



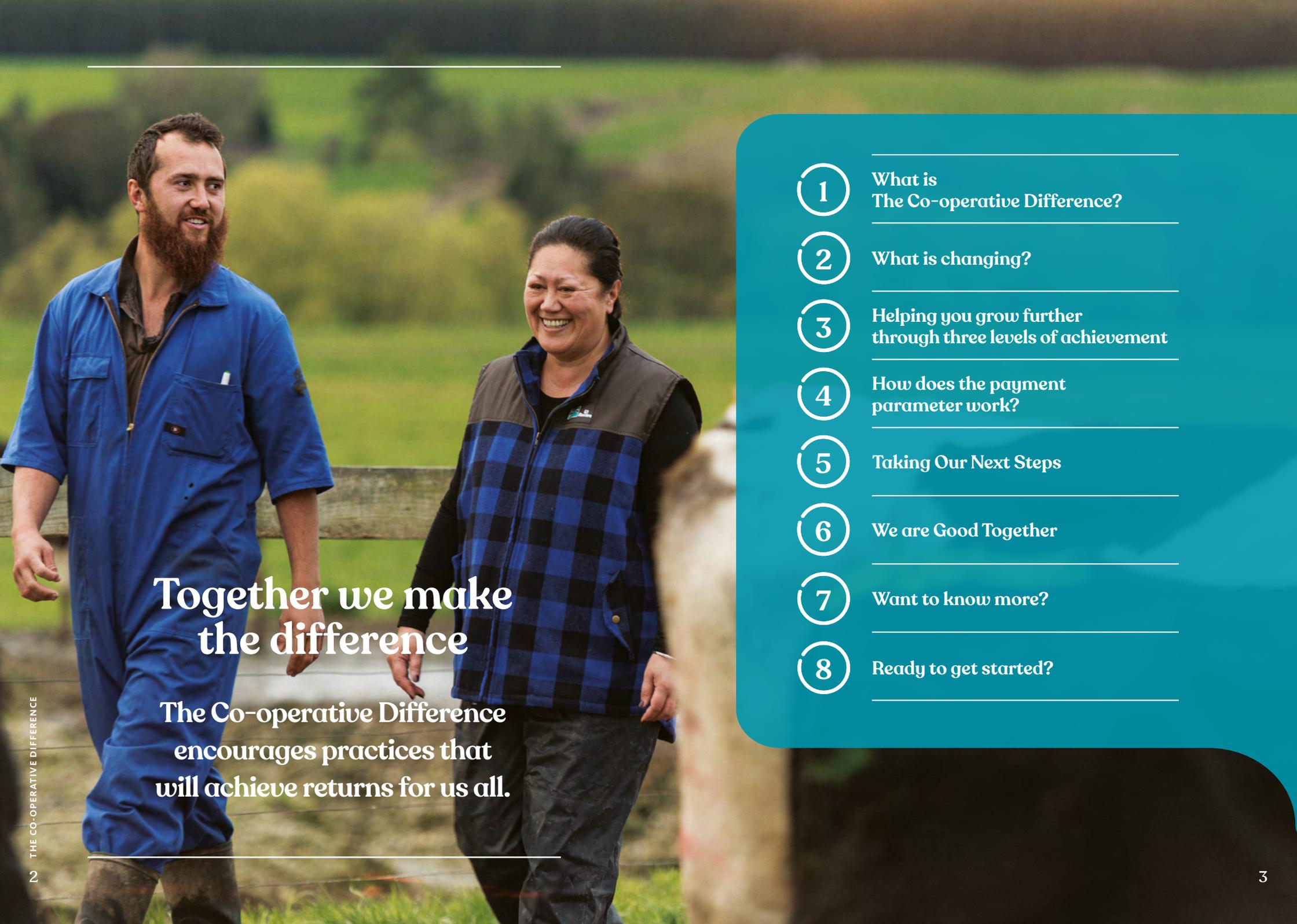
Dairy for life

# Taking Our Next Steps

Your guide to The Co-operative  
Difference Payment



The  
**Co-operative**  
**Difference**



# Together we make the difference

The Co-operative Difference  
encourages practices that  
will achieve returns for us all.

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# What is The Co-operative Difference?

