



1st June 2020

Dear Supplier,

FLORIDIA CHEESE OPENING FARMGATE MILK PRICING for season 2020-21

We sincerely hope your family is all well and handling the changed social conditions brought on by the COVID-19 pandemic over the last few months. We are pleased to say that Florida Cheese has continued to trade consistently during this period and with the latest announcements from the Federal and State Governments regarding easing of restrictions are hopefully seeing the beginning of a return to more normal times.

We take pleasure in announcing the opening farmgate milk pricing for the 2020-21 financial year.

Based on Choice Grade quality milk supply, the opening prices are **\$3.66 per kilogram of Butterfat and \$9.14 per kilogram of Protein**, equivalent to **\$6.40 per kilogram** of milk solids, or approximately **48 cents per litre**.

Florida Cheese believes that this price is competitive with the major industry players. The pricing advised above is a guaranteed minimum for the season and we will continue to review both on-going business performance and market conditions to assess the potential for step-ups during the year.

These base prices can be further enhanced through the achievement of bonuses for milk supplied that is graded as Premium Choice and supported by additional payments for both Seasonal and Productivity Incentives.

A full summary of the various additional payments available to suppliers are as follows:

Premium Bonus Payments

An additional payment of 10 cents per kilogram of butter fat and 25 cents per kilogram of protein for all milk supplied that is graded as Premium Choice is available. I have attached a copy of the Florida Cheese Milk Quality Standards 2020/21 setting out the required quality parameters.

Seasonal Incentives

The following seasonal incentives remain unchanged from last year.

Month	\$/Kg of Protein	\$/Kg of Butter Fat
July	0.50	0.17
August	0.15	0.06
Sept – December	0.00	0.00
January	0.25	0.10
February	0.60	0.24
March	0.80	0.32
April	1.40	0.56
May	1.56	0.64
June	1.56	0.64

Productivity Incentive (No change from last year)

The following Productivity Incentives remain unchanged from last year and will be paid at the end of the full year's production in association with the payments for July 2020. The payment is for the total of the combined kilograms of protein and butterfat produced for the whole year less that for the months of September, October and November's production.

Combined total Kgs of protein & butter fat (range)	\$/Kg of Protein	\$/Kg of Butter Fat
12,000 – 18,000	0.03	0.01
18,001 – 27,000	0.05	0.02
27,001 – 33,000	0.07	0.03
33,001 – 38,000	0.12	0.05
38,001 – 43,000	0.13	0.06
43,001 – 48,000	0.15	0.065
48,001 – 56,000	0.18	0.075
56,001 – 66,000	0.195	0.08
Greater than 66,000	0.21	0.09

In line with previous years the following charges and deductions will apply:

Charges and deductions

- Stop Charge: \$15 per each stop
- Volume pick up charge: 2.8 cents per litre

As you may be aware a new Dairy Industry Code of Conduct was introduced at the start of 2020. To meet our obligations under the new code we have supplied you with an updated milk supply agreement. The agreement is more detailed than previously and contains a number of items required to meet the new regulatory requirements.

Florida Cheese is confident that the prices and incentives above will enable suppliers to have confidence in the outlook and their success for the coming year and Florida offers its complete co-operation to suppliers to achieve this success.

If you have any further queries in relation to these prices or the milk supply agreement, please do not hesitate to contact me on 03 9464 2600.

Fabio Portella
Production Manager