



AUSTRALIAN DAIRY FARMERS CORPORATION LIMITED
FY2023-2024 EXCLUSIVE MILK SUPPLY CONTRACT

DATE OF AGREEMENT:

1 PARTIES

ADFC Australian Dairy Farmers Corporation Limited,
ADFC ABN ABN 80 456 117 281
Address Suite 222a, 757 Bourke Street, Docklands. Victoria 3008
Email info@adfc.com.au
Telephone +61 3 9909 2208

Supplier:

ABN:
Dairy Licence:
Address:
Farm Number (s):
Email:

2 START DATE AND END DATE:

Agreement Start Date of Milk Supply: 1 July 2023 (or the date after 1 July 2023 on which we first collect Milk from your Farm)
Agreement End Date of Milk Supply: 30 June 2024

3 MINIMUM MILK PRICES:

Table with 7 columns: ADFC MINIMUM FY24 MONTHLY MILK PRICES, July to Dec 2023 (\$/Kg Fat, Protein, MS), Jan to June 2024 (\$/Kg Fat, Protein, MS). Rows include Base Price, Quality Incentive, and Total announced minimum price commitment.

A statement of our justification for our minimum milk prices is set out at clause 5 on page 3 of this Contract.

SUPPLIER ACKNOWLEDGES THAT THIS IS A BINDING EXCLUSIVE MILK SUPPLY CONTRACT AND WILL SUPPLY MILK TO ADFC IN ACCORDANCE WITH THE TERMS OF THIS CONTRACT (WHICH INCORPORATES ADFC'S MILK SUPPLY POLICY 2023-2024).

4 SIGNED BY THE PARTIES

Handwritten signature of ADFC representative

Director/Authorised Representative of Australian Dairy Farmers Corporation Limited

Supplier's Signature

ADFC Exclusive Milk Supply Contract

Australian Dairy Farmers Corporation Limited ABN 80 456 117 281 ('ADFC') wishes to make you the following exclusive offer to purchase all your milk.

1. Interpretation

Unless the context otherwise requires:

"ADFC" means Australian Dairy Farmers Corporation Limited ABN 80 456 117 281

"ADFC's Milk Supply Policy 2023-2024" means ADFC's milk supply policy for FY 2023-2024 attached at Annexure 2 and as published on ADFC's website (adfc.com.au) and as amended during the Term in accordance with the Code.

"Announced Base Price" means, in respect of a month, the base monthly milk price for that month announced by ADFC, prior to the commencement of the new season for a Reference Litre of Milk, being at the Start Date, the minimum monthly base prices set out in Item on page 1 of this Contract".

"Business Day" means a day that is not a Saturday, Sunday or public holiday in Melbourne, Victoria.

"Code" means the *Competition and Consumer (Industry Codes-Dairy) Regulations 2019*.

"Contract" means the contract (the terms of which are set out or referred to in this document including ADFC's Milk Supply Policy 2023-2024) arising from your acceptance of this offer.

"End Date" means the end date for the supply of Milk to ADFC specified in Item 2 on page 1 of this Contract.

"Farm" means the farm or farms allocated to ADFC's farm number or numbers shown in Item 1 on page 1 of this Contract. For the avoidance of doubt, 'farm' does not include any additional real estate acquired or used by you on or after the date of this Contract.

"Financial Year" means each period of 12 consecutive months commencing on 1 July.

"Force Majeure" means unforeseeable circumstances that prevent a party from fulfilling their obligations under this Contract. This includes natural disasters, acts of God, industrial action, government action (or inaction), an act of terrorism, outbreak of war, epidemic, pandemic, loss of production or cattle due to circumstances beyond your reasonable control, such as feed shortages, flood or drought.

"GST Act" means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

"Milk" or **"your milk"** means all the milk produced at the farm excluding milk used for the rearing of calves on the farm or milk used or consumed on the farm for domestic or household purposes.

"Month" means calendar month.

"Party or parties" means the Supplier or ADFC or both. A reference to a party includes that party's successors and permitted assigns.

"Reference Litre of Milk" means a litre of milk which contains 4.00% fat and 3.20% protein.

