food. In addition, convenience outlets include those located at a petrol stations, often operated in a joint venture between an oil company and a grocery retailer (e.g. Shell, On the Run)
Source: Planet Retail, 2010