

At this time of the year, and this year in particular, there is always a lot happening on farm and off farm for us.

As a West supplier, I will begin with the Dennington closure. Like Fletcher Jones and the Woollen Mills it's always sad to see a local icon close. We feel for the individual workers and for the local Dennington community, to which I have a personal connection, and I appreciate that Fonterra is working with those affected and providing the support they need. On a national level though, Fonterra has to make sure it maximises the efficiency of its assets and our milk that it collects.

The opening price was announced a couple of weeks ago. The farmers that have spoken to our representatives or me personally have welcomed it as a good start. While there was a forecast range slated for announcement, most have indicated that having an opening price early is the most important thing and it will help us to better plan and give some confidence ahead of next season.

The new agreement. As I stated in March, the Board wanted to have the agreement (that will apply from next season) finalised by May and we have been working hard to make this happen. Both Fonterra and the Board now have broad mutual alignment on all the major aspects, but there are still some legal and constitutional requirements to be completed. Farmers have told us that they want to know the main points so they can include them in their thinking for next season, so I've set these out below.

Benchmark. The BSC Board and Fonterra have discussed the benchmark at length. Fonterra has no appetite for a benchmark, and we both agree that without a large co-op left in Australia and with several others benchmarking against Fonterra, it creates a circular benchmark with other processors. In its place, we feel that external validation is a better option. For this process, separate to the agreement, we have engaged Fresh Agenda to do some recurring work for us so that we have an independent view of milk price, the market and the industry generally.

Structure. The BSC Board and Supplier Forum have worked well together as a combined group for a while now. We will continue to grow this and give farmers a greater chance to have contact with their local representative. I still recall when I sat down at the Colac Christmas lunch and was politely greeted with "Why do you exist? Isn't Bonlac now irrelevant?" I can answer this in two parts:

1. I truly believe we still need the strongest farmer representation possible – and that we are able to provide this to you via the Board and Forum.
2. The second is most people have told me we need to rebrand, and that the term Bonlac is no longer relevant or recognised. We have discussed our name and branding with the Forum – and we have a new name in mind that reflects who we are and encompasses both the BSC Board and the Supplier Forum. I hope to share this with you in my next communication.

Retrospective price decreases. I know that this point was particularly important to farmers, and the Board has been working with Fonterra to align. I'm pleased to say we have mutual agreement that there will be no retrospective price decreases. We will discuss this in more detail with you at the supplier meetings later this month.

Timeframe and process. There are some points in the new agreement that will ultimately need to go to a supplier vote, and others that don't. We are considering a BSC roadshow to answer any questions, if farmers communicate to us a need. Please take the time at the upcoming supplier meetings in your region to let any representative know if you would like one in your region.

Following the supplier meetings, we will send out a detailed communication so you know exactly what we propose. With the constitutional and legal requirements that we are required to meet, and our consultation processes with you, I anticipate that a vote on those items requiring it will take place at the November AGM.

I will be at all of the supplier meetings, so please feel free to ask me any questions you may have either in the Q&A session of the meetings or informally over a cuppa.

John Dalton