"Start Date" means the start date for the supply of Milk to ADFC specified in Item 2 on page 1 of this Contract.

"Term" means the period from the Start Date to the End Date as specified in Item 2 on page 1 of this Contract.

"You" or **"Supplier"** means the party whose details are set out in Item 1 of page 1 of this Contract.

A reference to a person includes a natural person, partnership, firm, body corporate or other entity. A

reference to the singular includes the plural and a reference to the plural includes the singular.

2. Agreement to Supply and Purchase Milk

- a. This Contract sets out the terms and conditions on which ADFC is prepared to buy milk from You.
- b. During the Term and thereafter until the Contract is terminated in accordance with clause 11, You agree to supply and ADFC agrees to acquire all of your Milk, on the terms and conditions referred to in this Contract.
- c. For the avoidance of doubt, you will have breached the Contract if you supply Milk to a third party at any time prior to the Contract being terminated in accordance with clause 11 without first being approved in writing by ADFC.
- d. This Contract is comprised of these terms, Annexure 1 and ADFC's Milk Supply Policy 2023-2024.
- e. This Contract (including Annexure 1 and the ADFC's Milk Supply Policy 2023-2024) contains the entire agreement between the parties in relation to their subject matter and supersedes all previous agreements, understandings, communications, and representations on the subject matter.

3. Cooling-Off Period

You may terminate this Contract without incurring any liability by notice in writing to ADFC within 14-days of the day on which you sign this Contract.

4. Milk Pricing

- a. ADFC strives for fairness for our farmers and aims to pay our suppliers market competitive prices across all our regions. Our total announced minimum milk prices set out in Item 3 on page 1 of this Contract are based on milk that meets our quality standards and excludes Dairy Australia Fees of 2.9263 cents / Kg Fat and 7.1299 cents / Kg Protein together with Dairy Food Safety Victoria levies of 0.0001667 cents / Litre.
- b. Milk that does not meet our quality standards may be rejected or otherwise be subject to price deductions as described in ADFC's Milk Supply Policy 2023-2024. In the event your Milk is rejected, ADFC will provide you with a written notice of the rejection as soon as practicable after the rejection, which will include the consequences of the rejection and any fees payable by You because of the rejection.

5. Statement of Minimum Milk Price Justification

- a. ADFC offers the same minimum milk price to all exclusive suppliers that meet our quality standards in all regions it collects from and regardless of the volume of milk supplied. ADFC has specified a minimum milk price for July to December and then January to June to provide cashflow that underpins year-round milk supply. ADFC supports the Code and opposes retrospective milk price reductions, as they undermine trust, drive volatility and damage farmers' ability to plan for and invest in their businesses.
- b. The factors that lead to the consideration of the prices set out in Item 3 on page 1 of this Contract include agreements with ADFC's customers that provide a monetary value for quantity and deliverability of milk volumes required. These monetary values include consideration of our operating costs and competitive tensions for milk supply within each of the Victorian dairy supply regions. ADFC extracts the cost of running ADFC from total revenue and the balance is passed on to ADFC's suppliers via its milk price.

6. Milk Payment Arrangements

- a. **Announced Base Price:** Subject to the other provisions of this clause, ADFC will acquire your Milk each Month for the Announced Base Price for that Month.
- b. **Adjustments:** Incentives, penalties, step-ups, and other adjustments will apply to the Announced Base Price per litre in accordance with ADFC's Milk Supply Policy 2023-2024
- c. **Levies:** Where any levy applies to the Milk, ADFC will pay the levy on behalf of the Supplier. The amount of any levy will be deducted from the payment to the Supplier.

7. Maximum amount of Milk

For the avoidance of doubt, there is no maximum amount of Milk that You may supply to ADFC under this Contract during the Term.

