

26 June 2019

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The Commissioners
Commerce Commission
44 The Terrace
Wellington

COMMENTS ON THE COMMISSION'S PROPOSED APPROACH AND FOCUS AREAS FOR ITS REVIEW OF FONTERRA'S 2018/19 BASE MILK PRICE CALCULATION DATED 7 JUNE 2019

Thank you for the opportunity to provide comments on the Commission's proposed approach and focus areas for its review of Fonterra's 2018/2019 Milk Price calculation.

We have reviewed the Commission's process paper. We are comfortable with the proposed approach and focus areas and do not have any substantive comments in response to the paper.

We note with interest that the Commission has requested Cambridge Economic Policy Associates respond to the asset beta report (Report to Fonterra: Discussion of the asset beta for use in milk pricing, Graham Partington and Stephen Satchell, 14 March 2019) that we have provided to the Commission. We want to continue to work constructively with the Commission to resolve its concerns on our approach on asset beta in the Milk Price calculation.

We will look forward to engaging with the Commission in the review.

Yours sincerely



Andrew Cordner
Director of Legal