Dear Sir Madam,

The Coles $1/L will decimate dairy farmers in our region. The Coles fact sheet says that world market sets the milk price. Logically following on from this statement, if the world price goes up this 12 months by 5% for example, the tender price should go up by 5% for this 12 months. Clearly if this does not happen the fact sheet was an attempt to mislead and deceive. In fact dairy farmers are concerned that the loss Coles are projected to make of $50 million a year will be passed on to dairy farmers, through the supply chain in form of reduced prices, when the new contracts come up for renegotiation with milk processors, which will be contrary to Coles fact sheet. Thus dairy farmers will need assurances from government that if this Coles does not increase tender prices in line with world prices as described in their fact sheet, **that Coles be forced to**.

How can bottled water in Coles with limited productions costs be more expensive than milk with extensive production costs?

In 2000 (after deregulation) the milk tendering process to supermarkets led farmers margins being exploited, as the milk processors had the dairy farmers average cost production through (benchmarking programs) and these milk processors put in tenders just above that. Consequently few farmer do benchmarking any more as they do not want to get exploited by the milk processors and supermarkets, which is at the detriment of dairy farmers long term farm profitability and sustainability. Benchmarking is crucial in maximising efficiency gains on farms, as it allows progress to be charted, by using key performance indicators, which can also be used to compare to other farmers to highlight areas in the farm business which can be improved. If there was transparency in pricing structure across whole supply chain, there would be less tendency for farmers to be exploited. **As the consumer can clearly see who is making all the money**. This should apply to all food stuffs as fruit and vegetable farmers are in same position, if not worse as they can not comment for fear of losing their contracts and livelihoods.

The supermarkets using the dominance in the market place in long term will be at the detriment of competition and consumers prices. In the trade practices act it is clearly written that a single entity should not exceed 25% of market share, clearly the **inactivity by the ACCC and federal government** has allowed Coles and Woolworth's to now control in excess of 80% of the market. Consequently the supermarkets predatory pricing means that they are not doing the right thing and should be forced to divest some of there supermarkets so they fall bellow 25% of the market. This is required as there is no level paying field between dairy farmers, and the milk processors and supermarkets (or any fruit or vegetable producer). There are less than 8000 dairy farmers only 4-5 major milk processors and two dominant supermarkets, clearly the farmers will have to absorb any price cuts in the long term.

Exploiting the farmers will force them to **exploit the land**, **leading to land degradation**, eventually this will then require government funding to rectify the land degradation. **Clearly government action now will prevent a huge impost on the consumer later in higher taxes.**

Regards

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