

29 November 2016

Mr Mark Fitt
Committee Secretary
Senate Economics Committee

By email: economics.sen@aph.gov.au

Dear Mr Fitt

SENATE ECONOMICS REFERENCES COMMITTEE – AUSTRALIAN DAIRY INDUSTRY

Further to the participation of Mr Alister Jordan and Ms Charlotte Rhodes of the Senate Committee's hearing in Melbourne on 15 November 2016, I am pleased to provide the following answers to the questions taken on notice.

Please also find attached a copy of the transcript of the 15 November 2016 hearing with corrections marked in red pen.

Questions on Notice

1. Senator Kakoschke-Moore: I am curious then as to why after the \$1 per litre of milk price came into effect that we heard that processors then renegotiated contracts with farmers which saw a 25 per cent decrease in the costs they were prepared to pay. Is that just coincidence?

In relation to its dealings with processors, as stated at the public inquiry on 15 November 2016, Coles' contracts with processors include a farm gate price, a provision for other production costs and a margin or return.

Processors set the price they pay their producers.

2. Chair: Is it true that Lion refused to supply milk to Coles under a \$1 per litre arrangement?

No.

3. Chair: If that is the case, then was that part of the motivation for the support you gave to Norco to come to Queensland to supply Coles stores in Queensland?

Not applicable.

Yours sincerely

VICKI BON
Government and Industry Relations Manager