The Co-operative Difference makes Good Together real on farm. It means pulling the best of what we do into five focus areas and making sure they become the strongest possible foundations for our Co-op, not just for today, but well into the future. It doesn't mean losing your unique way of doing things on your farm. Instead, it will help us all work together as a strong Co-operative. There are three parts to The Co-operative Difference as set out below:



## Our Core

Our strong foundations, supporting our farmers to deliver safe, sustainable milk today



## Our Next Steps

Recognising our farmers who go above and beyond



## Our Future

Striving for best practice today while preparing for our future



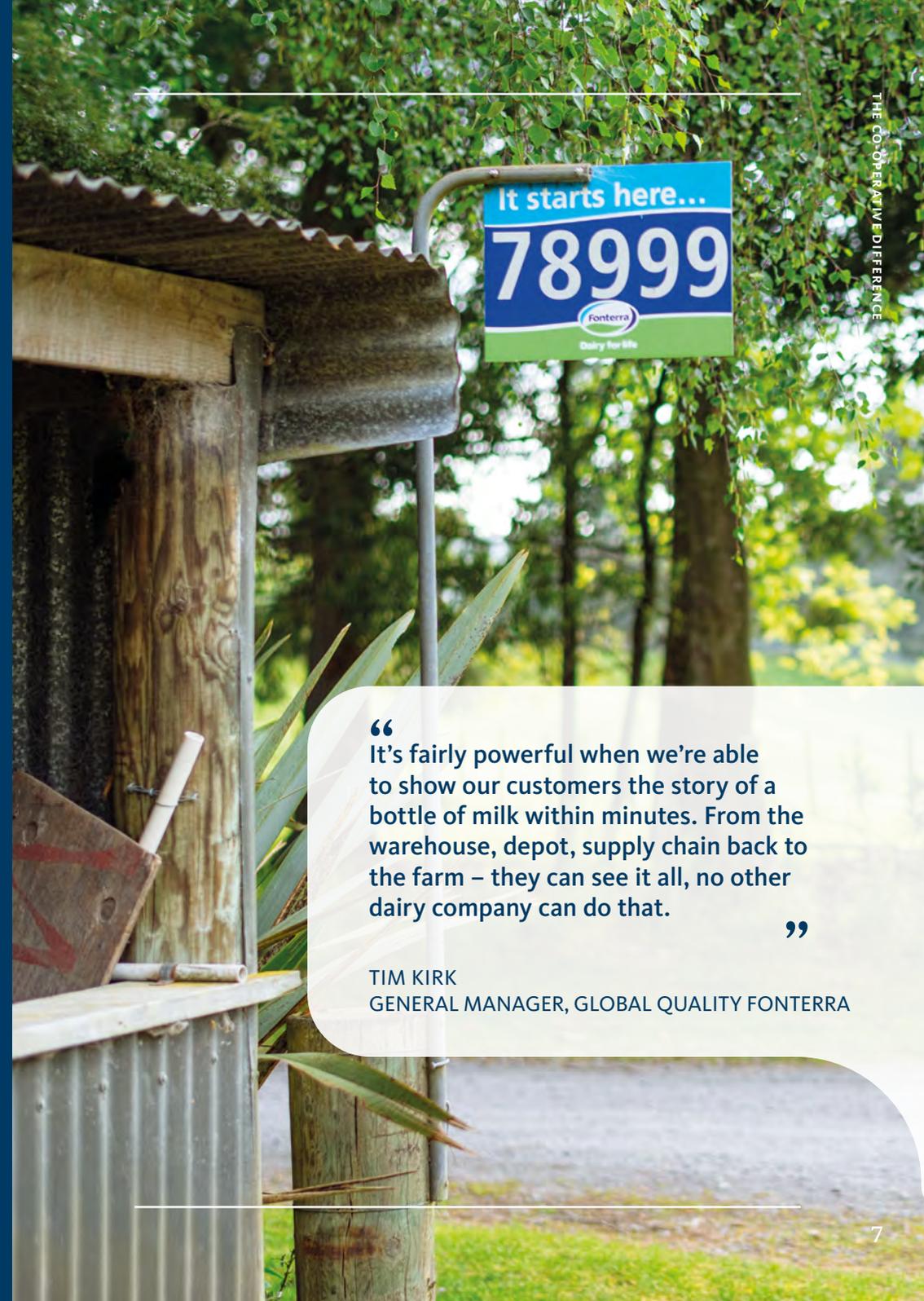
This guide sets out important changes to the way that we recognise farmers under Our Next Steps.



# What is changing?

From 1 June 2021, we are changing the way farmers are paid for their milk through the introduction of a new milk payment parameter. This will see a proportion of a farm's milk payment influenced by their progress under Our Next Steps, initially by up to 10 cents per KgMS.

Getting the best returns is determined by our ability to access opportunities, markets, and premium prices. It is also important that the wider community value our role and our approach to farming, animal wellbeing and guardianship of the land, so that dairy farming is seen as an attractive and respected career choice for future generations. This means staying at the forefront of issues such as quality, safety and sustainability. That is what The Co-operative Difference is all about.



