



## MILK SUPPLY AGREEMENT (2026-2027)

Victorian Organic Milk – Exclusive

### AGREEMENT DATE

### PARTIES

<b>ASD</b>	<b>ASD Group Pty Ltd</b> (ABN 99 649 821 992) of 25 Lakewood Boulevard, Carrum Downs Vic 3201		
<b>SUPPLIER or YOU</b>	Name:		
	ABN:		
	Contact person:		
	Contact address		
	Email address:		
	Mobile number:		
	Farm(s): <i>* DFMC Vendor Number</i>	Farm no.*	Address
Dairy Industry Licence No.			

### YOUR OFFER

You offer to supply your milk to ASD on an exclusive basis on the terms of this document:

<b>Signed</b> for and on behalf of Supplier or an authorised officer of Supplier:	----- Signature	----- Signature
	----- Name	----- Name
	----- Position	----- Position

Once signed, please return this document to:

Tim Paterson  
Procurement Manager  
ASD  
[tim.paterson@asdgroup.com.au](mailto:tim.paterson@asdgroup.com.au)

Note: an agreement for the supply of your milk will not be formed unless and until ASD notifies you of its acceptance of your offer.



## ACCEPTANCE OF YOUR OFFER

ASD accepts your offer to supply your milk:

<b>Signed</b> for and on behalf of ASD by an authorised officer:	----- Signature	----- Signature
	<b>Chris Elliott</b> Name	<b>Tim Paterson</b> Name
	<b>CEO</b> Position	<b>National Procurement Manager</b> Position

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## OVERVIEW

This overview is only a summary and does not exhaustively set out all the terms that you will be bound by if you enter into this document. You should read the entire document (including each Annexure) carefully and seek independent legal advice if there are any parts that you do not understand. Some terms used in this document have the meanings given to them in clause 24.1.

<b>Exclusive supply</b>	This document is for the supply of your milk to ASD on an exclusive basis only. This means that you must sell all of the organic milk you produce on each Farm (as listed on the front cover of this document) excluding any milk you need for rearing of calves on the Farm or milk used or consumed on the Farm for domestic or household purposes.
<b>Organic milk only</b>	Your milk must be organic. This requires that you have an organic certification for each Farm from which you supply your milk and comply with all certification requirements.
<b>Term</b>	This document governs the supply of your milk from 1 July 2026 until 30 June 2027, unless it is terminated earlier in accordance with its terms.
<b>Cooling-off period</b>	You have a 14-day cooling-off period that ends 14 days after the day this document is entered into, during which period you can terminate this document with immediate effect without incurring any liability to ASD.
<b>Minimum Monthly Volume Collection</b>	<p>ASD requires you to supply a minimum volume of your milk each month as specified in <b>Item 6</b> of the Details, otherwise Gate Fees may apply and, in some cases, ASD may be entitled to terminate this document.</p> <p>Also, the volume of your milk that is supplied must not vary by more than 20% over any two-day period.</p>
<b>Quality Standards</b>	Your milk must satisfy the Quality Standards set out in the Milk Policy, a copy of which is included in <b>Annexure A</b> . Failure to do so may result in the rejection of your milk or the application of penalties or deductions.
<b>Payment for your milk</b>	<p>ASD will pay you for your milk based on the Minimum Milk Price specified in <b>Item 3</b> of the Details less any applicable Gate Fees, penalties or deductions.</p> <p>You will be paid for your milk delivered in a month on or before the 15th day of the following month. Payment will be made to your bank account as notified by you from time to time.</p> <p>ASD will deduct applicable industry fees and levies from the amount it pays you and may also deduct amounts that you owe to it.</p> <p>At around the time it pays you for your milk, ASD will give you a Milk Statement in the form of a recipient created tax invoice.</p>
<b>Good faith</b>	In accordance with the Dairy Code, ASD must deal with you in good faith, and you must deal with ASD in good faith, in relation to the supply of your milk.
<b>Disputes or Complaints</b>	This document sets out a procedure for handling disputes or complaints. The parties must try to resolve any dispute or complaint first by negotiation and then, if required, by mediation or, if they agree, arbitration.



**DETAILS**

**Item 1 – Commencement Date**

1 July 2026

**Item 2 – Expiry Date**

30 June 2027

**Item 3 –Milk Price**

**Year 1 – Minimum Price**

Month	Butterfat	Protein
July 2026	\$11.00	\$11.00
August 2026	\$11.00	\$11.00
September 2026	\$11.00	\$11.00
October 2026	\$11.00	\$11.00
November 2026	\$11.00	\$11.00
December 2026	\$11.00	\$11.00
January 2027	\$11.00	\$11.00
February 2027	\$11.00	\$11.00
March 2027	\$11.00	\$11.00
April 2027	\$11.00	\$11.00
May 2027	\$11.00	\$11.00
June 2027	\$11.00	\$11.00

**Pricing is based on monthly milk volumes being reasonably reflective of the monthly volumes set out in Item 7 below, especially the ratio between July-December and January-June.**

**A2 Organic Milk Incentive**

For Year 2 only, ASD agrees to pay an additional \$1.00/kgms for any A2 Organic milk supplied to A2 Organic customers. There will be no minimum commitment for how much milk is sold to A2 Organic customers.

For the year following the expiry of this contract, if the Supplier receives a bona fide written offer from a third party to supply organic milk, the Supplier shall promptly notify ASD in writing and provide reasonable details of the offer.

ASD shall have 14 days from receipt of the notice to indicate in writing whether it wishes to negotiate equivalent terms. If ASD expresses such interest, the parties shall negotiate in good faith.



**Item 4 – Statement of justification for Minimum Milk Price**

ASD has determined the Minimum Milk Price based on the following critical inputs:

- (a) arrangements that ASD has with its customers for the supply of processed milk and other dairy products, and its expected income from those arrangements;
- (b) the total volume of organic milk that ASD expects to require;
- (c) financial returns from Australian and international dairy markets and price trends;
- (d) anticipated organic milk production forecasts for Victoria;
- (e) anticipated competition for organic milk in Victoria;
- (f) the exclusive nature of supply under this document, which assists ASD in securing a reliable supply of organic milk;
- (g) internal product mix and operations efficiencies of ASD and its related bodies corporate; and
- (h) geographical location of farms to ASD’s production facility and transport cost associated with this.

**Item 5 – Gate Fees**

Fee	Rate
Gate Fees	\$50 per pick-up if you fail to supply the Minimum Monthly Volume Collection.

**Item 6 – Minimum Monthly Volume Collection**

15,000 litres.

Seasonal supplier:  Yes |  No.

**Item 7 – Estimated Monthly Volume\***

Month	Litres	Month	Litres
July 2026		January 2027	
August 2026		February 2027	
September 2026		March 2027	
October 2026		April 2027	
November 2026		May 2027	
December 2026		June 2027	

- Based on prior year production



### **Updating the Estimated Volume**

- (a) Each Quarter you are required to provide us with an updated Estimated Volume of Milk.
- (b) If you believe, from your quarterly volume review, that your updated Estimated Volume of Milk will increase or decrease by more than 10% of the initial Estimated Volume of Milk set out in table above you are required to meet with us, so we can determine if the over / under supply will be ongoing
- (c) Where you wish to make a substantial change to your operation by more than 20% in volume through acquiring an additional farm or adjusting your herd size you are required to contact ASD to gain agreement that ASD is able to process the extra milk volume. If ASD is not able to take the extra milk volume from the change in your operation during the current season ASD will discuss options for managing the proposed change.

### **Notification of Changes to Initial Estimated Volume of Milk**

- (a) To assist ASD to plan for receipt of your Milk, if you believe you will not be able to supply at least 90% of the initial Estimated Volume of Milk set out in table above in any calendar month, you must advise us (or our Representative) of the fact and amount of the likely short supply as soon as you form such belief.
- (b) Similarly, if you believe you will supply over the initial Estimated Volume of Milk set out in table above by more than 10% (ie 110% of Specific Volume) in any calendar month, you must advise us (or our Representative) of the fact and amount of the likely over supply as soon as you form such belief.

