

Milk war: Australia's unfair trade

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Coles says consumers want milk prices slashed, however Australian buying trends show that ethical purchases are top of mind.

Consumer advocacy organisation the Ethical Consumer Group believes that concerned shoppers should ask Coles for more information about how its milk is produced and where the costs will be made up.

"Cheap products have an effect somewhere down the chain of supply. We buy Fair Trade coffee, tea and chocolate because we care about workers in other countries being paid a fair wage under reasonable conditions. How can we as Australians with a clear conscience allow Coles to squeeze our own dairy industry until it is an unfair trade?" says Nick Ray, spokesperson for the Ethical Consumer Group.

"Coles' behaviour is called 'predatory pricing'," says Mr Ray. "Because it has so much clout in the market, it forces the company's major competitor Woolworths to match the price. These price cuts are likely to be passed on to farmers. This not only affects their families and communities but may also have a trickle-down effect on animal welfare in farming practice."

"The 75,000 people who have bought our *Guide to Ethical Supermarket Shopping* have told us very clearly that ethical issues are important," says Mr Ray. "People are using their purchases to say what really matters for them. According to Fair Trade Australia, fair trade sales in Australia tripled in 2010 to \$120 million. Together, consumers can pressure industry to improve conditions for farmers."

Ethical Coles?

Coles recently made moves to position itself as 'ethical' with hormone-free beef, a commitment to stop its egg suppliers using caged hens by 2013 and its pork suppliers using sow stalls by 2014. It has also made a commitment that all Coles-branded products will use sustainable palm oil by 2015.

While these moves are commendable, this milk war calls into question the company's motives, which seem to be more about toppling its competitor than truly creating an ethical supply chain. Coles has also been criticised as the owner of 96 hotels which contain more than 3,000 poker machines.

Australia has one of the most concentrated grocery markets in the world. Wesfarmers (owner of Coles) and Woolworths account for almost 80% of supermarket sales, 45% of alcohol retail, 44% of petrol retail and 25% of all retail in Australia. The more market share they have, the easier it is to stamp out smaller independent retailers. With this power comes responsibility to lead change in a way that sees consumer values reflected in the systems behind our essential food needs.

"Changes within the supermarket system are essential, but for shoppers looking for truly ethical alternatives, try farmers markets, food co-ops and wholefood stores, or even better grow your own," says Mr Ray. If you still need to pick up a few things from the supermarket try your local independently owned store."

About Coles

Wesfarmers bought Coles Group for \$22 billion in 2007. It owns retail brands Coles, Coles Express (with Shell), Bunnings, Officeworks, Kmart and Target, plus liquor stores 1st Choice, Liquorland and Vintage Cellars. It also has operations in coal mining, energy, insurance, chemicals and fertilisers, and industrial and safety products. Coles is Australia's second largest seller of tobacco and alcohol.

About the Ethical Consumer Group

The Ethical Consumer Group was founded in 2004 and is the publisher of *The Guide to Ethical Supermarket Shopping* and *Shop Ethical!* iPhone app. Both provide information on products found in the supermarket and the companies behind the brands. They also address issues such as BPA, food miles, palm oil, overfishing, child labour, genetic engineering, multinational ownership and packaging.

To find out more about the Ethical Consumer Group please visit www.ethical.org.au

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