“  
It's fairly powerful when we're able to show our customers the story of a bottle of milk within minutes. From the warehouse, depot, supply chain back to the farm – they can see it all, no other dairy company can do that.  
”

TIM KIRK  
GENERAL MANAGER, GLOBAL QUALITY FONTERRA

# Helping you grow further through three levels of achievement

## Te Pūtake The start of the journey

Our strategy is all about sustainable value. Farms who meet achievements for Co-op, Environment, Animals and People.

## Te Puku The mid-point

Building on Te Pūtake by striving to provide milk every day with an 'Excellence' rating.

## Te Tihi The summit

Te Tihi replaces Grade Free in providing non-financial recognition for those in the Co-op who consistently provide the highest quality milk.

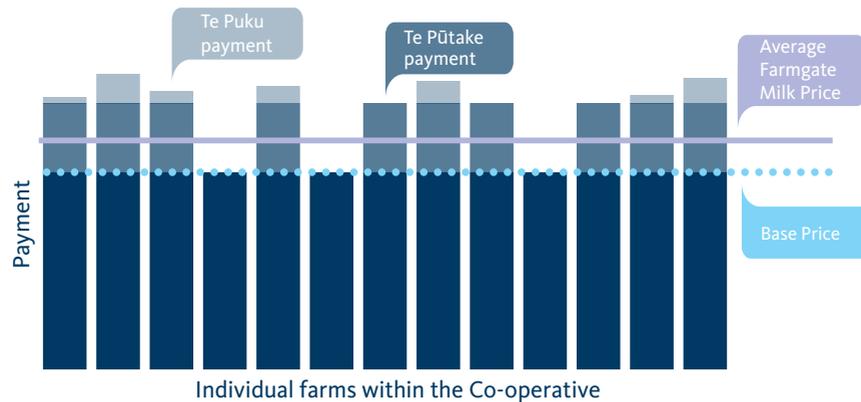
# How does the payment parameter work?

Farms that sustainably produce higher quality milk help to increase the value of all our milk. That's why The Co-operative Difference Payment is being introduced.

A new milk payment parameter will be introduced to implement the payment.

Milk payment parameters are used to determine the value of a farm's milk to the Co-operative and can result in each farm being paid slightly differently per milksolid, relative to the Co-operative average.

These parameters currently include the fat and protein composition of the milk, the volume, and going forward, will include achievement of Te Pūtaka and Te Puku under The Co-operative Difference.



## Te Pūtaka

**7c** kgMs on all milk supplied

You must meet all four achievements and have them verified before the end of the season.



### Environment

Farm Environment Plan in place with at least three out of four key practices being achieved.



### Animals

Have and implement an Animal Wellbeing Plan developed with your vet.



### People and Community

Complete the DairyNZ Workplace 360 Assessment and achieve 100% on the foundation level.



### Co-op and Prosperity

Full and accurate Farm Dairy Records kept and submitted by 30 June 2022.

## Te Puku

**3c** kgMs on all qualifying milk

- Once Te Pūtaka is achieved, the next step is Te Puku which is all about milk quality.
- To achieve Te Puku, your farm must achieve milk quality excellence for at least 30 days during the season.
- Once this has been achieved, all milk supplied during the season that meets the milk quality excellence standard will attract the payment.

# Taking Our Next Steps

The process we follow is set out below.

- 1 Share**

In February each year The Co-operative Difference achievements for the coming season will be shared with you.
- 2 Prepare**

