

Review of Fonterra's 2026/27 Milk Price Manual:

Dairy Industry Restructuring Act 2001

15 October 2026



Associated documents

Publication date	Reference	Title
15 September 2026	ISSN 2382-0675	<u>Final report – Review of Fonterra’s 2025/26 Base Milk Price Calculation: Dairy Industry Restructuring Act 2001</u>
15 December 2025	ISSN 2382-1779	<u>Final report - Review of Fonterra's 2025/26 Milk Price Manual: Dairy Industry Restructuring Act 2001</u>
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1 August 2023	ISBN 978-1-99- 101282-1	<u>Our approach to reviewing Fonterra’s Milk Price Manual and Base Milk Price Calculation - 2023</u>

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1.0 Introduction and how you can provide your views

Purpose of this report

- 1.1 This report sets out our draft conclusions from our statutory review of the extent to which Fonterra's 2026/27 Milk Price Manual (the **2026/27 Manual**) is consistent with the purposes of the base milk price monitoring regime under Subpart 5A of the Dairy Industry Restructuring Act 2001 (**DIRA**).¹
- 1.2 The Manual contains the methodology that will be used to calculate Fonterra's base milk price for the 2026/27 season.
- 1.3 The purpose of the regime is laid out under subpart 5A of DIRA.²
- 1.4 The regime is intended to provide incentives for Fonterra to act efficiently, while providing for contestability in the market for the purchase of raw milk from farmers. The regime also promotes greater transparency of Fonterra's base milk price setting processes.³

How this report is structured

- 1.5 Chapter 2 explains our review framework and the scope of our 2026/27 Manual review.
- 1.6 Chapter 3 sets out a summary of our draft conclusions.
- 1.7 Chapter 4 provides our assessment of amendments to the 2026/27 Manual and their consistency with the s 150A purpose.
- 1.8 Attachment A provides a glossary of the key terms and abbreviations used in this draft report.

How you can provide your views

Invitation to comment

- 1.9 As required under DIRA, we are consulting with Fonterra on this draft report.⁴ We have also extended our consultation process to other interested parties.

¹ DIRA, s 150A.

² DIRA, s 150A.

³ Dairy Industry Restructuring Amendment Bill (Government Bill) 2012.

⁴ DIRA, s 150M.

- 1.10 We welcome stakeholder views on any aspects of this draft report before we finalise our conclusions. Your views on our draft report will inform our final conclusions.⁵

Deadline for submissions

- 1.11 To allow us time to consider your views, you must provide submissions on this draft report to us no later than **12 noon, Monday 16 November 2026**.⁶
- 1.12 Our final report on the 2026/27 Milk Price Manual will be published by 15 December 2026.

Format of submissions

- 1.13 Please email submissions to dairy@comcom.govt.nz with the subject line “Submission: 2026/27 Milk Price Manual Review”.
- 1.14 We ask that you provide two copies of your submissions. One in a format suitable for word processing (such as a Microsoft Word doc), and one in a ‘locked’ format (such as a PDF) for publication on our website.
- 1.15 We take the protection of confidential information seriously.
- 1.16 When including commercially sensitive or confidential information in your submission:
- 1.16.1 Please provide a clearly labelled confidential version and public version of your submission. We intend to publish all public versions on our website.
 - 1.16.2 The responsibility for ensuring that confidential information is not included in a public version of your submission rests entirely with you.
- 1.17 Please note that all submissions we receive, including any parts that we do not publish, can be requested under the Official Information Act 1982. This means we would be required to release material that we do not publish unless good reason existed under the Official Information Act 1982 to withhold it. We would normally consult with the party that provided the information before any disclosure is made.

⁵ DIRA, s 150I.

⁶ A submission from Fonterra, or notification that it does not wish to make a submission, is required not later than 16 November 2026 for this season’s Manual review – see s 150M(2) of DIRA.

