



June 1, 2022

Dear DFMC Supplier,

SOUTHERN VICTORIA

ANNOUNCED 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 suppliers in Southern Victorian a weighted average total price of approximately **\$8.64 per kilogram of milk solids**.

On behalf of Dairy Farmers Milk Cooperative (DFMC), I wish to present you the enclosed pricing schedules for season 2022/23. Our announced opening milk price covers new pricing offers available to you:

- Ability to choose from 3 payment systems
 1. Traditional variable monthly pricing schedule
 2. 9:3 schedule (9 months of the year at the same rates and 3 spring months of Sept to Oct at a slightly lower rate)
 3. flat schedule (the same rates for fat and protein throughout the year and no productivity incentive)

The Schedules for these options are set out below:

Month	Traditional		9:3		Flat* (no Prod Inc)	
	Base					
	\$/kg Fat	\$/kg Pro	\$/kg Fat	\$/kg Pro	\$/kg Fat	\$/kg Pro
Jul	\$ 7.25	\$ 10.88	\$ 6.81	\$ 10.22	\$ 6.91	\$ 10.37
Aug	\$ 6.53	\$ 9.80	\$ 6.81	\$ 10.22	\$ 6.91	\$ 10.37
Sep	\$ 6.17	\$ 9.26	\$ 6.40	\$ 9.60	\$ 6.91	\$ 10.37
Oct	\$ 6.17	\$ 9.26	\$ 6.40	\$ 9.60	\$ 6.91	\$ 10.37
Nov	\$ 6.17	\$ 9.26	\$ 6.40	\$ 9.60	\$ 6.91	\$ 10.37
Dec	\$ 6.17	\$ 9.26	\$ 6.81	\$ 10.22	\$ 6.91	\$ 10.37
Jan	\$ 6.39	\$ 9.59	\$ 6.81	\$ 10.22	\$ 6.91	\$ 10.37
Feb	\$ 6.75	\$ 10.13	\$ 6.81	\$ 10.22	\$ 6.91	\$ 10.37
Mar	\$ 7.05	\$ 10.58	\$ 6.81	\$ 10.22	\$ 6.91	\$ 10.37
Apr	\$ 7.27	\$ 10.91	\$ 6.81	\$ 10.22	\$ 6.91	\$ 10.37
May	\$ 7.31	\$ 10.97	\$ 6.81	\$ 10.22	\$ 6.91	\$ 10.37
Jun	\$ 7.39	\$ 11.09	\$ 6.81	\$ 10.22	\$ 6.91	\$ 10.37

**Please note: there is no productivity incentive for the Flat Payment option*

Dairy Farmers Milk Co-operative

ARBN: 108 690 384. Level 4, 65 Brougham Street, Geelong, Vic 3220



As with the last season our New Milk Incentive details are also contained in our new offer. This incentive is 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 protein \$/kg butterfat 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 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:

Dom Baxter Regional Manager 0419 711 663 dom.baxter@dfmc.org.au

Mark Kebell Executive Officer 0432 046 768 mark.kebell@dfmc.org.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

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PRICING NOTES

1. For all payment options, the announced base milk price for a month is the base price for all milk purchased from contracted suppliers during the Financial Year 2022/23

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.

2. DFMC Milk Quality Incentive Payments applicable to your region will not change from that of 2021/22.
3. 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 2022/23 is set at a pricing ratio of 1 part Fat is to 1.5 parts Protein.
4. 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.