### **Item 8 – Complaints handling officer**

As at the agreement date, ASD's complaints handling officer is:

Arun Mani  
National Quality and Safety Manager  
[Arun.Mani@asdgroup.com.au](mailto:Arun.Mani@asdgroup.com.au)



## AGREEMENT TERMS

### 1. Milk Supply

- (a) **Agreement to supply milk:** You agree to supply your milk to ASD, and ASD agrees to purchase your milk, on the terms and conditions set out in this document.
- (b) **Term of contract:** This document commences on the Commencement Date and will end on the Expiry Date, unless terminated earlier in accordance with this document (**Term**).
- (c) **Cooling off period:** You may terminate this document with immediate effect at any time within the period of 14 days after the date this document is entered into without incurring any liability to ASD.
- (d) **Exclusive contract:** This document constitutes an exclusive agreement for you to supply your milk to ASD during the Term. Subject to clause 13(d), you will breach this document if you supply any of your milk to a third party during the Term without the prior written consent of ASD.
- (e) **Organic milk:**
  - (i) This document is conditional on, and you represent and warrant that, each Farm is covered by a current organic certification held by you from an “approved certifying body” under the *Export Control (Organic Goods) Rules 2021* (Cth) and you are entitled to the certification. You must provide ASD with then current evidence of your certification upon request.
  - (ii) At all times during the Term, you must maintain a current organic certification contemplated by clause 1(e)(i) for each Farm and comply with the National Standard for Organic and Bio Dynamic Produce as published by the Department of Agriculture, Fisheries and Forestry from time to time.
  - (iii) If you become aware, at any time during the Term, that an organic certification contemplated by clause 1(e)(i) has been cancelled, revoked, suspended or in any way downgraded in respect of a Farm or you have ceased to be entitled to such certification, you must inform ASD of this immediately.

### 2. Minimum Milk Price

- (a) **Minimum Milk Price:** Subject to the other terms of this document, ASD will acquire all your milk each Month for the Minimum Milk Price. The Minimum Milk Price is paid per kilogram of butterfat or protein contained in your milk supplied each Month.
- (b) **Justification for Minimum Milk Price:** The Dairy Code requires ASD to provide you with a statement of justification for each Minimum Milk Price. ASD has set out its justification in Item 4 of the Details.

### 3. Fees and levies

You are liable to pay all industry fees and levies imposed by applicable law or which you have agreed to pay. ASD may deduct such fees and levies from any amount that would otherwise be payable to you in which case it will pay the amount deducted to the relevant industry body or authority. If any fee or levy is voluntary, you can direct ASD in writing to stop deducting and paying that fee or levy, which it will do within a reasonable time after receiving your direction.



#### 4. Price Changes

- (a) **Price increases:** ASD may increase the Minimum Milk Price (**Price Increase**) at any time. If ASD does this, it will give written notice to you of the details of the Price Increase. Due to the requirements of the Dairy Code, in order to be eligible to receive the Price Increase, you will need to agree in writing to the variation of this document in accordance with the Price Increase notified to you by ASD. ASD will provide you with instructions as to how to agree to any such variation of this document at the time it notifies you of the Price Increase.
- (b) **Retrospective step downs:** ASD will not retrospectively reduce the Minimum Milk Price during the Term under any circumstances.
- (c) **Prospective step downs:** ASD may unilaterally vary this document to prospectively step down the Minimum Milk Price in the following circumstances only:
  - (i) the variation of the Minimum Milk Price is effective only after written notice of the variation has been given in accordance with clause 4(d);
  - (ii) Exceptional Circumstances have occurred;
  - (iii) ASD has taken or will take all reasonable steps to prevent or limit the impact of the Exceptional Circumstances on it or there are no such steps ASD can take;
  - (iv) because of the Exceptional Circumstances, the prospective step down is unavoidable; and
  - (v) the variation of the Minimum Milk Price is limited to the expected end of the Exceptional Circumstances.
- (d) **Notice of Step Down:** If it varies this document to apply a prospective step down in accordance with this clause 4, ASD must, at least 30 days before the step down occurs, give you and the Australian Competition and Consumer Commission written notice of:
  - (i) the step down;
  - (ii) the Exceptional Circumstances;
  - (iii) the reasonable steps (if any) it has taken or will take to prevent or limit the impact of the Exceptional Circumstances on it or that there are no such steps it can take;
  - (iv) why the step down is unavoidable; and
  - (v) the period to which the step down applies.
- (e) **Termination Right:** You may terminate this document within 21 days after receiving a notice of a step down under clause 4(d) with effect from the day the step down occurs. You will also have the right to rescind any such termination before the end of those 21 days.

#### 5. Quality

- (a) **Quality Standards:** You must at all times comply with, and ensure your milk supplied to ASD complies with, each of the Quality Standards.



- (b) **Non-compliance:** Failure to comply with the Quality Standards may result in ASD:
- (i) applying the applicable penalties or quality deductions specified in the Milk Policy;
  - (ii) rejecting your milk in accordance with the procedures set out in the Quality Standards; or
  - (iii) notifying you in writing that collection of your milk will be suspended until ASD is satisfied that appropriate rectification of the relevant issue has been made by you.
- (c) **Rejection of milk:** If your milk is rejected by ASD:
- (i) you will not be paid by ASD for that milk;
  - (ii) you may be liable to pay ASD the total cost of the milk of other suppliers (if any) that has been contaminated in the relevant tanker at the current value of the milk, along with the freight costs and disposal costs incurred by ASD or its contractors in accordance with the Quality Standards; and
  - (iii) as soon as practicable after rejecting any of your milk, ASD must provide you with written notice of the rejection, including the reasons for the rejection and the consequences for you of the rejection (including any fees payable by you for matters arising as a result of the rejection).
- (d) **Test results:** ASD must give to you, as soon as practicable after it tests any of your milk for any of the Quality Standards, written notice of the results of the test. Typically, test results will be available within 48 hours of collection via SMS or online.

## 6. Payment

- (a) **Payment date:** ASD will pay you for your milk supplied to it in a Month on the fifteenth day of the following Month or, if that day is not a Business Day, the immediately preceding Business Day.
- (b) **Payment parties:** for clarity, ASD make payment to DFMC (as service provider), who then makes payment to you as the supplier of milk.
- (c) **Milk Statements:** ASD must provide you with a Milk Statement in respect of your milk supplied to ASD each Month during the Term. Your Milk Statement, in respect of a Month, will be available on the ASD portal on the evening of the day that ASD is required to pay you for your milk supplied to it in respect of that Month. Your Milk Statement will include the details set out in **Annexure B**.

## 7. Collection of milk

- (a) **Frequency:** Your milk must be supplied on a consistent basis throughout the week on either a daily or skip-a-day basis as agreed by you and ASD, except in emergencies. ASD has no obligation to collect your milk more frequently than once per day but may agree to do so from time to time. If, at ASD's election, your milk is collected more frequently than you require, no Gate Fees or charges will apply for the additional collections.
- (b) **Variation:** The amount of your milk collected over any two-day period must not vary by more than 20%. For example, if the combined total of your milk collected on Monday and Tuesday is 5,000 litres, the milk available for collection on Wednesday



and Thursday must be between 4,000 and 6,000 litres. This requirement does not apply if you are noted as a seasonal supplier in Item 6 of the Details.

- (c) **Minimum Monthly Volume Collection:** You must meet the Minimum Monthly Volume Collection for each Month. Further requirements regarding Minimum Monthly Volume Collection and pick-up arrangements are contained in the Milk Policy.
- (d) **Failure to meet Minimum Monthly Volume Collection:** If you fail to meet the Minimum Monthly Volume Collection for a Month, ASD will inform you in writing. If you fail to meet the Minimum Monthly Volume Collection for the following Month, you will be charged a Gate Fee until such time as you reach and maintain the Minimum Monthly Volume Collection for a Month.
- (e) **Excess milk:** Where the volume of your milk exceeds the capacity and ability of the tanker of ASD's contractor, except to the extent you breach clause 7(b), Gate Fees will not be applied.
- (f) **Storage:** Your milk must be stored in accordance with all Laws and the Quality Standards. Your milk will not be collected by ASD from non-refrigerated vessels. Furthermore, ASD will not accept your milk if it has been segregated on the basis of composition or quality.
- (g) **Access:** You must provide safe and suitable access for tankers to collect your milk in compliance with the Milk Policy.
- (h) **Title and ownership of milk:** Ownership of your milk passes from you to ASD when it enters the tanker of ASD's contractor.

## 8. Milk Policy

- (a) **Compliance:** In addition to the terms of this document, during the Term, the parties must comply with the Milk Policy, which forms part of this document.
- (b) **Changes to Milk Policy:** ASD may only change the Milk Policy during the Term with your written agreement or in accordance with clause 15.
- (c) **Inconsistencies:** If there is an inconsistency between the Milk Policy and any other part of this document, the other part of this document shall prevail to the extent of the inconsistency.
- (d) **Acknowledgement:** You acknowledge having received and read the Milk Policy (refer to **Annexure A** for a copy).

