

# Factsheet: Milk Value Portal



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## What is the Milk Value Portal?

The Milk Value Portal is an education-gateway to improve understanding about the many factors that shape Australian farmgate milk price (FMP).

The Portal provides a comprehensive source of verified information on FMP available to farmers in each region, sourced directly from the buyers of raw milk across Australia.

It aims to provide users with transparency and establish the right frameworks for farmers to make business decisions that allow them to operate a better dairy farming enterprise.

## How was the Milk Value Portal developed?

The Milk Value Portal is an initiative of the Australian Dairy Products Federation (ADPF), with the support of dairy processors from across Australia, and the expertise of Freshagenda.

As part of ADPF three year strategy and now the Australian Dairy Plan, processors elected to provide a better understanding of the many factors that shape Australian FMP, believing that the industry investment will generate goodwill and strengthen partnerships and confidence in the dairy industry.

## Who is the target audience?

The Milk Value Portal targets dairy farmers and industry observers (e.g., advisors, analysts, investors, media) looking for a comprehensive understanding of Australian FMP and the value of raw milk, at a specific time of the year by region and key production parameters.

## How does the Milk Value Portal work?

### Farmgate Milk Value Tool



The key feature of the Milk Value Portal is the Farmgate Milk Value Tool (FMVT), which calculates the average value of raw milk applicable to each of the production regions in the Australian industry and provides it to users in an easy-to-understand format. The value of raw milk varies farm-to-farm, based on a range of farm parameters which can be nominated by the user of the tool, providing a weighted average and range applicable in each situation, expressed in cents/ litre and \$/kg milk solids, for the current and previous years.

The FMVT lets a farmer customise a farm situation by setting parameters such as their location, farm size, seasonal milk supply pattern and expected butterfat and protein content. It calculates a weighted average milk price and range of prices based on minimum prices available in relevant Milk Supply Agreements for that example farm, for the full season and for each quarter of the season.

The tool also allows a farmer to see changes in those farm parameters — milk volumes, seasonality and butterfat and protein content — can affect the potential FMP outcome over the season.

It would, for example, facilitate a greater understanding of the implications of flat versus seasonal supply to the year-average FMP, or what is the FMP in Burnie, Tasmania versus Beaudesert, Queensland.

The data in the FMVT represents over 90% of the milk volumes across Australia — including the eight dairy regions. The milk values are weighted in each case according to the estimated collection volumes relating to each Milk Supply Agreement per region.

It is updated as any changes to FMP are announced, with a major annual update aligned to the 1 June minimum price announcements each year, in the Milk Supply Agreements — as per the requirements of the Dairy Code of Conduct.

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## Market Insights



The Milk Value Portal provides deeper insights into the domestic and global factors that influence FMP, including commodity values, exchange rates and import competition, to complete the picture on raw milk pricing in Australia.

The website is regularly updated with the latest market information including a quarterly **Dairy Market Insights** report from Freshagenda. Users can sign up for updates direct to their inbox.

## 'What-if' Tool



The Milk Value Portal's interactive **'What-if' tool** allows users to see the impact of a changing exchange rate and commodity on the Commodity Milk Value, a major component of the FMP.

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## Further Resources



The Milk Value Portal also hosts a wide range of information explaining how the FMP is determined by processors. This includes the relevant principles across most major milk and dairy processors and milk brokers in determining prices including the Commodity Milk Value — as videos and blogs. It also features a table on **Processors Milk Supply Agreements**, summarising the main features of the contracts offered across Australia.

## What does it mean for farmers?

The Milk Value Portal and FMVT have been designed to help farmers understand the factors that affect the FMP including those based on their own circumstances and decisions, so that they may understand the scope to achieve the best business outcome. The portal also provides educational material to help farmers understand external global and domestic influences that affect milk prices over time.

## What does it mean for farm advisers?

The information offered allows farm advisers to understand what the market is currently paying, allowing them to analyse farms more effectively and possible rate of returns.

# Benefits of the Milk Value Portal

- A comprehensive 'one stop shop' to learn about the value of raw milk in Australia.
- Regional analysis with an interactive tool to match farm production systems with revenue.
- Unique 'what if' scenario planner showing the impact on FMP of movement in key dairy commodities and AUD/USD exchange rates.
- A readily accessible, credible, centralised source of information on milk price and the value of raw milk at different times of the year.