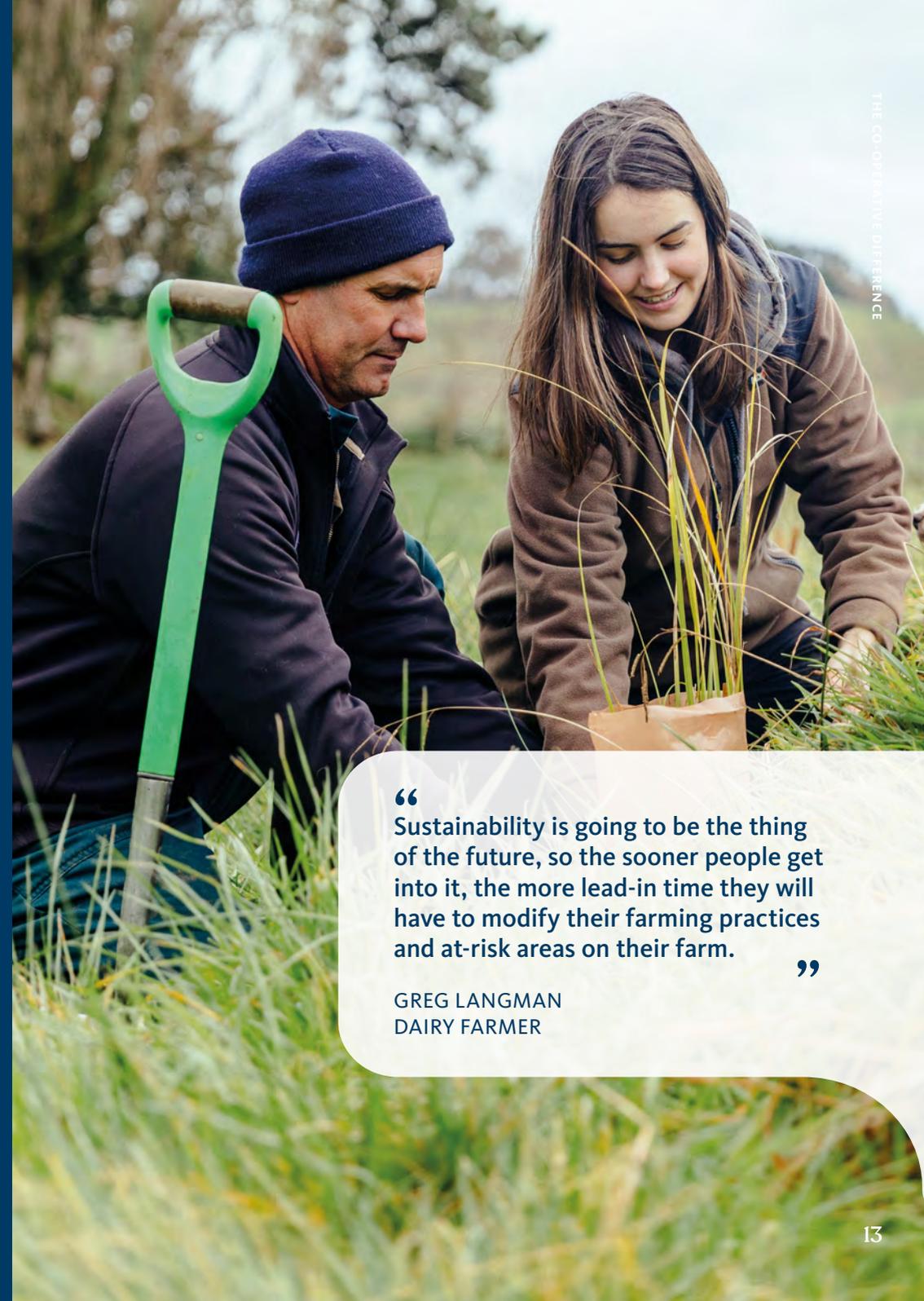
Once you know the achievements, you need to get ready. Understand all the achievements and any changes required to meet Te Pūtake and make sure you're prepared to deliver high quality milk in the coming season. To be eligible, you'll also need to meet the Fonterra Farmers' Terms of Supply for the entire season.
- 3 Confirm**

Once you have met the achievements, go to the Farm Source website and let us know. You need to have completed all the achievements and confirmed them on the website at least 10 days before your Farm Dairy Assessment.
- 4 Verify**

Some of the achievements will be verified through data we already have; but for some achievements we will verify them on-farm during the Farm Dairy Assessment. If you miss this opportunity, or are unable to demonstrate achievement, you'll need to get the assessor back, but please note this will be at your cost.
- 5 Recognise**

The completion of the season is time to review and celebrate, because its what we all do everyday that makes the difference.

We will recognise those who have achieved under Our Next Steps and any payments will be processed at the end of season in the retrospective payment.



“ Sustainability is going to be the thing of the future, so the sooner people get into it, the more lead-in time they will have to modify their farming practices and at-risk areas on their farm. ”

GREG LANGMAN  
DAIRY FARMER

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# We are Good Together

We want to help you Make the Difference. If you want to talk about The Co-operative Difference or any of the changes, get in touch with the Farm Source team.



Service Centre  
**0800 65 65 68**



“  
I guess people in other countries or markets don't always realise how we operate and what we do to produce top quality milk.  
”

BRAD COCKRELL  
DAIRY FARMER

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## Want to know more?

Go to:

[www.fonterra.com/makethedifference](http://www.fonterra.com/makethedifference)

Scan the QR code to be taken to the Fonterra home page.



## Ready to get started?

Go to:

[www.nzfarmsource.co.nz](http://www.nzfarmsource.co.nz)

Scan the QR code to be taken to the Farm Source log in page.



**The  
Co-operative  
Difference**