## 9. Termination

- (a) **Material breach:** Either party may terminate this document with immediate effect, if the other party commits a material breach of this document and, if the material breach is capable of remedy, does not remedy the material breach within 30 days of being notified in writing by the terminating party to do so.
- (b) **Leaving the Dairy Industry:** You may terminate this document by giving ASD not less than 90 days prior written notice provided that you provide documentary evidence to the reasonable satisfaction of ASD that you are permanently leaving the dairy industry.
- (c) **Written Notice:** In order to terminate this document in accordance with clauses 9(a) or 9(b), the terminating party will provide the other party with written notice of:
  - (i) the termination;



- (ii) the reason for the termination; and
- (iii) the day the termination takes effect.

## 10. Assignment

- (a) **Your assignment:** Subject to clauses 10(b) and (c), you may assign this document with ASD's prior written consent (such consent not to be unreasonably withheld). For example, if you sell or lease a Farm you may wish to assign the contract to the purchaser or lessee, subject to you obtaining the prior written consent of ASD.
- (b) **Owner's consent:** If you are not the owner of the Farm, ASD may before giving its consent to an assignment of this document, require you to provide to ASD evidence that the owner of the Farm consents (in a form and substance satisfactory to ASD) to the assignment of this document.
- (c) **Conditions of consent:** If ASD gives its consent to the assignment of this document, ASD may require you and the person to whom you wish to assign this document, to enter into a deed of consent in a form which is reasonably acceptable to ASD. The deed of consent will, amongst other things, require the person to whom you wish to assign this document to comply with this document from the date of assignment.

## 11. Confidentiality

- (a) **Not confidential:** The terms of this document are not confidential.
- (b) **Consent to disclosure:** In order to ensure that there is milk pricing transparency between DFMC and its members, for the purposes of any privacy legislation, you consent to ASD disclosing to DFMC, should such a need arise:
  - (i) that you have signed this document with ASD; and
  - (ii) the general terms of this document (including the price paid for milk under this document and the Term).
- (c) **Notice of disclosure:** ASD must advise you in writing of its intention to disclose details of this document before actual disclosure.

## 12. Liquidated Damages

- (a) **Payment of liquidated damages:** If you supply all or some of your milk to a third party during a Month you must pay to ASD on demand liquidated damages for that Month equal to the amount calculated as follows and rounded to the nearest dollar:

$$WW * (YY - ZZ)$$

where:

- W is the Minimum Milk Price payable for the relevant Month pursuant to this document, provided that if it is a negative number, W shall be zero;
- Y is the average monthly litres you have supplied to ASD based on the 12 months immediately preceding the relevant Month (or if you have not supplied ASD for 12 months, the average monthly litres you have supplied to ASD during the period you have supplied ASD); and
- Z is the number of litres supplied to ASD by you for the relevant Month.



- (b) **Pre-estimate of loss:** You acknowledge that the above formula represents a genuine pre-estimate of the loss ASD will suffer if you supply all or some of your milk to a third party during the Term.

### 13. Force Majeure

- (a) **No termination for Force Majeure:** A party will not be entitled to terminate this document due to a default of the other party which is caused by Force Majeure.
- (b) **No liability for breach:** A party who is in breach of this document will not be liable to the other party if the breach is caused by Force Majeure if that party has:
  - (i) as soon as practicable, given the other party notice of the occurrence and predicted consequences of the Force Majeure; and
  - (ii) used all reasonable endeavours to remedy the effect of the event that gave rise to the Force Majeure, and to continue to perform its obligations under this document.
- (c) **Extent of reliance:** A party that relies on this clause 13 may only do so to the extent that its breach of this document, or the circumstances which would otherwise give the other party the right to terminate this document, are caused by the event giving rise to the Force Majeure, and only for so long as the Force Majeure remains in effect.
- (d) **Exclusivity waiver:** If ASD is in breach of its obligation to purchase your milk and the breach is caused by a Force Majeure, until such time as ASD confirms to you that it can purchase your milk, you may supply any of your milk to a third party provided that you first notify ASD of your intention to do so.

### 14. GST

- (a) **Definitions:** In this clause 14, expressions which are not defined, but which have a defined meaning in the GST Law (as defined in section 195-1 of the *A New Tax System (Goods and Services Tax) Act 1999* (Cth)), have the same meaning.
- (b) **Registration:** Each party acknowledges that it is registered for GST as at its entry into this document, must maintain such registration throughout the Term and must notify the other party if (notwithstanding the requirement to do so) it ceases to be registered for GST at any time during the Term.
- (c) **Consideration is exclusive of GST:** Unless otherwise expressly stated, all prices or other sums payable or consideration to be provided in accordance with this document are exclusive of GST.
- (d) **Recipient to pay additional amount:** If GST is imposed on any supply made under or in connection with this document, the recipient of the taxable supply must pay an additional amount equal to the GST payable on or for the taxable supply in accordance with clause 14(f).
- (e) **Tax invoice:** If an additional amount is payable on a taxable supply under clause 14(d):
  - (i) if the supply is of your milk, ASD must give you a recipient created tax invoice for the supply (or cause the representative member of any GST group to which it belongs to do so) and you must not give a tax invoice for the supply; or



- (ii) otherwise, the supplier must give the recipient a tax invoice for the supply (or cause the representative member of any GST group to which the supplier belongs to do so).
- (f) **Payment of the additional amount:** If an additional amount is payable in relation to a supply under clause 14(d), the recipient must:
  - (i) if required by the GST Law to do so, pay the Commissioner of Taxation so much of the additional amount as required on or before the day specified by the GST Law; and
  - (ii) pay the supplier so much of the additional amount which is not required to be paid to the Commissioner of Taxation:
    - (A) if any monetary consideration is payable for the supply and a tax invoice has been given under clause 14(e)(ii), at the same time and in the same manner as that monetary consideration; or
    - (B) in any other case, within 14 days after the day on which the tax invoice is given.
- (g) **Reimbursement:** If this document requires a party to pay for, reimburse or contribute to any expense, loss or outgoing (**Reimbursable Expense**) suffered or incurred by another party, the amount required to be paid, reimbursed or contributed by the first party will be the amount of the Reimbursable Expense net of input tax credits (if any) to which the other party (or the representative member of any GST group to which it belongs) is entitled in respect of the Reimbursable Expense plus any amount under clause 14(d).
- (h) **Adjustment events:** If at any time an adjustment event arises in respect of any supply made by a party under this document, a corresponding adjustment must be made in respect of any amount paid by the recipient pursuant to clause 15(d) and the supplier must issue an adjustment note (or cause the representative member of any GST group to which the supplier belongs to do so).

## 15. Variations

- (a) **Unilateral variation by you:** You may not vary this document unilaterally.
- (b) **Unilateral variation by ASD:** Other than variations in pricing which must occur in accordance with clause 4, ASD may only vary this document unilaterally:
  - (i) in writing; and
  - (ii) to the extent necessary to comply with any changes in a Commonwealth, State or Territory Law; but
  - (iii) without reducing the Minimum Milk Price.
- (c) **Ineffective variations:** A variation to this document (whether unilateral or bilateral) will not be effective if it would result in this document not complying with the Dairy Code.
- (d) **Notice:** ASD will provide you with written notice of any unilateral variations, including the details and reason for the variation and the day the variation takes effect.



## 16. **Obligation to act in good faith**

Each party must deal with the other party in good faith in relation to the supply of your milk. Without limitation, the obligation to deal in good faith applies in the circumstances specified in section 11(3) of the Dairy Code and, in determining whether a party acted in good faith, the matters identified in section 11(4) of the Dairy Code may be considered.

## 17. **Bullying and harassment**

A party must not, and must ensure that its Representatives do not, engage in behaviour that is, or may be reasonably considered to be, intimidating, bullying or harassing or commit any act or behaviour which is offensive or abusive in connection with this document in relation to the other party or any of the other party's Representatives. If you are in breach of this clause, ASD may suspend the collection of your milk for a period of five days or until such time as ASD determines (acting reasonably) that the behaviour has been rectified.

## 18. **Compliance with Law**

- (a) **Compliance:** You and ASD must comply with the Law when carrying out your respective obligations in connection with this document.
- (b) **Licence:** Each party must ensure that it holds all necessary licences, permits and approvals that are required by Law (including an applicable Dairy Industry Licence) to perform its obligations under this document. Your failure to comply with the obligations under this clause 18 may result in ASD suspending the collection of your milk until such time as the failure is rectified.
- (c) **Authority:** You agree to provide ASD permission for each relevant state food authority to be granted with the necessary access rights to the Farms for audit purposes.
- (d) **Code:** This document is intended to implement the required terms of the Dairy Code. To the extent there is any inconsistency between the terms of this document and the Dairy Code, then the Dairy Code prevails.

