

June 1, 2022

Dear DFMC Supplier,

SOUTH-EAST QUEENSLAND

ANNOUNCED MINIMUM MILK PRICES 2022/23

DFMC, in partnership with Bega Dairy and Drinks, works hard to give you the best in competitive pricing, security and flexibility 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 SEQ a weighted average total price of approximately **\$11.21 per kilogram milk solids** or **83.09 cents per litre (cpl)** equivalent. Our total price is approximately \$1.52 /kgMS more than 2021/22 season.

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

- From 1 July 2022 to 30 December 2022:
 - \$5.18/kg for butterfat and \$7.77/Kg for protein and
 - 26 cents per litre (cpl) giving an overall cents per litre base price at the reference litre of 71.6 cpl plus incentives.
- From 1 January 2023 to June 30, 2023
 - \$5.36/kg for butterfat and \$8.04/Kg for protein and
 - 30 cents per litre (cpl) giving an overall cents per litre base price at the reference litre of 77.2 cpl plus incentives.

We are also pleased to announce the continuation of 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

Individual farm Income Estimates will be provided to all members, and tailored estimates can be provided for suppliers anticipating producing increased volumes of milk over the prior year.



DFMC provides value and security by offering pricing certainty in the face of fluctuating market conditions. Our pricing in SEQ does not contain any supermarket top ups and is a market leading price. 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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Mark Kebbell	Executive Officer	0432 046 768	mark.kebbell@dfmc.org.au
Andrew Burnett	SEQ Director	0419 773 907	andrew.burnett@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

A handwritten signature in black ink, appearing to read 'ABNB' followed by a stylized flourish.

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 for top quality will remain at 2.5cpl and all other bands unchanged.
 - b. Productivity Incentive remains unchanged at 2.5c/1000kg milk solids.
 - c. The average New Milk Incentive has been based on historical supply pattern from our existing farmer base and previous new milk systems.
 - d. There will continue to be no location differential deducted and stop charges will remain at \$15 for collections over 1300L.
 - e. 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 both cents per litre and \$/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 2020/21 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.