2.0 Our review framework

Our approach for the Manual review

- 2.1 This report should be read along with ‘Our approach to reviewing Fonterra’s Milk Price Manual and base milk price calculation’ (**Approach paper**). The Approach paper provides an overview of the approach we take in our reviews of Fonterra’s Manual and base milk price calculation and includes:⁷
 - 2.1.1 an overview of how the base milk price is set
 - 2.1.2 our interpretation of the key legislative provisions guiding our statutory reviews and
 - 2.1.3 our analytical and practical approach to statutory reviews.
- 2.2 The monitoring regime is intended to provide incentives for Fonterra to act efficiently, while providing for contestability in the market for the purchase of raw milk from farmers. The regime also promotes greater transparency of Fonterra’s base milk price setting processes.⁸
- 2.3 We undertake a review of the Manual for each season. The Manual contains the methodology Fonterra uses to calculate its base milk price. As such, the Manual contains a set of definitions, rules and formulas specifying the inputs and processes to be followed in calculating the base milk price.
- 2.4 We consider the extent to which the Manual is consistent with the purpose of Subpart 5A of DIRA. In particular, our review considers the ‘efficiency’ and ‘contestability’ dimensions of the s 150A purpose as required by DIRA. Our review therefore focuses on whether the methodology and rules used in the Manual:
 - 2.4.1 provide an incentive for Fonterra to operate efficiently (the ‘efficiency dimension’) and
 - 2.4.2 adopt assumptions, inputs and processes that would be practically feasible for an efficient processor (the ‘contestability dimension’).⁹
- 2.5 As set out in the Approach paper, the efficiency dimension is met if Fonterra uses notional inputs in calculating the milk price (independent from Fonterra’s actual data).

⁷ Commerce Commission ["Our approach to reviewing Fonterra’s milk price manual and base milk price calculation"](#) (1 August 2023).

⁸ Dairy Industry Restructuring Amendment Bill (Government Bill) 2012.

⁹ We consider the same 'efficiency' and 'contestability' dimensions when we carry out our base milk price calculation review.

- 2.6 Contestability is considered to be provided for if any notional costs, revenues, or other assumptions taken into account in calculating the base milk price are practically feasible for an efficient processor.¹⁰
- 2.7 To satisfy the purpose of s 150A, our interpretation is that our statutory review must assess the extent to which the Manual is consistent with the efficiency and contestability dimensions. We attach equal weight to both dimensions in our reviews. Our analytical approach to both dimensions is described in chapter 4 of the Approach paper.¹¹
- 2.8 We mostly focus our review each year on changes to the Manual from the previous year's Manual and on any unresolved issues carried over from previous reviews.

Scope of this review

- 2.9 DIRA requires Fonterra to provide us with the following information for consideration in our Manual review:¹²
- 2.9.1 the Manual for the current season
 - 2.9.2 any recommendations by the Milk Price Panel (**MPP**)¹³ in relation to the milk price Manual¹⁴
 - 2.9.3 notification of any change in the economic and business environment that, in Fonterra's view, requires a change to the Manual
 - 2.9.4 certification on the extent to which Fonterra considers that the Manual is consistent with the s 150A purpose and
 - 2.9.5 the reasoning behind the views expressed in Fonterra's certification.

¹⁰ DIRA, s 150A(2).

¹¹ Commerce Commission ["Our approach to reviewing Fonterra's milk price manual and base milk price calculation"](#) (1 August 2023), at paragraph 6.

¹² DIRA, s 150L.

¹³ The MPP is a committee that Fonterra is required to establish and maintain under s 150D of DIRA. The MPP is required, for each season, to supervise the calculation of the base milk price; advise Fonterra on the application of the Manual; and recommend the base milk price to Fonterra. See also Fonterra ["Base Milk Price Manual for the 2026/27 season \(marked up version\) - 1 August 2026"](#) (20 August 2026), at page 27.

¹⁴ Fonterra has "interpreted this provision as in fact relating to recommendations by the Milk Price Panel in relation to amendments to the Milk Price Manual." (See Fonterra ["Reasons Paper in support of Fonterra's Milk Price Manual for the 2022/23 season - 1 August 2022"](#) (23 August 2022), at footnote 1). We agree with this interpretation.