## 19. **Liability and insurance**

- (a) **No liability:** ASD will not be responsible for payment of your milk if it is not collected by ASD due to:
  - (i) adverse weather conditions; or
  - (ii) where there is restricted access to a Farm including due to safety or notified public health reasons.
- (b) **Insurance:** It is your responsibility to ensure that you have adequate insurance to cover:
  - (i) any incidences of milk loss, contamination or damage to other suppliers' milk in the milk tanker;
  - (ii) restricted access to a Farm; and
  - (iii) your liability to the public including ASD's Representatives.



## 20. Use of information and privacy

- (a) **Compliance:** ASD will use any personal information collected in the course of performance of this document in accordance with the *Privacy Act 1988* (Cth) and ASD's privacy policy available at its website: [www.fiveam.com.au](http://www.fiveam.com.au).
- (b) **Use of information:** ASD may use all information provided by, or relating to, you (including any personal information about you) for any purposes associated with ASD's business, including any of the matters referred to in this document, the provision of information to customers or third party service providers or in connection with industry or governmental projects in which ASD participates.

## 21. Disputes

The following procedures apply if a party (**complainant**) wishes to have a complaint in relation to a matter arising under, or in connection with, this document dealt with in accordance with the complaint handling procedure provided in this document.

- (a) **Notification of complaint:** The complainant must notify the other party (**respondent**), in writing, of the following:
  - (i) the nature of the complaint;
  - (ii) that the complainant wishes the complaint to be dealt with in accordance with the complaint handling procedure provided in this document; and
  - (iii) the outcome the complainant wants.
- (b) **Acknowledgement of complaint:** Within five Business Days after receiving notice of the complaint under clause 21(a), the respondent must give a written acknowledgement to the complainant stating:
  - (i) that notice of the complaint has been received; and
  - (ii) the steps to be taken to deal with the complaint.
- (c) **Parties to attempt resolution:** The parties must attempt to resolve the complaint in accordance with this clause 21 before taking action to resolve the complaint by mediation or arbitration.
- (d) **If complaint not resolved:** If the complaint is not resolved in accordance with this clause 21 within 60 days after the acknowledgement was given to the complainant under clause 21(b):
  - (i) either party may take action to have the complaint resolved by mediation in accordance with:
    - (A) Subdivision F of Division 2 of the Dairy Code; or
    - (B) any other appropriate mediation process that it may nominate; or
  - (ii) the parties may agree in writing that the complaint is to be resolved by arbitration conducted in accordance with:
    - (A) Subdivision F of Division 2 of the Dairy Code; or
    - (B) any other appropriate arbitration process.



- (e) **Mediation or arbitration process:** In the case of:
- (i) clause 21(d)(i)(A), sections 48 to 50 of the Dairy Code apply as if set out in this document;
  - (ii) clause 21(d)(i)(B), the application of the nominated mediation process is subject to the agreement of both parties – in the absence of such agreement, either party may take action to have the complaint resolved by mediation in accordance with Subdivision F of Division 2 of the Dairy Code;
  - (iii) clause 21(d)(ii)(A), sections 51 to 53 of the Dairy Code apply as if set out in this document; and
  - (iv) clause 21(d)(ii)(B), the rules of the applicable arbitration process apply subject to any modification agreed between the parties.
- (f) **Withdrawal of complaint:** The complainant may, at any time, withdraw the complaint by notice in writing to the respondent.
- (g) **Complaint handling officer:** ASD must have a complaint handling officer to manage complaints that arise in relation to a matter arising under, or in connection with, this document. The complaint handling officer as at the date of this document is set out in Item 8 of the Details.

## 22. General

- (a) **Acknowledgment:** You acknowledge that you have been given the opportunity to obtain independent legal and financial advice on this document.
- (b) **Governing law and jurisdiction:** This document is governed by the laws of Victoria. Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Victoria, and Commonwealth courts having jurisdiction there, and waives any right to object to proceedings being brought in those courts on the basis that proceedings have been brought in an inconvenient forum.
- (c) **Further acts:** Each party must, at its own expense, do all things (including the execution and delivery of documents) required by law or reasonably requested by another party to give effect to this document and the transactions contemplated by it.
- (d) **Payments:** If a party is required to pay an amount under this document, it must pay the amount by direct deposit of cleared funds to a bank account in the name of the payee, the details of which are notified by the payee at least two Business Days before the due date for payment, without any set-off, deduction, withholding or retention of any amount unless expressly contemplated by this document, required by law or directed by the payee.
- (e) **Set-off:** ASD may set-off any amount payable by you to it against any amount payable by it to you.
- (f) **Severability:** If a provision of this document would, but for this clause 22(f), be void, unenforceable or illegal in a jurisdiction:
- (i) the provision is read down to the extent necessary to avoid that result; and
  - (ii) if the provision cannot be read down, to that extent, it is severed in that jurisdiction,



without affecting the validity and enforceability of that provision in any other jurisdiction or any other provisions of this document. This clause 22(f) has no effect if its operation alters the basic nature of this document or is contrary to public policy.

- (g) **Remedies cumulative:** The rights and remedies provided in this document are in addition to other rights and remedies given by law independently of this document, unless this document expressly provides otherwise.
- (h) **Supersedes all previous agreements:** This document supersedes and replaces all previous agreements, arrangements and understandings between the parties in relation to the supply of your milk to ASD.

### 23. Counterparts and execution

- (a) **Counterparts:** This document may be executed in counterparts which together constitute one instrument but is not effective until each party has executed at least one counterpart and the counterparts have been exchanged. Each party consents to the exchange of counterparts by email or other electronic means.
- (b) **Authority of signatory:** Each person, who executes this document on behalf of a party under a power of attorney or other authority, declares and warrants that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that authority.
- (c) **Supplier:** Where Supplier comprises more than one person, this document may be signed by any one or more of the persons comprising Supplier and the persons signing declares and warrants that they are duly authorised to sign and bind all the persons comprising Supplier.

### 24. Definitions and Interpretation

#### 24.1 Definitions

In this document, unless the context otherwise requires:

<b>\$ per kg</b>	means dollars per kilogram.
<b>Business Day</b>	means a day which is not a Saturday, Sunday or a public holiday in Melbourne, Australia.
<b>Commencement Date</b>	means the date set out in <b>Item 1</b> of the Details.
<b>Dairy Code</b>	means the <i>Competition and Consumer (Industry Codes – Dairy) Regulations 2019</i> .
<b>Details</b>	means the section entitled ‘Details’ which commences on page two of this document.
<b>DFMC</b>	means Dairy Farmers Milk Co-operative Limited (ARBN 108 690 384).
<b>document</b>	means the agreement arising from ASD’s acceptance of your offer.
<b>Exceptional Circumstances</b>	means any circumstances of limited duration that involve an Extraordinary Event.
<b>Expiry Date</b>	means the date set out in <b>Item 2</b> of the Details.

<b>Extraordinary Event</b>	<p>means an event (including an emergency or change in market conditions) that:</p> <ul style="list-style-type: none"> <li>(a) occurs outside of Australia;</li> <li>(b) has a highly significant effect on supply, demand or costs in the dairy industry; and</li> <li>(c) is not caused by decisions made by ASD or any other processor.</li> </ul>
<b>Farm</b>	<p>means the farm or farms allocated the Farm Number or Numbers shown in your details on the first page of this document. It does not include any additional real property acquired or used by you on or after the Commencement Date to produce milk.</p>
<b>Force Majeure</b>	<p>means any occurrence or omission as a direct or indirect result of which the party relying on it is prevented from or delayed in performing any of its obligations under this document and that is beyond the reasonable control of that party and the effect of which could not have been avoided by that party exercising reasonable diligence, including forces of nature, industrial action and action or inaction by a government or governmental or semi-governmental entity or authority having the ability to make laws or other determinations or orders which have the force of law. Force Majeure includes any loss of production or cattle due to circumstances beyond your reasonable control, such as feed shortages due to extreme events (e.g. locust plague) and weather conditions such as drought, flood or cyclone.</p>
<b>Gate Fees</b>	<p>means the gate fees (otherwise known as stop charges) charged by ASD in relation to the collection of your milk from the Farm as set out in <b>Item 5</b> of the Details.</p>
<b>Law</b>	<p>means all laws, regulations and requirements of regulatory bodies and authorities relevant to the supply of your milk in the manner contemplated by this document, including laws relating to food safety, road transportation and occupational health and safety.</p>
<b>Milk Policy</b>	<p>means ASD's milk policy in respect of organic milk sourced within Victoria, a copy of which is attached to this document as <b>Annexure A</b>.</p>
<b>Minimum Monthly Volume Collection</b>	<p>Means, in respect of a Month during the Term, the volume of your milk set out in <b>Item 6</b> of the Details corresponding to that Month.</p>
<b>Minimum Milk Price</b>	<p>means the price set out in <b>Item 3</b> of the Details.</p>
<b>Milk Statement</b>	<p>means, in respect of a Month, a written statement of your milk supplied to ASD during that Month that is to be given to you in accordance with clause 6(b).</p>
<b>Month</b>	<p>means calendar month.</p>