8. ADFC's Policies

- a. In addition to the terms of this document, ADFC's Milk Supply Policy 2023-2024 will apply to your supply of Milk to ADFC and forms part of this Contract.
- b. ADFC may change ADFC's Milk Supply Policy 2023-2024 from time to time in accordance with the Code. ADFC will notify you in writing of any changes to ADFC's Policies.
- c. You must comply with ADFC's Milk Supply Policy 2023-2024. In the event of any express inconsistency between this document and ADFC's Milk Supply Policy 2023-2024 relating to pick-up arrangements (including road access), milk quality standards and control procedures for milk, the provisions of ADFC's Milk Supply Policy 2023-2024 shall prevail over the terms of this document to the extent of the inconsistency. In all other respects, in the event of any express inconsistency between this document and ADFC's Milk Supply Policy 2023-2024, the terms of this document shall prevail.
- d. You acknowledge that You have received and read ADFC's Milk Supply Policy 2023-2024 before entering into this Contract.

9. Quality and sampling procedures

- a. Unless otherwise agreed in writing, the quality of milk provided by You must comply with the quality specifications in ADFC's Milk Supply Policy 2023-2024. If the parties agree in writing on updated quality specifications during the Term, this Contract is amended accordingly with effect from the date of that agreement.
- b. ADFC will undertake the sampling procedures and volume accuracy assurances specified in ADFC's Milk Supply Policy 2023-2024 in relation to Milk supplied by You and, following such procedures and assurances, will provide You with written notice of the results as soon as reasonably practicable.

10. Monthly Statements

- a. ADFC will issue a statement to You within 14 days of the end of each Month during the Term.
- b. The statement will specify **dealings** with the Milk in the prior Month.
- c. **Dealings** include the quality and quantity of Milk purchased by ADFC, the dates of the purchases, price for the Milk, where multiple methods are agreed for calculating the milk price, the method applied for calculating the milk price for a particular purchase, any fees or levies deducted from payment and the date the Milk was delivered.
- d. The date(s), volume and milk quality test results are also available on ADFC's supplier mobile App and supplier web portal.

11. Termination

- a. Subject to clauses 11 (c), (d) and (e), this Contract shall continue for the Term and thereafter unless and until terminated by either party giving to the other party notice in writing in accordance with this clause 11 (a). If a party wishes to terminate this Contract pursuant to this clause 11 (a) (that party being the "**Terminating Party**"), must follow the following procedure:
 - i. the Terminating Party must provide written notice to the other party that it is exercising its right to terminate the Contract ("**Notice of Termination**") not less than 30 days prior to the end of the Term.
 - ii. in order to be effective, the Notice of Termination must set out the date on which the termination will take effect ("**Termination Date**"); and

- iii. the Termination Date:
 - 1. must be the final day of a Month.
 - 2. cannot be less than one Month from the date of the Notice of Termination; and
 - 3. cannot be any earlier than the final date of the Term (unless by express permission from ADFC as per clause 2 (c)).
 - iv. The Terminating Party must confirm in writing to ADFC of their intention to cease supplying ADFC ("**Notice of Confirmation of Termination**") by day 15 of the terminating period ("**Termination Window**").
 - v. If the procedure set out in this clause 11 (a) is not followed, the Notice of Termination shall be ineffective. Without limitation, if the Notice of Confirmation of Termination is not given within the Termination Window, the Notice of Termination shall be ineffective and of no force or effect.
- b. If You continue supplying ADFC after the end of the Term:
 - i. the contract and ADFC's Milk Supply Policy 2023-2024 in force at the time shall continue to apply (including during any notice period); and
 - ii. the minimum milk price announced by ADFC for the period following the expiration of the Term shall apply.
 - c. If you supply Milk to a third party in breach of the terms of this contract, ADFC may at any time immediately terminate the contract by notice in writing to you.
 - d. You may terminate this Contract by giving 30 days written notice to ADFC **PROVIDED THAT** you provide documentary evidence that you are permanently leaving the dairy industry to the reasonable satisfaction of ADFC.
 - e. Either party may immediately terminate this Contract if the other party:
 - i. commits a fundamental or material breach of this Contract which is incapable of remedy; or
 - ii. commits a fundamental or material breach of this Contract and fails to remedy the breach within thirty (30) days after notice in writing has been given to remedy that breach.
 - f. The termination of this Contract must be in writing with accompanying reasons for the termination as well as the date upon which the termination takes effect, to be provided as soon as practicable after the termination.

