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MEDIA RELEASE

National Foods corrects the record

National Foods notes Senator Richard Colbeck's ongoing interest in the Tasmanian dairy industry. We believe that, like National Foods, Senator Colbeck is interested in the long-term health of the industry. It is important, in that context, to correct a number of inaccuracies in Senator Colbeck's announcement regarding National Foods yesterday.

The Senator has incorrectly claimed that National Foods has deceived farmers; that National Foods' offer to farmers is no different to the offer they received at the beginning of the season; that National Foods is allowing its offer to decay until it provides no more than the price that was on the table at the start of the season; that National Foods' offer is potentially less because farmers now have to apply for a part of the payment they would have received automatically under the original offer.

In fact:

- National Foods has not deceived farmers.
- National Foods, in the process of good faith negotiation with the farmers' Collective Bargaining Group, considerably improved its original price offer.
- National Foods' offer has not reduced in value.
- National Foods has consistently said it provides a premium over the price paid by Fonterra in Tasmania and that is protected by a Minimum Price Guarantee.
- National Foods' current offer was significantly higher than the Fonterra price when that offer was made, and still is today. Independent advice from leading industry analyst Steve Spencer, based on information available at that time, was that the Fonterra price would end the season at 31.2 cents per litre.
- The offer National Foods made equated to 36.8 cents per litre plus the value of a \$1.1 million Tasmanian assistance package.
- Fonterra's price step up announced earlier this month narrowed the gap marginally, but the value of National Foods' offer remains higher than that required by the Minimum Price Guarantee.
- National Foods offer is now more than four cents per litre higher than Fonterra's Seasonal Ratio Payment price and more than six cents per litre higher than Fonterra's listed spring price.
- National Foods' current offer is significantly higher than its original, even without the value of the \$1.1 million assistance package, for which farmers will apply for payment based on their expenditure.

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