- 2.10 The above information, where relevant, has been provided by Fonterra and has been considered as part of our review. Specifically, Fonterra has provided us with:
- 2.10.1 the Base Milk Price Manual for the 2026/27 season (marked-up version)¹⁵
 - 2.10.2 a reasons paper in support of Fonterra's Milk Price Manual for the 2026/27 season (**Fonterra's Reasons paper**), which contains the information noted in paragraphs 2.9.3, 2.9.4, and 2.9.5¹⁶ and
 - 2.10.3 the MPP's recommendations to Fonterra's Board with respect to amendments to the 2026/27 Manual.
- 2.11 The 'marked up' version of the 2026/27 Manual shows the changes that have been made to the 2025/26 season's version of the Manual. Fonterra has stated in its Reasons paper that the 'marked up' version of the 2026/27 Manual identifies all amendments to the Manual.¹⁷
- 2.12 For this review we have focused on the amendments Fonterra has made to the Manual for the 2026/27 season. All amendments that Fonterra has made this season are in response to our recommendations from the 2025/26 Manual review.
- 2.13 We do not consider there to be any unresolved issues to be carried forward from Manual reviews in prior seasons.
- 2.14 For those parts of the Manual that have remained unchanged we have continued to rely on our previous conclusions. We are not aware of any other new information which would warrant reconsideration of our conclusions in previous Manual reviews.
- 2.15 Note that there are capitalised terms incorporated throughout this paper. These terms are defined terms within the milk price Manual, and we refer to the Manual's use of such terms in all instances of use in this paper.

¹⁵ Fonterra "[Base Milk Price Manual for the 2026/27 season \(marked up version\) - 1 August 2026](#)" (20 August 2026).

¹⁶ Fonterra "[Reasons Paper in support of Fonterra's Milk Price Manual for the 2026/27 season - 1 August 2026](#)" (20 August 2026).

¹⁷ Fonterra "[Reasons Paper in support of Fonterra's Milk Price Manual for the 2026/27 season - 1 August 2026](#)" (20 August 2026), at page 3.

3.0 Draft conclusions and recommendations

Purpose of this chapter

- 3.1 This chapter sets out our draft conclusions on the extent to which the 2026/27 Manual is consistent with the s 150A purpose.

Summary of draft conclusions

- 3.2 Based on the assessment we have undertaken, our overall draft conclusion is that the Manual is consistent with the statutory purpose set out in s 150A.
- 3.3 We recommend Fonterra ensure the Manual more clearly reflects the methodology applied to the calculation of a landed lactose cost, explicitly outlining the choices involved, and suggest Fonterra revise the 2026/27 Manual.

Amendments in response to the 2025/26 Manual review

- 3.4 For amendments arising from our 2025/26 Manual review, our draft conclusion is that these changes are consistent with the statutory purpose set out in s 150A, or do not impact on the achievement of the s 150A purpose.

4.0 Assessment of amendments to the 2026/27 Manual

Purpose of this chapter

- 4.1 This chapter sets out our assessment of the extent to which amendments to the 2026/27 Manual are consistent with the s 150A purpose. Details of the changes can be found in Fonterra’s marked up Manual for the 2026/27 season.

2025/26 Manual review recommendations

- 4.2 Fonterra has made several amendments based on recommendations from our 2025/26 Manual review, which were all drafting recommendations.

Farmgate Milk Price Capital Costs (Reference Basket)

- 4.3 In our 2025/26 Manual review, we asked Fonterra to consider how removing a product from the Reference Basket affects the Fixed Asset Base and whether this should be described alongside the amendment made in the 2025/26 Manual to section 4.5 (Farmgate Milk Price Capital Costs).¹⁸
- 4.4 Fonterra has made the following amendment in section 4.5 Farmgate Milk Price Capital Costs:¹⁹

Farmgate Milk Price Capital Costs
...
The Farmgate Milk Price Fixed Asset Base will be adjusted:
- for the replacement of Reference Assets assumed to have reached the end of their economic lives in the preceding Financial Year; - where the relevant tests are satisfied, for the removal or addition of assets to reflect changes in the need for production capacity (including where a new Reference Commodity Product is added to the Reference Basket, or where a Reference Commodity Product is removed from the Reference Basket) or the introduction of new technology.
...

- 4.5 In its Reasons paper in support of the Manual, Fonterra provided no additional information about the changes.²⁰

¹⁸ Commerce Commission, “[Final report: Review of Fonterra’s 2025/26 base milk price Manual](#)” (15 December 2025), at paragraphs 4.61 and 4.62.

¹⁹ Fonterra “[Farmgate Milk Price Manual for the 2026/27 season \(marked up version\) – 1 August 2026](#)” (20 August 2026), at page 24.

²⁰ Fonterra “[Reasons Paper in support of Fonterra’s Milk Price Manual for the 2026/27 season - 1 August 2026](#)” (20 August 2026), at page 4.