12. Complaints & Disputes

- a. All disputes are subject to the provisions of the Code relating to disputes.
- b. Where a dispute arises out of or in connection with performance of this Contract both parties, acting in good faith, will use all reasonable endeavors to bring the issue to the attention of the other party in a timely fashion and in any instance not more than 30 days after the event occurs which leads to the dispute.
- c. Notification will include:
 - i. The nature of the complaint.
 - ii. that the aggrieved party wishes to resolve the dispute in accordance with this Contract; and
 - iii. the desired resolution.
- d. The party receiving the complaint will in writing notify the other party that they have received the complaint within five Business Days and articulate steps intended to resolve the dispute.
- e. Any complaints arising under this Contract must, in the case of ADFC, in the first instance be

referred to the ADFC's Internal Complaints Handling Officer for resolution under ADFC's complaint handling procedure set out in Annexure 1.

- f. Where a notification of a dispute is made to the other party to this Contract both parties will act, in good faith, to resolve the dispute.
- g. If after attempting to resolve the dispute, and in any instance not before the elapse of 60 days after notification to the other party of acknowledgment of receipt of the complaint, the parties are not reconciled, either party may take action to have the complaint resolved by mediation.
- h. The mediation shall take place in Melbourne, Victoria, Australia and be administered by the Resolution Institute.
- i. The mediation must be conducted in accordance with the guidelines of the Resolution Institute for mediation which operates at the time the matter is referred to the Resolution Institute (**Guidelines**). The Guidelines set out the procedures to be adopted for the mediation, the process of selection of the mediator and the costs involved. The terms of the Guidelines are deemed to be incorporated into this document.
- j. Pending resolution of any dispute, the parties must continue to perform their obligations under this Contract without prejudice to their respective rights and remedies (except where such obligations are the subject of the dispute).
- k. Neither party may commence litigation proceedings unless it first refers the dispute to mediation under this clause.
- l. The costs of mediation will be borne by each party equally, unless otherwise agreed. If a party seeks legal representation in the mediation process, such legal costs will be borne by that party.
- m. Nothing in this dispute resolution procedure will prevent a party from seeking an injunction.
- n. The provisions of this clause will survive termination of this Contract.

13. Force Majeure

- a. Neither party is liable for a failure to comply with this Contract or a failure to perform an obligation under this Contract because that party is unable to perform its obligations due to an event of Force Majeure
- b. The party relying on an event of Force Majeure must notify the other party as soon as practicable and in writing of the reliance on the event of Force Majeure.

14. Variation

- a. Except as provided under this clause 14, ADFC and the Supplier may only agree to vary this Contract in writing signed by both parties, or by a written notice of offer to vary the Contract and a written notice of acceptance. Any offer, acceptance or signed variation must state the Milk Supply Agreement to which it refers and the date the variation is to take effect.
- b. ADFC can only unilaterally vary this Contract if there is a change in Commonwealth, State or Territory law and then only to the extent necessary to comply with the changed law but without reducing the minimum price under this Contract. If ADFC unilaterally varies this Contract under this clause, ADFC will provide You with 30 days' prior written notice. As soon as reasonably practicable following the variation, ADFC will also provide You with a copy of the written variation itself, an explanation of the reason for the variation and the date that the variation takes effect. For the avoidance of doubt, this clause does not affect the power of ADFC and the Supplier to agree to vary the Contract under clause 14(a).
- c. Any variation under clause 14, does not allow a variation that does not comply with the Code.
- d. Any variation agreed to by the parties is limited to compliance with the law or the Code. If the variation to the agreement is inconsistent with a law or the Code, the law or Code will prevail to the extent of the inconsistency.

- e. An agreed variation which is not written in the first instance will be written and transmitted by ADFC to the Supplier within 30 days. Where the supply period of the Contract is 90 days or longer, ADFC must make all reasonable efforts to obtain written acknowledgement that the record is a complete and accurate record of the variation from the Supplier.