<b>parties</b>	means you and ASD.
<b>Quality Standards</b>	means the quality standards for your milk and animal health and welfare standards set out in the Milk Policy.
<b>Term</b>	has the meaning given to that term in clause 1(b).
<b>your milk</b>	means all of the milk produced at the Farm(s) in respect of which you both hold and are entitled to an organic certification contemplated by clause 1(e), excluding milk used for the rearing of calves on the Farm(s) or milk used or consumed on the Farm(s) for domestic or household purposes.

**24.2 Interpretation**

In this document, the following rules of interpretation apply unless a contrary intention appears.

- (a) Any heading, index, table of contents or marginal note is for convenience only and does not affect the interpretation of this document.
- (b) The singular includes the plural and vice versa and a reference to a gender includes all other genders.
- (c) A person includes an individual, body corporate, firm, partnership, joint venture, unincorporated body, government, or government agency or instrumentality.
- (d) A reference to:
  - (i) a person includes that person’s successors, permitted substitutes and permitted assigns;
  - (ii) a clause, schedule, attachment, annexure or exhibit is to a clause of, or a schedule, attachment, annexure or exhibit to, this document;
  - (iii) this document or another document includes that document as amended, varied, supplemented, novated or replaced from time to time and any schedule, attachment, annexure or exhibit to that document;
  - (iv) legislation or a provision of legislation includes all regulations, orders or instruments issued under that legislation or provision and any modification, consolidation, amendment, re-enactment, replacement or codification of such legislation or provision;
  - (v) “include”, “including” and “for example”, and similar expressions, when introducing a list of items, does not limit the meaning of the words to which the list relates to those items or to items of a similar kind;
  - (vi) time is to the time in Melbourne, Australia; and
  - (vii) writing includes any mode of representing or reproducing words in tangible and permanently visible form.
- (e) Where a word or expression is defined or given meaning, another grammatical form has a corresponding meaning.



- (f) A provision of this document must not be construed to the disadvantage of a party merely because that party was responsible for the preparation of this document or the inclusion of the provision in this document.

### **24.3 Multiple parties**

If a party comprises more than one person, an obligation of those persons is joint and several, a right of those persons is held by each of them separately, and any other reference to that party or term is a reference to each of those persons separately, so that (for example) a representation, warranty or undertaking is given by each of them separately.



**Annexure A – Milk Policy**

# MILK POLICY

VICTORIA (ORGANIC)

JULY 2024

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## 25. Application

This policy applies on and from 1 July 2024 in respect of the supply of milk to Five AM Operations Pty Ltd (ABN 99 649 821 992) (ASD) from farms in Victoria that are the subject of an organic certification. It forms part of the milk supply agreements entered into by ASD and suppliers for such supply.

## 26. Milk Quality

### 26.1 Poor Quality

If poor quality milk (i.e. high total plate count (**TPC**), high bulk milk cell count (**BMCC**), low fat, low protein or high temperature etc.) is accepted, penalties will apply in accordance with section 26.9.

Suppliers with consistently poor quality milk will be advised in writing, and collection may be suspended until ASD is satisfied that a suitable milk hygiene program has been put in place.

After recommencing pick up, suspension from supply will recur should minimum requirements not be met.

If consistent supply of poor quality milk constitutes a material breach of a supplier's milk supply agreement, ASD may be entitled to terminate the agreement in accordance with its terms.

### 26.2 Bulk Milk Cell Count (BMCC)

BMCCs are an indicator of mastitis in dairy cows.

The maximum allowable BMCC level on a monthly average basis is 300,000 cells per ml. If a test result is over this limit, penalties will apply in accordance with section 26.9, bearing in mind that the highest 10-day period average result is removed each month. Please refer to Section 28.6 (Results) for additional information in relation to the availability of test results.

If BMCC test results average over 400,000 cells per ml in each of two consecutive 10-day periods, the supplier will be given another 10 days to rectify before suspension occurs. The supplier will be contacted by the DFMC Regional Manager (**Regional Manager**), and

collection may be suspended until ASD is satisfied that a suitable mastitis control program has been put in place and BMCC test results have improved. After recommencing pick up, suspension from supply will reoccur should the BMCC test results exceed 400,000 averaged over a 10-day period, within 90 days of recommencing. ASD will use reasonable endeavours to provide test results within 48 hours.

### 26.3 Thermotolerant Bacteria

Thermotolerant bacteria are organisms that may survive pasteurisation and processing and can affect the end product by causing premature spoilage. A test for thermotolerant bacteria will be conducted at least once every 10 days.

The maximum allowable thermotolerant bacteria level is 2,000 colony-forming units (cfu) per ml. If a test result is over this limit, penalties will apply in accordance with section 26.9.

If a test result for thermotolerant bacteria exceeds 10,000 cfu per ml, the supplier will be contacted by the Regional Manager to discuss remedial steps.

### 26.4 Bactoscan

A bactoscan test will be conducted at least once every 10 days. The lowest test from each period will be recognised and the highest test within a ten-day period will be excluded from penalty.

The maximum allowable bactoscan test result 150,000 individual bacterial count (ibc) per ml. If a test result is over this limit, penalties will apply in accordance with section 26.9.

### 26.5 Milk Fat % and Milk Protein %

ASD requires suppliers to supply milk with a butterfat content of not less than 3.2% and a protein content of not less than 3.0%.

After two 10-day periods with results below either of these levels, the supplier will be contacted directly by the Regional Manager and asked to demonstrate what management changes they are implementing to rectify the low results. The Regional Manager may then approve up to another three consecutive 10-day periods with test results below either of these levels before suspension occurs. Suspension is for 10 days. It is then the supplier's obligation to provide a suitable

sample for testing prior to the resumption of collection. Once resupply occurs, if composition falls below minimum standards for two consecutive 10-day periods, the farm will be suspended again.

#### **26.6 Extraneous Matter (Sediment)**

This test is done on tankers initially and individual samples are only taken when there is a problem with the tanker. Suppliers will be notified of issues if they arise.

#### **26.7 Freezing Point**

This test is to detect added water. Nutritional problems can cause freezing points to rise, but not generally above -0.5°C. With payments for composition, there is no incentive to add water to milk. ASD still tests for 'added water' however as it can occur and is a risk to overall milk quality. Suppliers will be notified of issues if they arise. If suppliers are found to have water in their milk, they may be subject to suspension until the issue is resolved.

#### **26.8 Animal Feedstuffs**

##### **(a) Suitability of Feed for Animal Use**

Vendor declarations must be sought for all feedstuffs as part of each supplier's On Farm Quality Assurance Program. A vendor declaration should identify the supplier of the feed, give a description of the stockfeed and date of supply, and should certify that the feedstuffs are suitable for use for dairy cows in line with current dairy industry standards (including free from chemical residues and ruminant animal material (RAM)), including the National Standard for Organic and Bio-Dynamic Produce (**Organic Standard**) published by the Department of Agriculture, Fisheries and Forestry and requirements under the supplier's organic certification.

#### **26.9 Milk Quality thresholds**

The table below summarises the penalties or actions ASD will take should the quality thresholds not be met.

##### **(b) Aflatoxins**

Aflatoxin is a substance produced by fungal contamination of feeds. Dairy cows consuming aflatoxin-contaminated feeds can transfer some of this toxin into milk. Consumption of aflatoxin by humans through contaminated milk from dairy cows can have adverse health effects.

Various feedstuffs, including copra meal, peanut by-products and hay – have been shown to contain dangerous aflatoxin levels on occasion, and must be managed on farm to reduce the possibility of contamination.

Suppliers must fully comply with all biosecurity requirements under applicable law.

Testing for aflatoxin is undertaken as part of the Australian Milk Residue Analysis (AMRA) Survey coordinated by Dairy Food Safety Victoria. ASD may also undertake its own testing for aflatoxin levels.

