



Dairy Farmers Milk Cooperative
ARBN: 108 690 384

Dairy Farmers Milk
Cooperative
PO Box 72
Lidcombe NSW 1825
Tel: 02 8732 5206
Fax: 02 8732 5055

1st August 2013

Dear DFMC Supplier,

FAR NORTH QUEENSLAND REGION (FNQ)
ANNOUNCED MILK PRICES 2013/14

This letter is to announce Dairy Farmers Milk Co-operative's (DFMC) opening milk pricing for the new season commencing 1st July 2013. Included in the correspondence is the revised DFMC Milk Policy document and I will refer to some policy changes in this letter.

This announced base milk pricing is for all Far North Queensland Region Suppliers.

Our announced monthly price plus average adjustments should provide suppliers with an average total price of \$7.47 kg MS equivalent. At the new reference litre this is approximately 53.80 Cpl.

DFMC is pleased to announce an increase to the base price of 1cpl to a price of 49.80 Cpl at the new reference litre or \$6.92 kg MS equivalent. This price is an increase of 2% above last year's milk price. DFMC milk incentive payments equate to approximately 4.0 Cpl above base (see below)

DFMC MILK PAYMENT SCHEDULE – T1 Announced Base Milk Price

The following table (1) details our announced base milk price for all milk purchased within your monthly allocation as T1 milk for financial year 2013/14.

Table 1: Announced T1 Base Milk Price

Announced T1 Milk Base Price			
Month	Flat Monthly Volume, Flat Monthly Price		
	Cents per Litre	Fat \$/kg	Protein \$/kg
Jul-13	49.80	4.79	9.58
Aug-13	49.80	4.79	9.58
Sep-13	49.80	4.79	9.58
Oct-13	49.80	4.79	9.58
Nov-13	49.80	4.79	9.58
Dec-13	49.80	4.79	9.58
Jan-14	49.80	4.79	9.58
Feb-14	49.80	4.79	9.58
Mar-14	49.80	4.79	9.58
Apr-14	49.80	4.79	9.58
May-14	49.80	4.79	9.58
Jun-14	49.80	4.79	9.58

With regard to the above table (1) you should note the following:

1. The announced T1 base milk price for a month is the base price for milk purchased as T1 milk;
2. In addition to the announced base milk prices detailed above, DFMC suppliers will receive a payment adjustment on the base milk price for Contract Consideration, location Incentive (where applicable), Productivity Incentive & Milk Quality Incentive;
3. Milk supplied above your monthly allocation may attract a T2 milk price (see Table 2 for T2 milk price); and
4. DFMC Location incentive (where applicable), Quality & Productivity Incentive Payments and DFMC Contract Consideration incentive applicable to your region will not change from that of 2012/13.

Changes to milk policy and adjustments include:

1. The Base Milk Price for T1 and T2 is now quoted at a reference of 4.00% Bf and 3.20% protein (it was previously quoted at 3.95% Bf and 3.15% protein)

JULY MILK PAYMENT

DFMC suppliers in this region will receive the announced Milk Base Price from the 1st July and will be reflective in your July milk statement payable in August.

DFMC MILK PAYMENT SCHEDULE – T2 Announced Base Milk Price

Announced T2 Milk Base Price			
Month	Cents per Litre	Fat \$/kg	Protein \$/kg
Jul-13	28.25	2.72	5.43
Aug-13	28.25	2.72	5.43
Sep-13	28.25	2.72	5.43
Oct-13	28.25	2.72	5.43
Nov-13	28.25	2.72	5.43
Dec-13	28.25	2.72	5.43
Jan-14	28.25	2.72	5.43
Feb-14	28.25	2.72	5.43
Mar-14	28.25	2.72	5.43
Apr-14	28.25	2.72	5.43
May-14	28.25	2.72	5.43
Jun-14	28.25	2.72	5.43

With regard to the above table (2), T2 milk prices will be paid for milk supplied in excess of the contracted monthly volumes. However you should note the following:

1. The monthly T2 values are applied to an individual supplier’s milk only when:
 - (a) The regional milk pool exceeds the monthly regional AFD;
 - (b) The 10% above contract headroom has come into effect;
 - (c) After the Pro-rata rule is applied (See Pro-rata rule for additional information); and
 - (d) If excess milk does not attract the T2 milk value there will be an adjustment made to pay excess T2 milk at the T1 price.

2. These prices are base prices only, additional adjustments will be made for Productivity, Quality and Location
3. Note that Contract Consideration will not be paid on T2 milk

Please note that if you have any questions or concerns regarding the above options available to you, please do not hesitate to contact your Regional Manager Mal Maroske on 0418 634 702 or via email mal.maroske@dfmc.org.au or discuss with your local Director.

DFMC is committed to negotiating strongly with Lion to provide to our members milk prices and policies that are reflective of the market forces within your region and factors, especially farm side, that determine supply and demand values. We will continue to monitor milk pricing paid to our suppliers.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'I. Zandstra', with a stylized flourish above the name.

Ian Zandstra
Chairman
Dairy Farmers Milk Co-operative