15. Confidentiality

- a. The parties must keep confidential and must not disclose or make available directly or indirectly to any third party any Confidential Information unless:
 - i. the disclosure of the Confidential Information is necessary to comply with any laws or the lawful requirements of any public, statutory, governmental, semi-governmental, local governmental or judicial body entity or authority.
 - ii. at the time of the disclosure, the information was in the public domain (other than because of a breach of a duty of confidentiality); or
 - iii. after the disclosure, the information becomes part of the public domain (other than because of a breach of this clause).
- b. The parties must not use, disclose, or access Confidential Information for any reason except as is necessary to perform this Contract.
- c. For the avoidance of doubt, the parties' obligations in clause 15(a) apply to any information disclosed or obtained in dealing with or resolving a complaint or dispute under this Contract.
- d. For this clause "**Confidential Information**" means the terms of this Contract and (whether or not in material form and whether disclosed before or after the date of this Contract) any information of whatever kind relating to a party that is disclosed or becomes known to the other party in the course of their discussions and negotiations regarding or in connection with this Contract and which:
 - i. is by its nature confidential.
 - ii. is designated by the party disclosing the information as confidential; or
 - iii. the party receiving the information knows or ought reasonably to know is confidential;

but does not include any part of the information that:

- iv. is generally known to the public at the time of disclosure or becomes generally known to the public through no wrongful act on the part of the party receiving the information.
- v. is in the possession of the party receiving the information at the time of disclosure otherwise, then because of that party's breach of a legal obligation.
- vi. becomes known to the party receiving the information through disclosure by sources other than the other Party provided that, in so far as is known to that source, it is not prohibited by law or contract from disclosing the information to the party receiving the information.
- vii. is independently developed by the party receiving the information outside the scope of the relationship with the other party; or
- viii. is required to be disclosed by court order, subpoena or other law or legal process.

16. Governing Law

This Contract is governed by the laws of Victoria and each party submits to the non-exclusive jurisdiction of the courts of Victoria.

17. Notices

- a. Any notice or other communication required to be given under or in connection with this Contract can be delivered by addressing that notice to the other party at its address set out on page 1 of this Contract and serving the notice at that address.

- b. Notice may be delivered by hand, post or by email with service deemed to have occurred as follows:
 - i. By hand - If it is before 4pm local time in the place of delivery, the notice will be taken to be delivered on the day of delivery.
 - ii. By post - the 5th Business Day in the place of delivery after the notice is posted
 - iii. By email - a notice may be sent in electronic form and will be deemed given and received on the first day on which it could have been read by the addressee. But if the notice is received after 5pm on a Business Day, or a day that is not a Business Day, then the notice is taken to have been received on the next Business Day.

18. GST

- a. The expressions "consideration", "GST", "input tax credit", "supplier", "supply", "tax invoice", "recipient", "recipient created tax invoice" and "taxable supply" have the meanings given to those expressions in the GST Act.
- b. Unless otherwise set out, the parties confirm that any amount payable under this Contract is calculated without regard to GST.
- c. If any goods or services supplied are taxable supplies, then on payment of any amount under this Contract, a party must also pay the other party any applicable GST.
- d. Each party must do everything reasonably necessary to assist the other to claim a GST input tax credit.
- e. You must be registered for GST and must maintain the registration of your ABN throughout the Term.

19. Set-Off

ADFC may set off any amount payable by you to ADFC against any amount payable by ADFC to you.

20. Acknowledgment

You acknowledge that, prior to signing this document, you have been given the opportunity to obtain independent legal and financial advice on the contract.

21. Milk Ownership

Ownership of milk is transferred from the Supplier to ADFC when the milk tanker is approved for unloading at the relevant processing facility once milk testing approval is provided by that facility's milk testing process.

22. Severability

The Contract shall not be adversely affected by any part that is unenforceable or invalid. The offending part shall be read down or shall be severed, and the remaining parts shall continue to have full force and effect.

23. Joint and Several

Any covenant or agreement on the part of and for the benefit of two or more persons shall bind them and be for the benefit of them jointly.

