



INTRODUCTION: OUR APPROACH

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THE COMMISSION'S ROLE IS IMPORTANT

- Given the dominance of the cooperative model in New Zealand, the Milk Price Calculation plays a key role in setting the market price benchmark, even if it does not regulate the price
- In turn, the milk price shapes the market by determining:
 - the **contestability** of the market;
 - the **efficiency** of Fonterra and other market participants.
- The Milk Price Calculation directly shapes the efficiency of the market.

OUR APPROACH TO THE WORKSHOP

- The debates around the Milk Price Calculation stem from lack of clarity around core concepts.
- This lack of clarity has emerged from different interpretations of practical feasibility, contestability, efficiency, and how these are applied to the notional producer.
- Without explicit discussion, and agreement, on the interpretation of the underlying concepts, it is incredibly difficult to progress the conversation on technical issues (like asset beta).
- Our objective for this workshop is to achieve conceptual clarity.

THE HEART OF ALL ISSUES IS: WHAT IS PRACTICALLY FEASIBLE?

- We acknowledge the Commission wishes to focus on the “technical” topics of asset beta and off-GDT sales
- However, at the heart of these “technical topics” are fundamental confusion, inconsistency and disagreement about what is practically feasible
- While practical feasibility and transparency have been added as additional topics at the end of this workshop, you will find that these issues run through all the topics

INTRODUCING THE SPEAKERS

- **Practical Feasibility:** Murray Parker, Miraka
- **Transparency:** Nigel Greenwood, Chief Financial Officer, Synlait
- **Asset Beta:** Alex Sundakov, Executive Director, Castalia Advisors
- **Off-GDT Sales:** Malukah Mitha, General Manager Finance, Open Country Dairy