If a test result shows the presence of aflatoxin above the acceptable level the supplier will be , the supplier will be contacted by the Regional Manager to discuss remedial steps.

##### **(c) Genetically modified organisms**

The Organic Standard prohibits the use of genetically modified organisms or their derivatives, including animals, seed and farm inputs such as fertilisers, soil conditioners, vaccines, crop production materials, food additives or processing aids.

To ensure the integrity of its products, ASD may check that its milk products do not contain any novel proteins. Raw milk must not be sourced from cows that have been genetically modified via either recombinant or other direct DNA technology, including cloning and the offspring of cloned cattle, however generated.



Test	Metric	Penalty	Frequency
<b>BMCC</b>	Greater than 300,000	30c/kg/Ms	Tested daily
	Greater than 400,000	90c/kg/Ms	Highest ten day average will be excluded
<b>Bactoscan</b>	Under 150,000	0/c/Kg/Ms	Tested daily
	Over 150,000	30c/kg/Ms	Highest ten day average will be excluded
<b>Thermoduric</b>	Under 2000	No Penalty	Tested every ten days
	Over 2000	30c/kg/ms	All tests apply
<b>Blood &amp; Other Extraneous Matter</b>		Milk may be rejected	Olfactory test by driver
<b>Hot or sour milk</b>	Milk has to meet cooling parameters shown in graph	Milk may be rejected if above 5 degrees	Per Pick Up

## **27. Adulterated Milk**

### **27.1 Antibiotics and Other Inhibitory Substances**

These substances, especially antibiotics, can have extreme effects on manufacturing processes. Inhibitory substances can include: antibiotics, pesticides, herbicides, detergents (especially quaternary ammonium compounds (QACs)) and nonyl-phenol ethoxylates (NPEs), blood and colostrum. ASD does not knowingly process milk that has been shown to be positive for inhibitory substances by any valid test.

Tankers may be tested by rapid testing methods on arrival at a processing facility. Should a positive result be detected in milk samples from a tanker, all milk from the tanker will be segregated while further testing is conducted. Each supplier's vat sample is then checked for the presence of inhibitory substances and the offending supplier will be notified.

Subsequent additional testing of individual suppliers' milk may be undertaken if there has been a positive result from a tanker. Random tests may also be performed on individual supplier samples.

The penalty for supplying milk in which antibiotics and other inhibitory substances are detected is non-payment for that milk (refer to section 27.2 (Supplying Milk) for full details). Three samples will need to be taken from the vat for testing prior to resumption of collection. Suppliers with recurring problems will be suspended from supply until steps are in place to supply quality milk that meets ASD's requirements.

It is the offending supplier's responsibility to have the next consignment of milk tested before the next tanker collection (refer to section 27.2 (Supplying Milk) for additional information regarding official test kits). Positive milk tanker results are reported to the relevant State Food Authority immediately. Where a supplier has tested positive for antibiotics through routine testing procedures, ASD reserves the right to have an audit conducted of the On Farm Quality Assurance Program to assist with improving the farm management system.

ASD processing facilities and tanker contractors have approved test kits that can be used to determine whether a contamination from antibiotics has occurred on-farm. It is the supplier's responsibility to make contact with the Regional Manager or tanker contractor to arrange for a sample to be tested. Tankers may be diverted to pick up samples off farm. Supplier must deliver them to the tanker or the testing facility. Testing will not be performed on individual cow samples, as test kits are not calibrated to test samples other than bulk milk samples.

#### (a) Penalties related to antibiotics

ASD encourages its suppliers to minimise at all times the chances of contaminated milk entering the processing system. Thus, it strongly encourages suppliers to discuss with the Regional Manager any suspect milk before pick up and take advantage where necessary of the preliminary testing if advised to do so.

Accordingly, if a supplier supplies milk which tests positive for antibiotics or other inhibitory substances at a ASD processing facility (and has not used an antibiotic test kit that tested negative on farm), it will not be paid for the milk and will be responsible for any associated costs as per section 27.2 (Supplying Milk).

#### (b) Prior notification tests (antibiotics, blood in milk, sour milk)

Suppliers will be entitled to one paid 'prior notification exemption' for each financial year commencing 1 July. Suppliers should refer to their milk supply agreements regarding the importance of having adequate farm insurance.

Prior notification is defined as the supplier notifying the Regional Manager, ASD or tanker contractor that the supplier has milk unsuitable for pickup at any time prior to the milk entering the milk tanker. In order to ensure maximum collection efficiencies, suppliers are requested to make these notifications prior to tanker arrival.

If a supplier suspects that it has milk unsuitable for pickup because of possible contamination and seeks time to test its milk prior to collection, ASD will use all reasonable endeavours to allow enough time for the supplier to have the milk tested by a relevant

inhibitory substances screening test before determining if it will supply the milk to the tanker or elect prior notification.

If a supplier applies for prior notification at any time, the supplier must make every effort to inform the Regional Manager, ASD or tanker contractor. The milk will not be picked up by the tanker and the supplier is expected to dump the milk in accordance with applicable environmental guidelines.

Milk should not be picked up while milking is in progress. If for some reason milk is to be picked up while milking is still in progress; the milk tanker driver must on all occasions seek approval from the supplier or the milker at the dairy before pumping milk into the tanker. If the driver does not obtain approval to begin pumping whilst milking is still underway and there is a problem with the milk supplied, the supplier will not be liable and will be paid for the milk supplied.

## **27.2 Supplying Milk**

- (a) Antibiotics and other inhibitory substances

On the first three occasions during each financial year (commencing 1 July) where:

- (i) a supplier elects to use one of your prior notification exemption by reporting that milk to be supplied is in breach of the Quality Standards in accordance with section 27.1;
- (ii) milk that is to be supplied is rejected by a grader or tanker driver on farm on the basis of their reasonable opinion that the milk is contaminated, soured or otherwise unfit for human consumption,

ASD will reject the milk by providing written notice to the supplier specifying the reasons for the rejection.

The supplier must then promptly and safely dispose of the milk on-farm, and ASD will pay for the milk (based on an average of the milk solids in the previous three collections of

milk) at the Monthly Minimum Price less a quality deduction equal to:

- (iii) in the case of the first dump – 10% of the Monthly Minimum Price;
- (iv) in the case of the second dump – 30% of the Monthly Minimum Price; and
- (v) in the case of the third dump – 30% of the Monthly Minimum Price.

The supplier must inform the Regional Manager regarding the volume of milk discarded as soon as possible.

If a supplier has not used an official test kit from the tanker contractor or ASD and supplies milk which subsequently is tested positive at a ASD processing facility, or ASD does not use the milk because it is otherwise adulterated or not fit for human consumption, the supplier will not be paid for the milk and will be responsible for the cost of the milk in the tanker including:

- the total cost of all the milk in the tanker at the current value of the milk from other farmers (if any) that is in the tanker (less the supplier's own milk that is included in the pickup);
- freight costs; and
- disposal costs.

ASD will send an invoice to the supplier for the above-mentioned costs. ASD will begin deductions from a supplier's monthly milk payment in the following month and then in the following three months covering four equal instalments.

If contaminated milk is supplied by more than one supplier for a tanker run, milk will not be paid for and the costs will be applied on a litre pro-rata basis across those suppliers who supplied contaminated milk to that tanker.

- (b) Milk which is otherwise not fit for human consumption

Notwithstanding section (a), if a supplier supplies milk which is otherwise adulterated or not fit for human consumption, the following process will apply.

- (i) The tanker driver who picks up the milk must also grade that milk organoleptically (which can include one or more of taste, sight, smell and touch).
- (ii) If the tanker driver determines that the milk is not in fact satisfactory based on that organoleptic assessment, the milk will not be collected from the supplier's farm, the supplier will not be paid for that milk and the supplier will be responsible for disposing of that milk at its own cost.
- (iii) If the tanker driver determines that the milk is satisfactory based on their organoleptic assessment but the milk in the tanker is subsequently rejected at the factory, the supplier will not be paid for the milk.
- (iv) Should paragraph (iii) apply, the supplier will not be paid for the cost of its own milk which has been rejected at the factory, however, it will not be liable to pay the costs of any other milk which has been contaminated in the tanker, or within a vat at the factory, or associated disposal costs.
- (v) Suppliers must use their reasonable endeavours to cooperate with tanker drivers when such an organoleptic assessment is taking place, and also use their reasonable endeavours to accurately address any questions the tanker driver may have in relation to the quality of the milk to be collected.