- 4.6 Fonterra made changes in the 2025/26 Manual to clarify that their method for calculating Farmgate Milk Price capital costs would reflect changes to production assets, recognising that such a change would be likely if there was a new Reference Commodity Product added to the Reference Basket. In our 2025/26 review we considered that it should also be clear that it would apply to any removal of a Reference Commodity Product from the Reference Basket. This change was expected to improve consistency across the Manual. We recognised that the likelihood of a removal was low and that there was no impact on the s 150A purpose.²¹
- 4.7 The amendment to the 2026/27 Manual responds directly to our recommendation that the clarification should also apply to removals, as well as additions. We are satisfied that the clarification has no impact on the s 150A purpose.

Rule 3: Revisions to Reference Basket

- 4.8 In its amendments to the 2025/26 Manual, Fonterra aimed to better align Rule 3 to DIRA, whilst considering the economic life of additional or existing assets (depending on whether a product is added or removed). In our 2025/26 Manual review, we suggested that Fonterra consider how s 150C(2)(a)(i) could be better reflected in the Manual, and particularly the five-year timeframe that is outlined in the legislation.²² Section 150C(2)(a)(i) requires that the portfolio of commodities must be determined having regard to:
- “the commodities that are likely to be the most profitable over a period not exceeding 5 years from the time when the portfolio is determined”*
- 4.9 Our view at the time was that the changes improved consistency with s 150C and with the s 150A purpose.²³ However, Fonterra did not include reference to the five-year timeframe as it noted that any product which satisfied the economic life test would also satisfy DIRA’s five-year test.²⁴ Our concern was where a product may satisfy the DIRA test but not the economic life test.²⁵

²¹ Commerce Commission, “[Final report: Review of Fonterra’s 2025/26 base milk price Manual](#)” (15 December 2025), at pages 23 to 24.

²² Commerce Commission, “[Final report: Review of Fonterra’s 2025/26 base milk price Manual](#)” (15 December 2025), at paragraph 4.58.

²³ Commerce Commission, “[Final report: Review of Fonterra’s 2025/26 base milk price Manual](#)” (15 December 2025), at paragraph 4.54.

²⁴ Fonterra “[Reasons Paper in support of Fonterra’s Milk Price Manual for the 2025/26 season - 1 August 2025](#)” (26 August 2025), at page 5.

²⁵ Commerce Commission, “[Final report: Review of Fonterra’s 2025/26 base milk price Manual](#)” (15 December 2025), at paragraph 4.57.

4.10 Fonterra has made the following amendment to Rule 3:²⁶

Revisions to Reference Basket	
Objective	The Reference Basket must be revised if it is identified that a combination of commodity products not currently included in the Reference Basket is sufficiently likely to be more profitable than the products currently included that an efficient commodity dairy processor could be expected to invest in the assets required to manufacture those products.
Rule	Additional or replacement Reference Commodity Products may be included in the Reference Basket. A Reference Commodity Product may only be: • Removed from the Reference Basket if removal of the product is expected to result in a higher Farmgate Milk Price on average over the remaining economic life of any associated assets that would be removed from the Farmgate Milk Price Fixed Asset Base, having regard to any adjustments required under Rule 32. • Added to the Reference Basket if addition of the product is expected to result in a higher Farmgate Milk Price on average over the economic life of any additional assets required to manufacture the product. The combination of Reference Commodity Products included in the Reference Basket must be consistent with the requirements of s 150(C)(2)(a) of the Act. conversion of all milk components collected by Fonterra into Reference Commodity Products.(C)

4.11 In its Reasons paper in support of the Manual, Fonterra only noted that it had made an amendment to Rule 3.²⁷

4.12 The changes to Rule 3 now reference directly the requirements of s 150C(2)(a) of the Act, removing any ambiguity. These changes are consistent with the s 150A purpose.

²⁶ Fonterra “Farmgate Milk Price Manual for the 2026/27 season (marked up version) – 1 August 2026” (20 August 2026), at page 36.

²⁷ Fonterra “Reasons paper in support of Fonterra’s 2026/27 milk price Manual – 1 August 2026” (20 August 2026), at page 4.

