

June 21, 2021



Dear DFMC Supplier,

FAR NORTH QUEENSLAND REGION

ANNOUNCED MINIMUM MILK PRICES 2021/22

On behalf of Dairy Farmers Milk Co-operative (DFMC) I am pleased to announce to you the base pricing for the Far North Queensland region.

- From 1 July 2021 to 30 December 2021 - \$6.52/kg for butterfat and \$9.78/Kg for protein (57.4cpl) plus incentives and;
- From 1 January 2022 to June 30, 2022, \$7.05/kg for butterfat and \$10.58/Kg for protein (62.1cpl) plus incentives

We are pleased to announce the introduction of a **New Milk Incentive** for the 6 months from January 2022 to July 2022). If you can increase either, or both, of the kg of butterfat or kg of protein contained in the milk which we accept from you in any of the six months compared to the kg of butterfat or kg of protein contained in the milk you supplied in the same month in the previous Financial Year (New Milk Baseline), you will be eligible for a new milk incentive at the rate of:

- \$0.65 per Kg butterfat and \$0.98 per Kg protein on the amount of butterfat and/or protein in the milk which we accept from you during the relevant month which is over and above the New Milk Baseline (New Milk Incentive).

In addition to the above base pricing, we confirm the continuation of the Dairy Pride for Profit Program with the 2 cpl incentive paid from July 2020 to June 2021.

DFMC will continue to pass on to all our Far North Queensland dairy suppliers, in full, the additional payment from the 10 cents per litre retail price increase on the 2L and 3L Coles and Woolworths Retail Own Brand (ROB) volume made by Bega and sold in North Queensland. These payments equate to around 3.8cpl per month. We will continue to pass on in full these payments for as long as Coles and Woolworths continue to run the program in North Queensland and Bega continues to manufacture their respective retailer own brand 2L and 3L fresh white milk volume in the region.

This results in an average weighted price for the 2021/22 milk season of more than **68.0 cpl** (with a range from 60.6 cpl to 75.0 cpl.) or **\$9.40 per kilogram milk solids** equivalent (with a range from \$8.98 to \$9.75/kgMS) in line with the DFMC SEQ price.

Individual farm income estimates will accompany your contract document. If you have any questions or concerns regarding the options available to you, please contact:

Tony Burnett	Regional Manager	0428 632 148	tony.burnett@dfmc.org.au
Mark Kebbell	Executive Officer	0432 046 768	mark.kebbell@dfmc.org.au
James Geraghty	FNQ Director	0427 972 355	besaja@bigpond.com.au

On a personal note, I would like to thank you for your supply and wish you all a successful and prosperous year ahead.



Yours Sincerely on behalf of the DFMC Board

A handwritten signature in black ink, appearing to read 'A. Burnett', with a stylized flourish at the end.

Andrew Burnett
Chairman
DAIRY FARMERS MILK CO-OPERATIVE
Ph: 0419 773 907

1. In addition to the announced base milk prices detailed below, contracted DFMC suppliers will receive a payment above the base milk price for Productivity Incentive & Milk Quality Incentive/Deduction which will be paid on all milk supplied, and New Milk Incentive as detailed above. Please note:
 - a. The productivity incentive continues to be paid at 1.25c/1000kg Milk solids.
 - b. There is no cap on production.
 - c. DFMC Milk Quality Incentive will not change from that of 2020/21
 - d. The average New Milk Incentive has been based on historical supply pattern from our existing farmer base and previous new milk systems.
 - e. There will be **no charges** to recover freight for excess milk.
 - f. The milk prices are provided as a guide only and individual farm Income Estimates will be provided to all members.

2. Payments to Members are made in terms of \$/kg Fat and \$/kg Protein. DFMC quotes prices based on a reference litre of 4% Fat and 3.2% Protein for comparative purposes in both cents per litre (Cpl) and dollars per kilogram of Milk Solids (\$/kg MS) and for 2021/22 is set at a payment ratio of 1 part Fat is to 1.5 parts Protein.