24. Privacy

ADFC collects, uses, and discloses personal information in accordance with our 'Privacy Policy', the current version of which can be accessed at www.adfc.com.au (or such other web address as notified to you).

25. Counterparts

This Contract may consist of a number of counterparts and, if so, the counterparts taken together constitute one document.

26. Electronic Signing

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- a. The parties acknowledge and agree that:
 - i. this Contract, including any counterpart, may be electronically signed, including through the use of software or a platform for the electronic execution of documents;
 - ii. any electronic signatures on this Contract are intended to bind the party signing the Contract and to have the same legal force and effect as if the Contract was signed in wet ink;
 - iii. where this Contract has been electronically signed and printed, the printed copy is deemed to be an original; and
 - iv. this Contract may include counterparts signed either by wet ink, electronically or both and all counterparts together make one instrument.
- b. Exchange of this Contract will occur upon each party delivering up signed counterparts to the other authorising exchange, including in wet ink, electronic form or by email.

27. General

- a. Without prior and written permission of the other party, neither party will assign this Contract.
- b. To the extent of any inconsistency between the terms of this Contract and the Code, the Code prevails. To the extent of any ambiguity between the term of this agreement and the Code, the term should be construed in a way that complies with the Code.
- c. If a party chooses not to demand enforcement of a term of this Contract the choice cannot be interpreted as a waiver of the term. An aggrieved party may seek damages or specific performance for breach of this Contract.
- d. Expiry or termination of this Contract does not limit any rights or obligations a party had prior to the expiry or termination.
- e. Clauses which are intended to operate beyond the Term may be relied upon by a party beyond the Term.
- f. The rights and remedies provided in this Contract are cumulative and not exclusive of any rights and remedies provided by law.

If you wish to accept this offer for milk supply, you must sign page 1 of this document. This can be done electronically or by email or mail to ADFC.

Please keep a copy of this contract for your records.

Yours faithfully



Andrew Sutton
ADFC General Manager

ANNEXURE 1: ADFC's COMPLAINTS HANDLING PROCESS (clause 12(e))

1. ADFC's Internal Complaints Handling Officer is currently Ron Page. Ron.page@adfc.com.au
2. If You have a complaint in relation to this Contract or your milk supply arrangements with ADFC, you should in the first instance contact ADFC's Internal Complaints Handling Officer to discuss your complaint.
3. ADFC will attempt to resolve your complaint within 10 Business Days of being notified of your complaint.
4. If You are unable to resolve your complaint with ADFC's Internal Complaints Handling Officer within 20 Business Days of notifying ADFC of your complaint, you may request that your complaint be escalated to ADFC's General Manager for review.
5. If You are unable to resolve your complaint with ADFC's General Manager within a further 10 Business Days of requesting your complaint to be considered by ADFC's General Manager, you may request that the parties agree to mediation of your complaint in accordance with clause 12 of the Contract.

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1) INTRODUCTION

This Milk Supply Policy sets out the terms and conditions for dairy farmers who supply milk to Australian Dairy Farmers Corporation (ADFC). This policy document may be updated and amended during the year in accordance with the *Competition and Consumer (Industry Codes-Dairy) Regulations 2019 (Dairy Code)* and suppliers will be notified of any changes. For clarity, in this document we refer to all milk quality standards and factory procedures as ADFC standards, and all pricing information is referred to as ADFC pricing.

2) SHAREHOLDING

The signing of an ADFC contract and supplying milk to ADFC is conditional upon the contracted supplier(s) becoming a shareholder of ADFC.

3) MILK PRICING

The specific details of milk pricing are announced at the beginning of each financial year.

a) Component Payment System

Payments to shareholders are made in terms of \$ per kilogram of fat and \$ per kilogram of protein and expressed in total as \$ per kilogram of milk solids (MS). ADFC quotes milk prices at a reference solids value of 4.0% butterfat and 3.2% protein.