Milk Price Cash Costs (Fixed Manufacturing Costs)

- 4.13 Last season Fonterra made amendments to Rules 12, 13 and 14 to clarify which inputs were subject to annual review (both the variable and fixed portions of direct manufacturing costs) and to remove duplication between the rules (eg the reference to repairs and maintenance costs in both Rule 13 and Rule 14). We were satisfied that the changes did not impact the s 150A purpose.²⁸
- 4.14 However we noted that the Fixed Manufacturing Costs definition still included “...the sum of... *Repairs and Maintenance Costs* and any material portion of costs otherwise classified as *Variable Manufacturing Costs* that do not vary materially with production volumes”. We suggested that the definition be updated to remove any confusion and ensure consistency with Rule 13.²⁹
- 4.15 Fonterra has made the following amendment to the definition of Fixed Manufacturing Costs:³⁰

Fixed Manufacturing Costs

For a Year, the sum of Labour and Employee Related Expenses, ~~Repairs and Maintenance Costs~~ and any material portion of costs otherwise classified as Variable Manufacturing Costs that do not vary materially with production volumes.

- 4.16 In its Reasons paper in support of the Manual, Fonterra noted it has amended the Fixed Manufacturing Costs definition to align with Rule 13.³¹
- 4.17 The changes to this season’s Manual remove any confusion and ensure consistency with Rule 13. There is no impact on the s 150A purpose.

Amendments relating to Lactose Price

- 4.18 In our 2025/26 Manual review, we recommended that Fonterra consider how it can more clearly set out the way in which lactose costs are calculated in the Manual.³²

²⁸ Commerce Commission, “[Final report: Review of Fonterra’s 2025/26 base milk price Manual](#)” (15 December 2025), at pages 12 to 15.

²⁹ Commerce Commission, “[Final report: Review of Fonterra’s 2025/26 base milk price Manual](#)” (15 December 2025), paragraphs 4.18 and 4.19

³⁰ Fonterra “[Farmgate Milk Price Manual for the 2026/27 season \(marked up version\) – 1 August 2026](#)” (20 August 2026), at page 73.

³¹ Fonterra “[Reasons paper in support of Fonterra’s 2026/27 milk price Manual – 1 August 2026](#)” (20 August 2026), at page 4.

³² Commerce Commission, “[Final report: Review of Fonterra’s 2025/26 base milk price Manual](#)” (15 December 2025), at paragraph 4.43.

4.19 Fonterra has made the following amendment to the Lactose Price definition:³³

Lactose Price definition	
	For each month in a Season, an estimate of a lactose price that is materially representative of the arm's length prices a commercially astute New Zealand-based manufacturer of milk powders could be expected to pay for lactose used to standardise milk powders manufactured in that month, inclusive of Lactose CIF Costs.

4.20 Fonterra has also made the following amendment to Rule 16:³⁴

Lactose	
Objective	The Farmgate Milk Price Commodity Business may recover the cost of purchasing any shortfall between available lactose and required lactose for the Farmgate Milk Price Production Plan at a reasonable estimate of prevailing global prices.
Rule	In calculating the Aggregate Farmgate Milk Price a provision for the cost of purchasing any shortfall between available lactose and required lactose for the Farmgate Milk Price Production Plan, shall be deducted, calculated as the product of: • Lactose Requirements, and • Relevant costs, comprising an appropriate estimate of the Lactose Price converted to NZD at the Benchmark FX Conversion Rate, and any additional costs that might reasonably be incurred in transporting the Lactose Requirements to Fonterra's Sites, each expressed in NZD per MT. The Lactose Price for the Season will be set equal to either the volume weighted average price declared to New Zealand Customs by Fonterra or the volume weighted average price declared to New Zealand Customs by other New Zealand processors, as reported by Statistics New Zealand, for lactose imported into New Zealand over a 12 month period that reasonably approximates the period over which the Farmgate Milk Price Commodity Business could be expected to import its Lactose Requirements for the Season. The MPG will determine which of these prices (and the related Lactose CIF series) will be used prior to the commencement of the Season, based on the MPG's assessment of which volume weighted average price is likely to be lower. ...

³³ Fonterra "Farmgate Milk Price Manual for the 2026/27 season (marked up version) – 1 August 2026" (20 August 2026), at page 69.

³⁴ Fonterra "Farmgate Milk Price Manual for the 2026/27 season (marked up version) – 1 August 2026" (20 August 2026), at page 44.

