



- The loan was advanced by monthly instalments from October 2015 – April 2016.
- The first instalment of 12 cents per kgMS was paid on 20 October for kgMS supplied June 2015 to September 2015.
- Further instalments were paid through to April 2016 (see the loan schedule below).
- The instalments were shown on farmer’s monthly milk payment statement.
- Shareholders also receive a Co-operative Support Loan Statement each month there is a change in their loan amount or interest being charged.

**Example 1**

John and Rachel produce 194,000 kgMS per season. They hold 194,000 shares on 30 September 2015, therefore they would receive the 50 cents loan for their full production from 1 June – 30 December 2015.

Enter your farm’s Co-operative shareholding at 30

**194,000**  
shares held

Supply Month	Milk Solids (kg)	Eligible Production (cumulative)	Payout Rates	Loan Payment		
				Current Month	Retro	Total
Jun paid Jul	-	-				
Jul paid Aug	500	500				
Aug paid Sep	15,000	15,500				
Sep paid Oct	30,000	45,500	\$ 0.12	\$ 5,460		\$ 5,460
Oct paid Nov	34,000	79,500	\$ 0.15	\$ 5,100	\$ 1,365	\$ 6,465
Nov paid Dec	30,000	109,500	\$ 0.25	\$ 7,500	\$ 7,950	\$ 15,450
Dec paid Jan	27,000	136,500	\$ 0.28	\$ 7,560	\$ 3,285	\$ 10,845
Jan paid Feb			\$ 0.36		\$ 10,920	\$ 10,920
Feb paid Mar			\$ 0.44		\$ 10,920	\$ 10,920
Mar paid Apr			\$ 0.50		\$ 8,190	\$ 8,190
Apr paid May						
<b>Total</b>	<b>136,500</b>	<b>136,500</b>		<b>\$ 25,620</b>	<b>\$ 42,630</b>	<b>\$ 68,250</b>

## How Co-operative Support will be repaid

- The loan is repayable once the Total Advance Payment Rate in a season reaches an agreed level (currently \$6.00).
- The Total Advance Payment Rate is Base Advance Rate + Capacity Adjustment
- The Total Advance Payment Rate applies to the milk solids supplied in a season (1 June – 31 May) and paid to farmers suppliers over a 16 month period (July to October). Refer table below.

Advance Payment Rates in Season 1			
	Base Advance Rate	Capacity Adjustment	Total Advance Payment Rate
Jun paid Jul	\$4.70	\$0.51	\$5.21
Jul paid Aug	\$4.70	\$0.51	\$5.21
Aug paid Sept	\$4.70	\$0.51	\$5.21
Sept paid Oct	\$4.70		\$4.70
Oct paid Nov	\$4.80		\$4.80
Nov paid Dec	\$4.80		\$4.80
Dec paid Jan	\$4.90		\$4.90
Jan paid Feb	\$5.00	\$0.51	\$5.51
Feb paid Mar	\$5.20	\$0.51	\$5.71
Mar paid Apr	\$5.41	\$0.51	\$5.92
Apr paid May	\$5.51	\$0.51	\$6.02
May paid Jun	\$5.71	\$0.51	\$6.22
Jun paid Jul	\$5.80		\$5.80
Jul paid Aug	\$6.05		\$6.05
Aug paid Sept	\$6.40		\$6.40
Sept paid Oct	\$6.75		\$6.75

- Once the Total Advance Payment Rate reaches the repayment threshold of \$6.00 in any of the 16 months (Marked in red on table above), Fonterra will apply the amount over and above \$6.00 to repayment of the Co-operative Support Loan.
- This differential will be applied each month to season to date production until the loan is paid off. Loan repayments will be deducted from the milk payment in the month when the threshold is reached.
- The Fonterra Co-operative Support Loan deduction will show on the Supplier Milk Payment Statement.
- The repayment of the loan will not affect any sharemilker on the farm, for example if 50:50 agreement then repayment is taken from the farm owners 50% of the milk payment only.
- If a Farmer Shareholder is on speciality milk agreement, for example Organic agreement and is being paid on a different Advance Rate schedule, Fonterra will deduct the same amount as if they were on a Standard Advance Rate schedule.

					Loan Repayment				
	Supply Month	Monthly Milk Solids (kg)	Season to Date Production (kg)	Total Advance Payment Rate Season 1	Total Advance Payment Rate Season 2	Current Month	Retro	Total Repayment	Balance on Loan
Season 1	Mar paid Apr	11,000	186,500	\$ 5.92	\$ -	\$ -		\$ -	\$ 68,250
	Apr paid May	7,000	193,500	\$ 6.02	\$ -	-\$ 3,870		-\$ 3,870	\$ 64,380
	May paid Jun	500	194,000	\$ 6.22	\$ -	-\$ 38,810		-\$ 38,810	\$ 25,570
Season 2	Jun paid Jul	-	-	\$ 5.80*	\$ 5.01	\$ -	\$ -	\$ -	\$ 25,570
	Jul paid Aug	500	500	\$ 6.05*	\$ 5.01	\$ -	\$ -	\$ -	\$ 25,570
	Aug paid Sep	15,000	15,500	\$ 6.40*	\$ 5.01	\$ -	-\$ 25,750	-\$ 25,750	\$ -
	Sep paid Oct	30,000	45,500	\$ 6.75*	\$ 4.50	\$ -	\$ -	\$ -	\$ -
<b>Total</b>						<b>-\$ 42,680</b>	<b>-\$ 25,570</b>	<b>-\$ 68,250</b>	

\* Season 1 retrospective payments

## Loan Repayments Explained

- Repayment 1** Advance payment rate (\$6.02) applies to the current season and has exceeded the repayment threshold (\$6.00) for the first time in the season. The difference of the advance payment rate over and above the threshold is applied to season to date production (193,500).  
**193,500 x 0.02 = \$3,870**
- Repayment 2** Advance payment rate (\$6.22) applies to the current season and remains above the repayment threshold (\$6.00). The difference of the advance payment rate over and above the threshold is applied to production in that month. The difference of the advance rate (\$6.22) over and above the previous advance rate (\$6.02) is applied to the remainder of the season to date production (193,500)  
**193,500 x 0.20 = \$38,700**  
**+ 500 x \$0.22 = \$110**  
**= \$38,810**
- No Repayment** Retro payment rate (\$6.05) applies to the previous season and has exceeded the repayment threshold (\$6.00). However the full season production has already had \$0.22 deducted in payment 2 above Therefore no further deductions will be taken in this month.
- Repayment 4** The retro payment rate (\$6.40) is sufficiently high to warrant repayment of the remaining balance on the loan.  
**\$25,750**