3. The Board will be reviewing its position on Dividend payments. Subject to the Co-operative's financial performance and member approval via way of resolution, DFMC is not likely to pay a dividend in relation to the 2020/21 financial year.



DFMC Milk Pricing
FNQ - \$/kg, Exclusive pricing



2021/22

1 June 2021

Reference Litre	Butterfat	4.00%
	Protein	3.20%

Monthly Period	July	August	September	October	November	December	January	February	March	April	May	June	Average
Period Date range	1/07/2021 - 31/07/2021	1/08/2021 - 31/08/2021	1/09/2021 - 30/09/2021	1/10/2021 - 31/10/2021	1/11/2021 - 30/11/2021	1/12/2021 - 31/12/2021	1/01/2022 - 31/01/2022	1/02/2022 - 28/02/2022	1/03/2022 - 31/03/2022	1/04/2022 - 30/04/2022	1/05/2022 - 31/05/2022	1/06/2022 - 30/06/2022	
Days in Period	31	31	30	31	30	31	31	28	31	30	31	30	
Minimum Milk Price	\$/kg Butterfat	6.52	6.52	6.52	6.52	6.52	6.52	7.05	7.05	7.05	7.05	7.05	6.78
	\$/kg Protein	9.78	9.78	9.78	9.78	9.78	9.78	10.58	10.58	10.58	10.58	10.58	10.18
Top Quality Incentive	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	
Cents per litre at reference litre	59.4	59.4	59.4	59.4	59.4	59.4	64.1	64.1	64.1	64.1	64.1	64.1	61.7
New Milk	\$/kg Butterfat							0.65	0.65	0.65	0.65	0.65	
	\$/kg Protein							0.98	0.98	0.98	0.98	0.98	

Retailer payments

any applicable payments from the retailers will be passed through in full each month



Production Incentive

Based on monthly production
kg milk solids (fat + protein)
rate: 1.25c/kg MS per 1000 kg MS
below 5000 kg MS = no payment
max rate = 42.0c/kg MS
example:
144,500 litres @ 3.98%F, 3.24% P

= 10,433 kg Fat+Protein
rate is 10433/1000x1.25 = 13.04c/kg
13.04c/kg x 10433 kg = \$1,360.59

Chart below shows approximate c/l production incentive -
v- monthly production (assumes reference
composition)

'000 Litres/month	Production Incentive (c/l)
0	0.0
100	0.0
200	0.5
300	1.0
400	1.5
500	3.0
600	3.0
700	3.0

Dairy Pride for Profit Program
farms signing up to this program will be paid a 2.0c/l incentive for July 2021 to June 2022

New Milk Incentive
Paid at above rates for Jan-Jun for all milk produced for the month over the corresponding month last year

QUALITY						
	from	to	points	Demerit Points per month		Bonus/ Penalty
				From	To	c/l
TPC	0	15,000	0	0	0	2.0
	15,001	24,000	1	1	1	1.4
	24,001	39,000	2	2	4	1.0
	39,001	64,000	4	5	9	0.0
	64,001	And over	8			
SCC	0	200,000	0	10	14	-1.0
	200,001	250,000	1	15	17	-4.0
	250,001	300,000	3	18	23	-8.0
	300,001	350,000	6	24	29	-12.0
	350,001	400,000	10	30	60	-16.0
	400,001	And over	15	61	and over	no pmt

Incurring on 10 day periods, high SCC & TPC dropped - see policy for more details.
Other - see payment policy document for demerit points incurred for other issues.

Stop Charges	\$10 /pickup
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The CPL prices represent the conversion of the Minimum Milk Price for milk solids (butterfat plus protein) to a Cpl price calculated on the assumption that the relevant litre of milk will comprise the Assumed Composition Levels, being 4.00% butterfat and 3.2% protein. Given that the quality (SCC & TPC) of your milk may differ from the Assumed Composition Levels, the Cpl pricing is not necessarily indicative of the price you will receive for your milk or the minimum milk price under this Contract