- 4.21 In its Reasons paper Fonterra only stated that it had made these amendments.³⁵
- 4.22 The amendment that Fonterra made in the 2025/26 Manual, relating to the definition of lactose price, has been undone for the 2026/27 Manual. Fonterra has also added text to Rule 16 to refer to the lactose customs, insurance and freight (**CIF**) series.
- 4.23 In the 2025/26 Manual review, we considered that the addition ‘inclusive of lactose CIF costs’ did not provide enough clarity or aid transparency of the base milk price calculation.³⁶ We reiterated these concerns in the 2025/26 calculation review.³⁷
- 4.24 In addition, in its submission on the 2025/26 calculation review, Open Country Dairy said that key parts of the lactose methodology are not clearly and completely described in the Manual. We agreed with this point and noted that we would be addressing the matter in this Manual review.^{38, 39}
- 4.25 The change to the Lactose Price definition removes the ambiguity that was created with the addition in the 2025/26 Manual. We accept this change.
- 4.26 However, Rule 16 appears to be open to some interpretation and could be read in multiple ways. These could include:
- 4.26.1 That a Fonterra or competitor series is selected for the transaction cost. CIF costs are then incorporated applying the volume weighting of the selected series (that is, Fonterra or competitor volumes), resulting in a landed lactose cost (the Lactose Price)⁴⁰ for the Notional Processor. No further methodology or basis for the CIF costs is stated in the Manual. The Lactose CIF Costs definition in the Manual simply requires ‘reasonable provision’ for customs, insurance and sea freight, leaving it open to use both Fonterra and competitor costs for this series.

³⁵ Fonterra “[Reasons paper in support of Fonterra’s 2026/27 milk price Manual – 1 August 2026](#)” (20 August 2026), at page 5.

³⁶ Commerce Commission, “[Final report: Review of Fonterra’s 2025/26 base milk price Manual](#)” (15 December 2025), at paragraph 4.43.

³⁷ Commerce Commission, “[Final report: Review of Fonterra’s 2025/26 Milk Price Calculation: Dairy Industry Restructuring Act 2001](#)” (15 September 2026), at paragraph 4.64.

³⁸ Open Country Dairy “[Submission by Open Country Dairy Limited: Review of Fonterra’s 2025/26 Base Milk Price Calculation](#)” (27 August 2026).

³⁹ Commerce Commission, “[Final report: Review of Fonterra’s 2025/26 Milk Price Calculation: Dairy Industry Restructuring Act 2001](#)” (15 September 2026), at page 38.

⁴⁰ “Lactose Price” is a defined term in the Manual. It is outlined in this paper at paragraph 4.19. Fonterra “[Farmgate Milk Price Manual for the 2026/27 season \(marked up version\) – 1 August 2026](#)” (20 August 2026), at page 69.

- 4.26.2 That a Fonterra or competitor series is selected for each of the transaction cost **and** the CIF cost components of lactose (for example, that the MPG selects ahead of the season that competitor prices will be used for the lactose transaction cost, and competitor prices and volume weightings will be used for the lactose CIF cost). These series are then combined to reach a landed cost, being the Lactose Price.
- 4.27 We understand the first of these interpretations to be what is intended, but we consider that the Manual could be more explicit about the choices made by the MPG. Ensuring the Manual more clearly reflects the separate transaction cost and CIF cost series, and the methodology applied to the calculation of a landed lactose cost, would improve clarity and transparency. We suggest that Fonterra consider revising the 2026/27 Manual, rather than waiting for the 2027/28 season.
- 4.28 Regardless of the concern expressed over drafting clarity for lactose in the Manual, our draft conclusion is that both amendments are consistent with the s 150A purpose. The Manual allows for actual costs declared to New Zealand Customs to be used, indicating that they are practically feasible for an efficient processor.

Attachment A Glossary

Term/Abbreviation	Definition
Approach paper	Commerce Commission's overview of the approach we take in our reviews of Fonterra's Manual and base milk price calculation.
Base milk price	Base milk price, in relation to a season, means the price per kilogram of milk solids (kgMS) that is set by Fonterra for that season.
Calculation review	Commission's review of Fonterra's base milk price calculation for the prior season.
CIF	Cost including insurance and freight, a provision for the customs, insurance and international sea freight costs that a seller is responsible for when moving goods to a destination port.
Dairy season	1 June to 31 May annually
DIRA	Dairy Industry Restructuring Act 2001
Manual review	Commission's review of Fonterra's Milk Price Manual for the current season.
Milk Price Manual or the Manual	Fonterra's Milk Price Manual
MPG	Milk Price Group
MPP	Milk Price Panel
Notional Processor or NP or Notional Milk Price Business	The notional commodity business that is used to calculate the base milk price.
Reasons paper	Fonterra's Reasons paper which is provided alongside the Manual for each dairy season (this is also provided when Fonterra discloses its base milk price calculation at the end of each dairy season).