

4 July 2023

Dear Supplier,

The last month was certainly eventful, starting with the season opening price on 1 June and then hitting the road to meet with farmers at Fonterra's supplier meetings across Victoria and Tasmania.

We all heard Fonterra's opening price of \$8.65kg/MS for the 2023/24 season. With two step-ups since then, the current price of \$9.20/kgMS is looking better and puts us in a good position for the new season.

While some of our input costs have reduced, the relatively high feed costs and interest rates are still putting some pressure on margins. I'm confident most farmers will have the capacity to manage costs pretty well. It also tells us there is strong, healthy competition for our milk.

The market was a clear driver behind Fonterra's decision to open at \$8.65/kgMS, which is not surprising when you look at the decline in commodity prices over the last few months. While we as farmers always want a higher price for our milk, on the other side of the farmgate we need a processor that's responsible, that can square up their balance sheet and get the most value out of our milk.

FASC was supportive of Fonterra taking a responsible approach and putting an opening price on the table that the market and their business can support. It sends a message about running a sustainable business, which should be the focus for all of us. We've seen that it's competition, rather than the market, that dictates where the price lands. One thing we have confidence in is that Fonterra's track record demonstrates they will be competitive.

Earlier in June at the supplier meetings, I enjoyed connecting with many of you to speak more about the role of FASC, and to share a farmer's perspective on price and the importance of having a strong relationship with our processor. There's a feeling that we've got another positive year ahead of us.



One of the highlights was learning more about Fonterra's brands – Bega, Perfect Italiano, Mainland, Western Star and Duck River. So many of you told me how impressed you were to get this level of insight and to hear these brands are steps ahead of their competitors is something we should all be proud of.

Lastly, I wanted to share the areas of focus for FASC this season. First up are discussions with Fonterra around long-term contracts with suppliers, and then our focus will turn to projects and initiatives on farm, particularly across animal welfare and sustainability. These are two areas where we know change is imminent, and in partnership with the Farm Source team, it will be important to prepare and equip ourselves for what's coming.

FASC will work through a prioritisation process to ensure the efforts and initiatives we focus on as your representative body are what farmers want and need. I'll keep you updated on our progress.

For new farmers joining Fonterra this season, or anyone looking for more information about FASC and your local representative, please [visit the website](#). You'll find names and contact details. I encourage you to reach out.

You can also find information about our flagship program, ***Proud to be a Dairy Farmer*** and our latest program ***Get to Know Fonterra***.

All the best for the new season.

Alan Davenport
Chair – Fonterra Australia Suppliers' Council