b) Incentives

a. Quality & Demerit points Payment

The table below sets out the quality payment rates. For further milk quality details please refer to section 5 and Appendix 2 of this policy

| Demerit Points per month | | ADFC Bonus / Penalty | |
|--------------------------|--------|----------------------|---------------|
| From | To | \$/Kg Fat | \$/Kg Protein |
| 0 | 0 | \$0.23 | \$0.34 |
| 1 | 1 | \$0.16 | \$0.24 |
| 2 | 4 | \$0.11 | \$0.17 |
| 5 | 9 | \$0.00 | \$0.00 |
| 10 | 14 | -\$0.11 | -\$0.17 |
| 15 | 17 | -\$0.46 | -\$0.68 |
| 18 | 23 | -\$0.91 | -\$1.36 |
| 24 | 29 | -\$1.36 | -\$2.05 |
| 30 | 60 | -\$1.82 | -\$2.73 |
| 61 | & Over | No payment | |

c) Milk Price increases

Once a minimum base milk price is released for the new financial year, ADFC may announce increases to the minimum base price within that financial year. If a milk increase is released, it may be either as a 'step up', which is a milk price increase from a forward date of the announced step up to the end of the financial year, and or as a 'retrospective' milk price increase which is an increase to the base price retrospectively to the beginning of the financial year. If a milk price increase is announced within a financial year, to qualify for payment, a supplier must be supplying ADFC when the milk price increase payment is made.

d) Stop Charges

ADFC does not have a stop or volume charges for milk collections.

e) Timing of Milk Payments

Payments are generally made on the fifteenth day of the month following collection. If the fifteenth day of the month is a Saturday, payments will occur on the immediately preceding business day. If the fifteenth day of the month is a Sunday, payments will occur on the next business day. If the fifteenth day of the month is a public holiday or bank holiday, payments will occur on the nearest business day to the fifteenth day of the month. Milk statements will be available on the ADFC Supplier portal and emailed out before the evening of the fourteenth of each month. A summary of payments will be available on the Suppliers Mobile App.

4) MILK QUALITY

Through contractual agreements, ADFC supplies milk direct from farms to ADFC customers. Customers can and do produce products that are exported as well as sold within Australia. Therefore, every litre of milk received by ADFC customers is required to be Australian & EU compliant as per relevant regulations. Those requirements provide limits and consequences from TPC & SCC results. The aim of which is to ensure poor quality milk is not used in the manufacture of dairy products.

a) Total Plate Count (TPC) and Retesting

For milk to be EU compliant, TPC's, using rolling geometric average over 2 months (60 days), must be less than 100,000 cfu/ml. Where a rolling geometric average is greater than 100,000 cfu/ml, the following month's geometric average must be under 100,000 cfu/ml for milk to be collected from that farm. Farms identified as greater than allowable TPC limits post the following month's geometric average must be suspended for a period of 21 days.

The shareholder is responsible for the disposal of milk and making their own arrangements to test the milk and report the results to ADFC. After recommencing milk collection, suspension from supply will recur should the rolling geometric average TPC exceed 100,000 cfu/ml again.

ADFC TPC retest regime was put in place to recognise those shareholders with good quality TPC records and for grading of milk. The use of a retest result is in accordance with the guidelines outlined below & on Appendix 2

- Shareholders whose 10-day period initial TPC test is greater than ten thousand (10,000)
 - A retest will automatically occur. The purpose of which is to provide feedback results to the shareholder.

For any farms retested after the initial test in a 10-day period, ADFC will then use the lower of either the initial test result or the retest result as the official TPC 10-day period result. Any subsequent retests for that period will be treated as advisory tests only (Should this continue). Results may be adjusted and made advisory if an investigation by ADFC has identified that an entire batch of TPC samples have been compromised or if extenuating individual circumstances are relevant. ADFC can authorise advisory TPC tests to help shareholders determine the results of revised cleaning and sanitizing regimes if required.

