

June 1, 2022

Dear DFMC Supplier,

**SOUTHERN REGION – SOUTH AUSTRALIA**

**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 monthly price at top quality and plus adjustments (including the Location Incentive at 1.5 cpl) should provide existing suppliers with weighted average total price of **\$8.87 per kilogram milk solids**, an increase of \$1.64 /kgMS from FY2022.

On behalf of Dairy Farmers Milk Cooperative (DFMC), I wish to present you the pricing schedules for season 2022/23

Month	\$/kg Fat	\$/kg Pro
Jul	\$ 7.38	\$ 11.07
Aug	\$ 6.64	\$ 9.96
Sep	\$ 6.26	\$ 9.39
Oct	\$ 6.26	\$ 9.39
Nov	\$ 6.26	\$ 9.39
Dec	\$ 6.26	\$ 9.39
Jan	\$ 6.64	\$ 9.96
Feb	\$ 6.88	\$ 10.32
Mar	\$ 7.20	\$ 10.80
Apr	\$ 7.38	\$ 11.07
May	\$ 7.52	\$ 11.28
Jun	\$ 7.52	\$ 11.28

We are pleased to continue the **New Milk Incentive** for the 12 months from July 2021 to June 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 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 protein	\$/kg butterfat
0	9.99%	0.21	0.32
>	10%	0.85	1.28

South Australian suppliers continue receive a location incentive of 1.5 cpl if located less than 100km from Adelaide.

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

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

<b>Dom Baxter</b>	Regional Manager	0419 711 663	<a href="mailto:dom.baxter@dfmc.org.au">dom.baxter@dfmc.org.au</a>
<b>Sandy Rathjen</b>	SA Director	0419 836 975	<a href="mailto:sandy.rathjen@dfmc.org.au">sandy.rathjen@dfmc.org.au</a>
<b>Mark Kebbell</b>	Executive Officer	0432 046 768	<a href="mailto:mark.kebbell@dfmc.org.au">mark.kebbell@dfmc.org.au</a>

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



Andrew Burnett  
Chairman

## PRICING NOTES

1. In addition to the announced base milk prices detailed above, 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. SA suppliers receive a location incentive of +1.5cpl if located less than 100km from Adelaide.
  - a. DFMC Milk Quality Incentive Payments applicable to your region will not change from that of 2021/22
  - b. The average New Milk Incentive has been based on historical supply pattern from our existing farmer base and previous new milk systems.
  - c. 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 2019/20 is set at a pricing 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 (if applicable), DFMC is not likely to pay a dividend in relation to the 2020/21 financial year.