

DairyFarmers MilkCooperative

Greg Griffith
Executive Officer

**Dairy Farmers Milk
Cooperative**

PO Box 72
Lidcombe NSW 1825

Tel: 02 8732 5206
Fax: 02 8732 5181

19th August 2009

Dear DFMC Member,

The Board in negotiation with National Foods Limited has now determined announced milk prices for those suppliers who require a new contract in this current year and also new guaranteed minimum prices for 2009/10, 2010/11 and 2011/12 . Most suppliers are on Revised Form Contracts out to June 2010 or 2011 and the guaranteed minimum base prices that are on those signed contracts will be the values that apply

The new announced prices will apply to those members who are on the older contracts, no contracts and any new contracts offered to suppliers.

2009/10 Announced Central Region Prices for Old Contracts and No Contracts

Table 1 below sets out the new announced base price for all DFMC suppliers on Old Contracts and No Contracts for the Central Region and will come into effect from the 1st of September through to the 30th of June 2010. There will be a reduction in milk price from last year's extremely strong price. The prices quoted in the table are base prices, before price differentials which vary with individual farms.

Table 1

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Pricing 2009/10	41.90	40.90	40.90	41.90	42.90	44.40	47.90	48.90	48.90	46.90

The weighted average is 44.04 cpl.

Note: **Bold** represents Fixed Minimum Price

2010/11 Announced Central Region Future Guarantee Minimums

Table 2 below sets out the new guaranteed minimums for DFMC suppliers wishing to roll-over their current contracts into longer contracts out to 2011 or 2012

The guarantee minimum is also available DFMC suppliers on the old contract or no contracts looking to enter into a contact until 2011 or 2012.

Table 2

	2009/10	2010/11	2011/12
Existing Guarantee Minimum Base Prices	46.00 cpl	46.00 cpl	n/a
New Guarantee Minimum Base Prices	44.00 cpl	42.00 cpl	42.00 cpl

COMPOSITIONAL ADJUSTMENTS

Unchanged

QUALITY PAYMENTS

Unchanged

VOLUME INCENTIVE

Unchanged

LOCATION BONUSES

Unchanged

GATE CHARGES

Unchanged

NEW MILK

New milk in 2009 will be paid at the rate of 5cpl in the winter payment months of February through to July. It should be noted that subject to members production trends and milk requirements new milk might be fully removed next year.

Income Estimates.

We recommend that all DFMC suppliers have income estimate prepared by your Regional Manager Helen Whitelaw who will be more than happy to assist you with this and all your supply questions.

Helen can be contacted on:

0429 061 280 or via email on whitelawh@dairyfarmers.com.au

The Board appreciates that the reduction in the minimum base prices will be disappointing for many of our members and stress that these are minimum base prices. The board will be monitoring market conditions with the view of negotiating improvements on the above prices when the domestic and world markets improve.

Yours Sincerely on behalf of the Directors of DFMC

Ian Zandstra
Chairman