

New milk contracts to give dairy farmers and processors certainty

Thursday, 3 April 2014: Woolworths today announced that it has entered into new milk contracts across Australia that will give dairy farmers and processors more certainty to invest and innovate.

We have reached agreement with milk processors in Queensland, Western Australia and Victoria for significantly longer periods than we have made in the past.

These contracts give dairy farmers and milk processors long-term certainty that will allow them to invest in their businesses with confidence that they have a guaranteed buyer for their milk.

Additionally, arrangements have been made to keep milk in the state in which it is produced, especially in Queensland and Western Australia.

Managing Director of Supermarkets, Tjeerd Jegen, said the new contracts were a win for farmers and Woolworths customers.

“We want farmers and the processors to provide high quality milk for our customers. Some producers have told us that with the certainty of a long-term contract they and their farmers can invest and innovate.

“Changes like integrated seals for milk containers and new, hospital grade processing equipment would not be possible without the investment this certainty will bring. It’s these innovations that will see better tasting, fresher milk available in Woolworths stores and we hope our customers will enjoy the difference.

“We no longer want to see milk shipped across borders which only adds cost and increases the time between the farm and the supermarket shelf. These new contracts mean local farmers will supply milk into their own states and to local families,” he said.

Woolworths Select milk is sourced from milk processors rather than direct from farmers and so has no direct control over farm gate prices. This new long-term contract model will allow both farmers and processors to invest and innovate and reap the benefits that come from efficiency gains and increased volumes.

<i>State</i>	<i>Milk Processor</i>	<i>Contract</i>
Victoria	Fonterra	10 years (from 1 Feb 2015)
Queensland	Parmalat	10 years (from 1 July 2014)
Western Australia	Brownes	7.5 years (from 1 July 2014)
Tasmania	Lion	1 years (from 1 July 2014)
South Australia / Northern Territory	Lion	1 years (from 1 July 2014)
New South Wales	Parmalat	2 years (from 1 July 2014)

For further information please contact the **Woolworths Press Office** on 02 8885 1033.