



SADA UPDATE



9 June 2022

Processor's Year 2022 - 2023 Price Updates

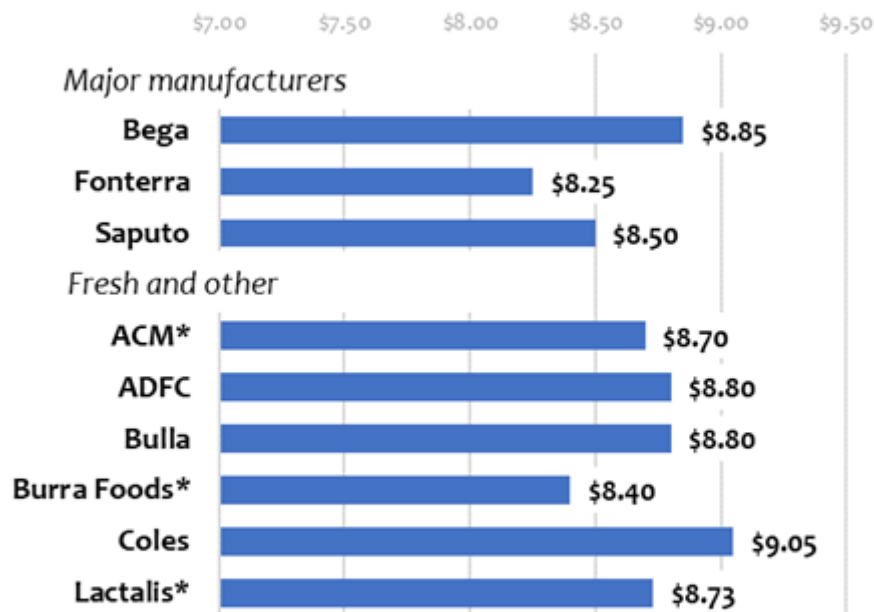
Because of the operation of the Dairy Industry Code, all medium to large dairy processing companies have made their prices and contracts publicly available. As part of the operation of the South Australian Dairyfarmers' Association (SADA) supported Code, all medium and larger processors will have to post their milk price on their websites as well as a copy of a Milk Supply Agreement.

All processor websites checked have this year's contracts up for inspection as required by the Code. Note below, the following commentary on the milk prices as issued by milk processors who offer contracts in South Australia.

It is important to point out that comparing these prices is difficult as the minimum prices which are required by the Dairy Industry Code are dealt with differently by different processors on the basis of their associated incentive schemes.

NOTE: It would be a mistake to compare the advertised minimum prices as an accurate reflection of expected farmer earnings as the incentive schemes of different processors impact on overall payment in varied ways.

Opening prices announced by largest milk buyers (\$/kgms)



Note: * mid-point of a range. **Bega** refers to an average of Victoria and Riverina only, and not fresh collection MSAs; **Saputo** is for non-exclusive MSAs, with 15c/kgms added for applicable exclusive MSAs; **Coles** is for Victorian regions



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Milk Value Portal

From a processors' perspective the Australian Dairy Producers' Federation (the processor organisation) have moved to show what factors influence milk prices to farmers in Australia. From the SADA perspective this is a welcome initiative and SADA strongly suggests that farmers visit the site before they sign new contracts. The Milk Value Portal from the Australian Dairy Producers Federation is available at <https://milkvalue.com.au/> This site provides a clear picture not only of what is happening to the milk price in a farmer's local area, but also nationally and internationally.

Dairy farmers are encouraged to visit the site as a useful tool to help them determine the best prices they can get for their milk as well as comparing different offers from different processors to determine the best outcomes for them.

Conclusion

Different contracts will offer different outcomes for farmers depending on the farmer's business model. Care should be taken with by any farmer seeking a new milk supply contract.

SADA stands ready to assist any farmer with questions. Should you wish to discuss a contract please contact us at the SADA offices at sada@sada.asn.au or 08 8293 2399.