## 28. Milk Supply System

### 28.1 Temperature

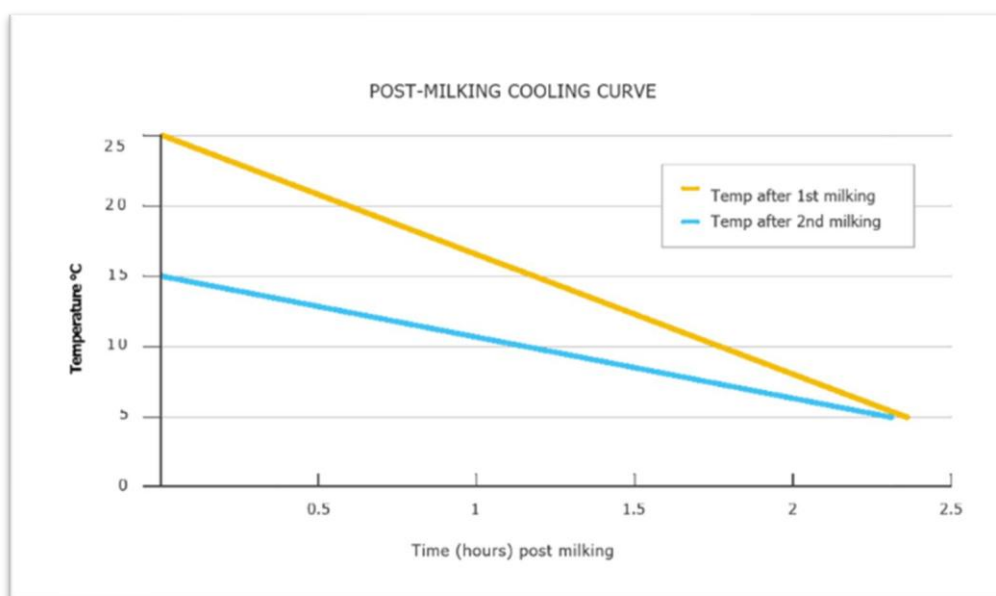
Raw milk must be cooled to less than 4°C within 3.5 hours after the commencement of milking and held below 4°C until collection.

Milk may be accepted and paid for if it is supplied at a higher temperature, provided it complies with the Early Milk Collection Index (EMCI) or milk cooling curve (see graph below). Milk that does not comply will not be accepted or paid for unless the supplier has received prior written approval from ASD based on an evaluation of the situation and suitability of the milk for pick up.

Milk must be stored in accordance with applicable law. Milk will not be collected from non-refrigerated vessels.

All suppliers will be provided with a ASD milk cooling whiteboard that must be hung adjacent to the milk vat. The whiteboard is to be filled in for temperature and time at the completion of each milking. Tanker drivers will, as part of their duties, clean the whiteboard after milk has been collected.

Suppliers who persistently exceed collection temperature requirements will be monitored. Milk cooling systems must comply with the requirements of a supplier's dairy industry licence. A supplier that has regular issues with temperatures in excess of 4°C will undergo an audit of its cooling system.



### 28.2 Minimum Volumes and Pick-Up Arrangements

To help address milk cartage costs, the Minimum Monthly Level for collection of milk is as follows:

Litres on skip a day basis	Minimum litres monthly supply	Gate fee
1000 litres	As per milk supply agreement	As per milk supply agreement

The consequences of a supplier failing to meet the Minimum Monthly Volume is addressed in the supplier's milk supply agreement.

Exception may be given by ASD to suppliers on a truly seasonal supply pattern either at the start or end of their seasonal calving period. This will be addressed in a supplier's milk supply agreement.

Other collection requirements include:

- collection on a daily or skip-a-day basis except in emergencies; and
- tanker must empty the vat.

ASD has no obligation to collect milk more frequently than once per day.

In order to ensure the safety of suppliers, drivers, animals and property, and to facilitate

the efficient collection of milk, ASD requires all farms to have acceptable dairy access.

The minimum suitable standard for access requires:

- an all-weather access road to provide safe access for the milk tanker;
- truck access gates to and within the property must remain open at all times;
- towing of tankers will not be permitted under any circumstance;
- no reversing of tankers into a farm from a public road;
- clear visibility at the entrance to the farm that is free from trees or other obstructions;
- no cattle are permitted to walk on tanker access tracks (this is essential for OH&S reasons but also for biosecurity on farm); and
- drivers must be given safe, clear and well-lit access to the vat room and vats at all times.

There are times of the year when milk production may exceed a supplier's storage capacity, even on daily collection. Suppliers may also suffer a refrigeration failure that is not immediately repairable. In these types of situations, the supplier may request additional pickups each day. At its absolute discretion, ASDm will attempt to assist the supplier by providing an additional daily collection. An additional collection may incur an additional fee of \$50.00. In any event, milk must meet temperature provisions as the additional collection is at the election of the supplier and not ASD, unless ASD has agreed to assist a supplier with a refrigeration problem.

If a supplier's volume of milk exceeds the capacity and ability of ASD milk collection arrangements, additional fees and gate charges will not be charged or will be reimbursed if charged incorrectly. Also, where milk is collected more frequently than required by the supplier for the cartage contractor's or ASD's convenience, no additional fees or gate charges will apply for the additional collections.

### **28.3 Consistency of Supply**

All suppliers must supply milk on a consistent basis throughout the week either on a daily or skip-a-day basis, with the variation on a two-day basis not to exceed 20 %. For example, if

the combined total of milk supplied on a Monday and Tuesday is 1000 litres, the milk available for collection on Wednesday and Thursday must be between 800 and 1200 litres. This does not apply to seasonal suppliers at the start and end of the season.

### **28.4 Splitting Milk on Compositional and Quality Differences**

ASD will not accept milk that has been segregated on the basis of composition or quality.

### **28.5 Road Access**

Suppliers are reminded that they must have 24-hour all weather access and safe road access for milk tankers under all weather conditions to the dairy (see transport section for further details), specifically lack of adequate road access due to weather conditions. This includes ensuring that any bridges on or leading to the farm are structurally sound and can bear the load of a milk tanker.

### **28.6 Results**

All milk test results are generally available within 48 hours from collection via the following, except in exceptional circumstances:

- SMS; and/or
- a website portal that may be notified to suppliers from time to time.

Suppliers are reminded that the tanker docket system may not always be available, and it is recommended that they use one of the methods above for regular results retrieval. The SMS system is designed to notify suppliers when results become available and is the most efficient way of getting results. A supplier should contact DFMC to ensure it is registered on this system.

### **28.7 Animal Health**

The Australian Animal Welfare Standards and Guidelines for Cattle is in the process of being implemented into law and will apply to the dairy industry in Victoria. Its purpose is to state standards and guidelines for the welfare of all cattle in Australia.

Including through DFMC, ASD works with Dairy Australia and other industry bodies to ensure that its suppliers are fully aware of any welfare issues and recommended best practice

on farm. Suppliers are expected to have on farm animal health and welfare practices of the highest standard.

On the ground in their local regions, Regional Managers are actively working with suppliers, State Food Authorities, local vets and government personnel to ensure the highest possible milk quality is delivered, and that animal welfare standards are maintained on individual farms.

ASD's monitoring of milk quality standards helps to ensure the maintenance of animal welfare standards. Regional Managers help suppliers with daily practical advice on nutrition, agronomy and animal health issues in order to ensure that milk supply comes from healthy well-cared for animals.

The safety of milk for consumers is essential. Cows must be managed in a manner that prevents the introduction of hazards to the milk and the well-being of livestock. If a supplier notices unusual signs or symptoms such as dramatic shifts in production, skin lesions, sudden deaths, downer cows, etc., it should immediately remove and isolate any suspect cows from the milking herd.

It is a supplier's responsibility to contact a veterinary officer and if necessary, report any incident of concern to the Regional Manager promptly. Pick up may be suspended while any investigation is ongoing if recommended by either a veterinary officer or the State Food Authority. ASD will not be obliged to pay compensation for any, or all, of the milk dumped in such a situation.

Suppliers are reminded that they should have insurance to cover any milk lost in circumstances such as this. Milk will not be picked up from herds infected with notifiable diseases unless it is deemed safe by the State Food Authorities.

Issues that may affect ASD's ability to pick up milk include but are not confined to:

- pesticide and chemical poisoning;
- botulism or anthrax; and
- foot and mouth disease.

Vaccinations for diseases such as botulism, three-day sickness, leptospirosis; etc. are recommended as best practice in order to

minimise the occurrence of such diseases on farms.

