

June 1, 2022

Dear DFMC Supplier,

NSW – CENTRAL WEST, SOUTH COAST & HUNTER VALLEY REGIONS

ANNOUNCED MINIMUM MILK PRICES 2022/23

DFMC, in partnership with Bega Dairy and Drinks, works hard to give you the best in competitive pricing and security when it comes to your business needs. Our announced 2022/23 monthly price at top quality, plus average adjustments, should result in DFMC paying our suppliers in NSW a weighted average total price of approximately **\$10.71 per kilogram milk solids** or **77.7 cents per litre (cpl)**. This is an increase of \$1.74/kgMS from the FY22 season.

On behalf of Dairy Farmers Milk Co-operative (DFMC) I am pleased to announce to you the base pricing for the New South Wales – Central West, South Coast and Hunter Valley regions.

- From 1 July 2022 to 30 December 2022 - \$7.79/kg for butterfat and \$11.69/Kg for protein (68.6cpl) plus incentives and;
- From 1 January 2023 to June 30, 2023 - \$8.11/kg for butterfat and \$12.17/Kg for protein (71.4cpl) plus incentives

Location incentives will be paid at the rates below:

- Central West 1.0cpl
- Hunter Valley 2.5cpl
- South Coast 2.5cpl
- Southern Highlands 3.0cpl
- Sydney Basin 3.0cpl

We are also pleased to continue the **New Milk Incentive** for the 12 months (from July 2022 to June 2023). 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 twelve 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).

An additional yearly **Growth Incentive** may be paid when the total yearly production exceeds total production from the average of the two previous years. This is only available when the total yearly growth payment is greater than the sum of all monthly new milk payments. The yearly Growth Incentive will be at the following rates:

Growth Rate		\$/kg butterfat	\$/kg protein
0	9.99%	0.21	0.32
>	10%	0.85	1.28

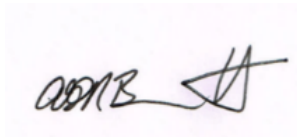
DFMC provides value and security by offering pricing certainty in the face of fluctuating market conditions. Our long-term supply agreement with Bega Dairy and Drinks gives you the opportunity to plan your future based on solid market information.

If you have any questions or concerns regarding the options available to you, please contact:

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Trevor Middlebrook	Regional Director	0417 655 952	trevor.middlebrook@dfmc.org.au
Mark Kebbell	Executive Officer	0432 046 768	mark.kebbell@dfmc.org.au

On a personal note, I would like to thank you for your supply in what has been a demanding year and wish you all a successful and prosperous season ahead.

Yours Sincerely on behalf of the DFMC Board



Andrew Burnett
Chairman
DAIRY FARMERS MILK CO-OPERATIVE

PRICING NOTES

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. DFMC Milk Quality Incentive will not change from that of 2021/22
 - b. The \$20 stop charge will remain for all collections over 1300L.
 - c. The average New Milk Incentive has been based on historical supply pattern from our existing farmer base and previous new milk systems.
 - d. 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 2021/22 financial year.