

Milk Payment Summary Guide



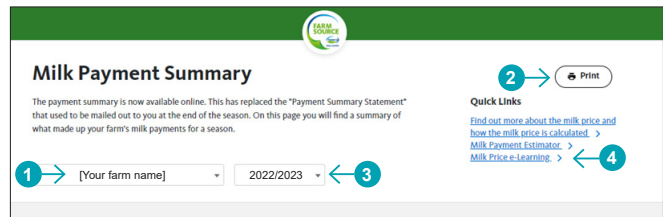
This guide provides a step-by-step walk through of the new payment summary and outlines some key information that you may find useful when reading the document. It also provides details on where you can find more information on the different parts of the milk payment. If you have any questions, please contact the Farmer Support team on 0800 65 65 68.

Review | Read through your summary and understand your numbers.

Reflect | Celebrate what you've done and identify areas you would like to focus on this.

Prepare | Put some actions in place for areas you would like to improve or look into this season.

1. Select your farm from the drop-down menu at the top of the page.
2. Use this to print a physical copy of your statement or save it as a PDF on your computer.
3. The season is set at 2022/23. Currently there is only one season's data available online.
4. You can find quick links to useful resources here.



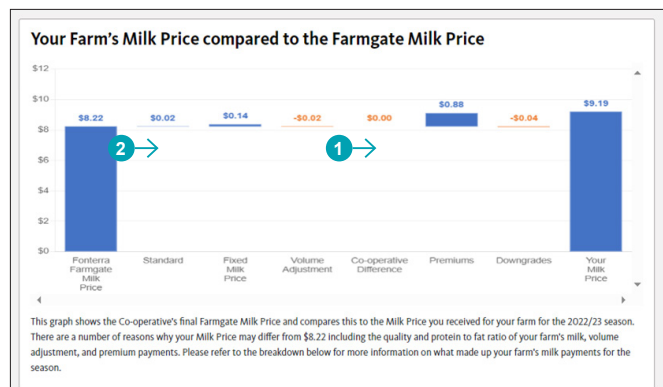
In this section you will find high level information on your farm's milk price compared to Fonterra.

1. These numbers will add up to Your Farm's Milk Price.
2. Click on the 'i' button for more information on any of the headings.

	Your Farm	Fonterra	Variance
Your Farm's 2022/23 Milk Price per kgMS	\$9.19	\$8.22	\$0.97
Base Payment	\$8.29	\$8.14	\$0.15
The Co-operative Difference Payment	\$0.08	\$0.08	\$0.00
Premiums, Adjustments and Downgrades	\$0.82	\$0.00	\$0.82
Average Milk Solids Percentage	8.43%	9.07%	-0.64%
Protein / Milkfat Ratio	0.8077	0.784	0.0237
Seasonal SCC Mean	175,089	171,977	3,112
Total Milk Solids (kg)	178,553		
Total Payments	\$1,641,279.87		

Here you will find a graph that shows which component of your farm's milk price varied from the Fonterra Milk Price

1. The Co-operative Difference payment variance may be a positive or negative. For more information on why this is the case, please refer [HERE](#)
2. A variance in "Standard" may be due to rounding (+/- 1c) and/or due to your farm's fat to protein ratio. This can also be the case for milk under a contract. [Refer to Base payments on page 2 for more information.](#)



1. Here you will find a full breakdown of your milk payments by components. To view each section, select this arrow here. You can expand one or all sections at a time.
2. These rates have been rounded to the nearest cent for simplicity. If you try to calculate the Total Payment, by multiplying the quantity by the rate, this may result in a differential due to rounding (when Fonterra calculates your total payments, the rates used for fat and protein are up to 4 decimal places).
3. You can add this column up and it will provide you with your farms Milk Price.
4. Here you will find a summary of your DairyNZ and Biosecurity levy payments.

