

To the Committee,

I have already presented a submission, but would like to present another short one with a few observations.

Coles, via press releases and other media forms, have been increasingly referring to a substantial increase in payments on milk contracts they made to processors back in mid January 2011, just prior to dropping the milk price to \$1/litre.

This poses the question- **Why would they do this?** To me it is an admission of guilt. They know they can influence the milk price and took pre-emptive action to silence the processors. The hands of the processors are tied, they have been paid for their silence in this matter, and are worried about not getting future contracts with Coles if they speak out. I may be wrong, but you can judge that. If you do not get major submissions to the inquiry from the processors, there is something wrong. They should be screaming, as their brand names and brand values will be decimated by Coles action, especially in the cities where loyalty is not as great.

Have the processors passed any of this price increase back to the farmers- No, we haven't even been told of it. Most milk is processed by Proprietary companies, so they won't be in a hurry to pass any increase on. The whole process lacks transparency and is substantially flawed. Coles know only too well that they can influence the farm gate prices and took action to buy silence. Farmers will be left with the crumbs and a return for milk which bears no resemblance to the cost of production and an economic return.

Regards,
Ken Bryant