If a supplier does not notify or delays notifying ASD of an incident, ASD may cease milk collection immediately and may terminate its milk supply agreement if the failure constitutes a material breach.

## **28.8 Animal Welfare**

Good animal health and welfare is central to successful and sustainable dairy farming. Customers and consumers are increasingly interested in knowing that a high standard of animal welfare is maintained throughout the supply chain of products they purchase.

ASD is committed to ensuring responsible animal welfare practices are maintained by suppliers in accordance with the relevant laws, regulations, industry guidelines and animal welfare codes of practice. Further, organic farming practices are underpinned by notions of sustainability with allowable inputs governed by organic certifying bodies. ASD expects stocking rates to reflect these sustainability goals and not exceed "1 cow per acre".

The Australian dairy industry, through Dairy Australia, Australian Dairy Farmers (ADF) and the Australian Dairy Products Federation (ADPF) has identified the following priority areas to enhance animal welfare outcomes.

- **Calf management** – calves need to be managed across the supply chain to meet agreed industry codes of practices and welfare standards.
- **Tail docking** – ASD prohibits tail docking. If any supplier is reported to be tail docking, ASD reserves the right to suspend milk collection immediately pending an investigation, and may terminate its milk supply agreement if the tail docking constitutes a material breach.
- **Disbudding** – disbudding of calves' horns should be practised in preference to dehorning older cattle. Disbudding is best done under the age of eight weeks using methods approved under industry guidelines and welfare codes of practice.
- **Lameness** – suppliers should seek to minimise lameness through adoption of practices for prevention, early detection and effective treatment on-farm. ASD recommends that all suppliers have a written lameness improvement plan. Examples, tools and assistance can be found on the Dairy Australia website.



- **Calving induction** – sound farm management practices reduce any perceived requirement for calving induction. Induction drugs should only be used if necessary for animal health/welfare reasons and under the supervision of a vet, rather than a practice to regulate milk production. ASD suppliers should ensure this practice is maintained under strict industry guidelines and welfare codes of practice.

More information on animal welfare standards and practices can be obtained from Dairy Australia at [www.dairyaustralia.com.au](http://www.dairyaustralia.com.au).

(a) Animal Welfare Concerns

ASD has no tolerance for animal cruelty. It is each supplier's responsibility to ensure it meets and complies with animal welfare laws, standards and practices, and the requirements in this policy.

ASD may suspend the collection of milk if it reasonably suspects that there may be material animal health or welfare issues with respect to a supplier's milking herd or other livestock.

## 29. General

### 29.1 Use of Quaternary Ammonium Compounds and Nonylphenol Ethoxylates

Suppliers must not use sanitisers containing quaternary ammonium compounds (QAC or QATs). Suppliers must also ensure that the use of teat sprays or teat dips are free from the surfactant nonylphenol ethoxylates (NPEs).

The removal of QACs and NPEs are necessary in order to meet the strict supply chain requirements of domestic and export customers.

- (a) Quaternary ammonium compounds (QACs)

QACs are a group of chemicals widely used as biocides and disinfectants in the home, industry and food manufacture. Products containing QACs are used to clean and sanitise the milking machine and/or vat on some dairy farms. Benzalkonium chloride (BAC) is the specific type of QAC of most concern, and is present in a number of products registered for use on dairy farms. In some cases, residues have been found in dairy products.

Routine testing for the presence QACs may be conducted by ASD – as such, a supplier should ensure that there is no presence of QACs on farm.

- (b) Nonylphenol ethoxylates (NPEs)

NPEs are surfactants used in many industrial chemicals, pesticides, and herbicides. However, from the dairy industry's perspective, it is their use in most iodine-based teat sprays that is of greatest concern. NPEs are used in the spray formulations to solubilise iodine. Over the past few years concerns have emerged globally about the effects of NPE in the environment and, in particular, toxicity in aquatic environments. More importantly, residue testing in Australia has identified that teat sprays containing NPEs can cause positive residue test results.

Pre-milking teat spray and teat dip are of the most concern. As such there should be no presence of NPEs on farm. Testing will be conducted for the presence of NPEs.

## 29.2 Relationship with DFMC

ASD has entered into a service agreement with DFMC to provide supplier support services. Your primary point of contact for questions or concerns is the Regional Manager, Dominic Baxter:

Email: [dom.baxter@dfmc.org.au](mailto:dom.baxter@dfmc.org.au)

Mobile: 0419 711663

## 30. Questions

Please contact the Regional Manager with queries relating to the payment or quality systems.

Any extra sampling must be approved by ASD prior to testing by the Regional Manager.



### 31. Contact Lists

#### Five AM Operations Pty Ltd (ABN 99 649 821 992)

Business 25 Lakewood Boulevard, Carrum Downs Vic 3201  
Email [www.asdgroup.com.au/contact-us](http://www.asdgroup.com.au/contact-us)  
Website [www.asdgroup.com.au](http://www.asdgroup.com.au)

#### Dairy Farmers Milk Co-Operative Limited (ARBN: 108 690 384)

Business Level 4 65 Brougham Street, Geelong, Vic 3220  
Postal PO Box 4132  
Geelong, VIC 3220  
Email [Info@dfmc.org.au](mailto:Info@dfmc.org.au)  
Website [www.dfmc.org.au](http://www.dfmc.org.au)

#### DFMC Team

Head Office	Mark Kebbell	Executive Officer	0432 046 768 <a href="mailto:mark.kebbell@dfmc.org.au">mark.kebbell@dfmc.org.au</a>
Southern	Dominic Baxter	Regional Manager	0419 711 663 <a href="mailto:dom.baxter@dfmc.org.au">dom.baxter@dfmc.org.au</a>



## APPENDIX – MILK QUALITY STANDARDS

Test	Result	Test Application
Antibiotic	Clear (<.003 ug/ml)	Per test (minimum one per month)
	Notified first time per year	Per occurrence/consignment
	Notified after this	Per occurrence/consignment
	Not notified – collected	Per consignment. There will be no payment for milk and the supplier will be invoiced for costs associated with contamination.
Blood in Milk	No Blood in Milk	Graded each consignment
Sour Milk	Clear (,0.15 acidity)	Graded each consignment
Note: Only one (1) Prior Notification is allowed in each calendar year for these three above tests combined		
Extraneous Matter Advisory test	Tanker tested first Individual Member tested if tanker > Disc 1	Warning if Disc 3 or higher.
Extraneous Matter Penalty test (next 10 day Disc 3 or higher)	In an area where a product defect occurs – this test may be carried out immediately	
	Discs 1 & 2 (AS)	Continue testing until tanker tests Disc 2.
	Discs 3 (AS)	Repeat test next period.
	Discs 4 & 5 (AS)	Repeat test next period. Individual suppliers with a Disc 3 or higher will continue to be tested until they receive three consecutive discs 3
	This follows on from the Advisory Test where a Disc 3 or more occurs. Penalties follow from this test only.	



## **Annexure B– Milk Statement Details**

1. Supply period covered by the Milk Statement.
2. Volume (in litres) of your milk supplied.
3. Any deficiency in Minimum Monthly Volume Collection.
4. Quantity (in kilograms) of butterfat contained in your milk supplied and aggregate Minimum Price attributable to that supply.
5. Quantity (in kilograms) of protein contained in your milk supplied and aggregate Minimum Price attributable to that supply.
6. Applicable Gate Fees (if any).
7. Itemisation of deductions for applicable industry fees and levies.
8. Itemisation of deductions (if any) for any amounts you owe to ASD.
9. Itemisation of penalties or quality deductions (if any) applied for failure to satisfy Quality Standards.
10. A payment summary setting out the total amount paid to you and your bank account details.
11. Wherever applicable, the GST attributable to a monetary amount.
12. In respect of each day during the supply period on which your milk was collected:
  - (a) the number of pick-ups;
  - (b) the volume (in litres) of your milk supplied;
  - (c) butterfat content (in kilograms and by percentage);
  - (d) protein content (in kilograms and by percentage);
  - (e) bulk milk cell counts (BMCC) test result; and
  - (f) if performed, bactoscan and thermoduric test results.
13. A period summary setting out:
  - (a) the aggregate volume (in litres) of your milk supplied;
  - (b) the quantity (in kilograms) of butterfat contained in your milk supplied;
  - (c) the quantity (in kilograms) of protein in your milk supplied; and
  - (d) average of BMCC, bactoscan and thermoduric test results for your milk supplied,from the beginning of the Term up to the end of the supply period covered by the Milk Statement.
14. Such other details as may be necessary to satisfy the content requirements for a recipient created tax invoice.