	Quantity (kg)	Rate (\$/kgMS)	Total Payments (\$)	My Farm's Milk Price (\$)
Base Payment kgMS	178,553.10	8.29	1,480,862.35	8.29
Volume Adjustment			-4,427.66	-0.02
Co-operative Difference Payment		0.08	14,950.77	0.08
Premiums			157,242.70	0.88
Milk Quality Downgrades			-7,348.29	-0.04
Total Payments			1,641,279.87	9.19
Other Additional Deductions and Levies				

The Co-op pays for raw milk supplied according to the following formula:

A + B +/- C +/- D

Base Payments

Here you will find the standard payment for your milk based on protein and milkfat. The final Farmgate Milk Price for the 2022/23 season was \$8.22 per kgMS paid on protein and milkfat.

Protein / Milkfat Ratio A + B

The Component Composition Ratio (CCR) for the 2022/23 season was 0.7837. This is the relative quantity of protein versus fat received by the Co-operative. If your farm produced a higher proportion of protein to milkfat than the Co-operative average, you will have received a higher payout in this section. Conversely, if your farm produced a lower proportion of protein to milkfat than the Co-operative average, you will have received a lower payment.

Fixed Milk Price (FMP): If you participated in Fixed Milk Price for a portion of your milk solids, payments up to the base adjusted price are included in this section. Payments are made based on your farm's protein and milkfat. Depending on if the fixed price is above or below the Farmgate Milk Price, this will show as a variance on the graph from the average Farmgate Milk Price.

Fixed Milk Price locks in the underlying commodity price, however all fees and adjustments relating to your individual farm still apply (such as the Fixed Milk Price Service fee, volume adjustments, downgrades, premiums, and The Co-operative Difference payment).

Fixed Milk Price = FMP base payments + Co-operative difference payment (Co-op average was 8c. This is where your payment may differ as it depends on your farms achievement) + service fee (10c).

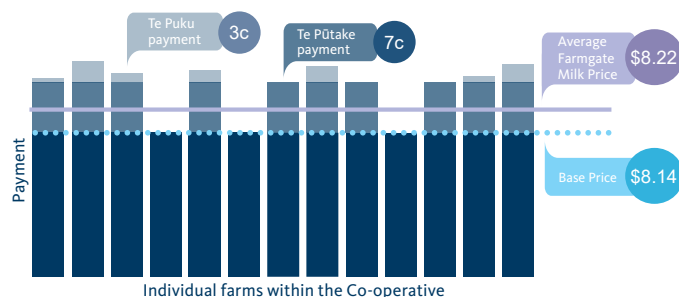
To find out more about Fixed Milk Price, you can find this [HERE](#) >

Volume Adjustment +/- C

This is based on how your farm's milksolids percentage compares with the Co-operative's average which was 9.07% and 2.97 cents/litre for the 2022/23 season. If your milksolids percentage exceeded the Co-operative average, you received a payment; if your milksolids percentage was below the Co-operative average, a deduction was made.

The Co-operative Different Payment +/- D

This payment parameter recognises farms providing high quality sustainable milk. This results in up to 10 cents per kgMS of your milk payment being influenced by your farm's progress towards the Co-operative Difference achievements. This is shown as two payments; Te Pūtake – The start of the journey Level 1 – (7c kgMS on all milk supplied if you meet all four achievements for Animals, People and Community, Environment and Co-op and Prosperity), and then Te Puku – The midpoint Level 2 – (an additional 3c kgMS on all milk supplied with an 'Excellence' milk quality rating). For the 2022/23 Season, Co-operative Difference payments averaged out to \$0.08 per farm. Which meant \$0.02 was retained in the base payment and applied to all farmers in the final retro, making the Fonterra final base rate \$8.14.



To find out more about how the payment works go [HERE](#) >

Premiums

If your farm received any payment premiums, for example for Organic Conversion Milk, Stolle, A2 or Winter Milk, these will be shown in this section. You will see the value of those premiums across the whole season's production as an increase in your overall payout per kgMS. This section does not appear if you did not have any premiums.

[Winter Milk](#) >

[Organic](#) >

[A2](#) >

[Stolle](#) >

Milk Quality – Downgrades

If your farm had any quality issues these will be shown here. You will see the impact as a negative adjustment across the whole season's production, representing a decrease in your overall payout per kgMS. This section does not appear if you did not have any quality penalties.

For more information go to the [Milk Quality Support Hub](#) >