It is the shareholders' responsibility to use the SMS/email/internet (ADFC Portal) system to monitor milk quality results. Additional samples may be tested for the shareholder but will not be used to adjust existing results.

b) Somatic Cell Count (SCC)

As per appendix 2, for each milk collection, a weighted average somatic cell count of below 250,000 cells/ml is required. ADFC ensures it is in line with EU & Australian requirements. Each farm must have a rolling SCC geometric average over 3 months of less than 400,000 cells/ml. Where the rolling geometric average SCC for a farm has been identified as exceeding EU requirements, the following month's geometric average must be under 400,000 cells/ml to allow milk to be collected from that farm. Farms identified as greater than allowable

limits post the following month's geometric average will be suspended from supply for 21 days. The shareholder is responsible for disposal of milk and ensuring that the milk will be satisfactory on return from a 21-day suspension. After recommencing milk collection, suspension from supply will recur should the rolling geometric average SCC exceed 400,000 again.

c) Temperature

Milk needs to be stored and refrigerated at 5°C or below. Milk should be available for collection at 5°C any time. The temperature of each vat load of milk is checked by the tanker driver using the calibrated thermometer integrated within the milk tanker's flow meter against established milk temperature standards. Milk cooling is a critical component in maintaining milk quality standards. To comply with food safety regulation, dairy farm licence and export market requirements, milk must be cooled to 5°C or less within 3.5 hours of the commencement of milking.

Suppliers must make every effort to ensure effective pre-cooling of milk through the plate cooler. Pre-coolers that deliver milk to the vat above 25°C place that supplier at risk of milk rejection.

Farmers who consistently exceed collection temperature requirements will be monitored. Milk cooling systems must comply with the requirements of ADFC's Milk Quality Assurance program (Quality One). Any shareholder that has continuous (4 weeks) issues with temperatures in excess of 5°C must undergo an audit of their cooling system at their own cost. Shareholders who do not comply with quality assurance requirements may have their Farm Quality Assurance accreditation revoked (after being given a suitable opportunity to correct the problem).

d) Extraneous Matter

This test is done on tankers initially and individual samples are only taken when there is a problem with the tanker. Farmers will be contacted regarding problems as they arise.

e) EU Milk Compliance

ADFC sells milk to a variety of customers that may export ingredients or finished products overseas. As you are an ADFC supplier we monitor your test results to ensure that the milk delivered to our customers meet the requirements below.

For milk to be EU compliant, TPC's, using rolling geometric average over 2 months (60 days), must be less than 100,000 cfu/ml. Where a rolling geometric average is greater than 100,000 cfu/ml, the following month's geometric average must be under 100,000 cfu/ml for milk to be collected from that farm. Farms identified as greater than allowable TPC limits post the following month's geometric average must be suspended for a period of 21 days. The shareholder is responsible for the disposal of milk and making their own arrangements to test the milk and report the results to ADFC. After recommencing milk collection, suspension from supply will recur should the rolling geometric average TPC exceed 100,000 cfu/ml again.

ADFC ensures it is in line with EU & Australian requirements. Each farm must have a rolling SCC geometric average over 3 months (90 days) of less than 400,000 cells/ml. Where the rolling geometric average SCC for a farm has been identified as exceeding EU requirements, the following month's geometric average must be under 400,000 cells/ml to allow milk to be collected from that farm. Farms identified as greater than allowable limits post the following month's geometric average must be suspended from supply for 21 days. The shareholders are responsible for disposal of milk and test the milk and report the results to ADFC. After recommencing milk collection, suspension from supply will recur should the rolling geometric average SCC exceed 400,000 again.

Please refer to the Mobile App and Milk Supply Portal to monitor your eligibility to EU compliance.

f) Poor Milk Quality

Shareholders who consistently have poor quality milk (i.e., high TPCs, high SCCs, high Temperature, etc.) will be advised by ADFC that collection may be suspended until ADFC is satisfied that a suitable milk hygiene program has been put in place. Milk collection may cease entirely if poor milk quality persists over the course of three months (90 days)

g) Communication of Milk Quality Results

All milk test results are available within approximately 36 hours after milk has been collected. Test results are SMS'd via the ADFC Mobile App whilst also being readily available on ADFC 's Supplier Web Portal.

Shareholders are reminded that the tanker docket system may not always be available, and it is recommended that they use the electronic methods for regular retrieval of milk quality and production results. The SMS/internet system is the most timely and efficient way of getting your results.

a. ADFC Supplier Web Portal

The web address is www.adfc.com.au

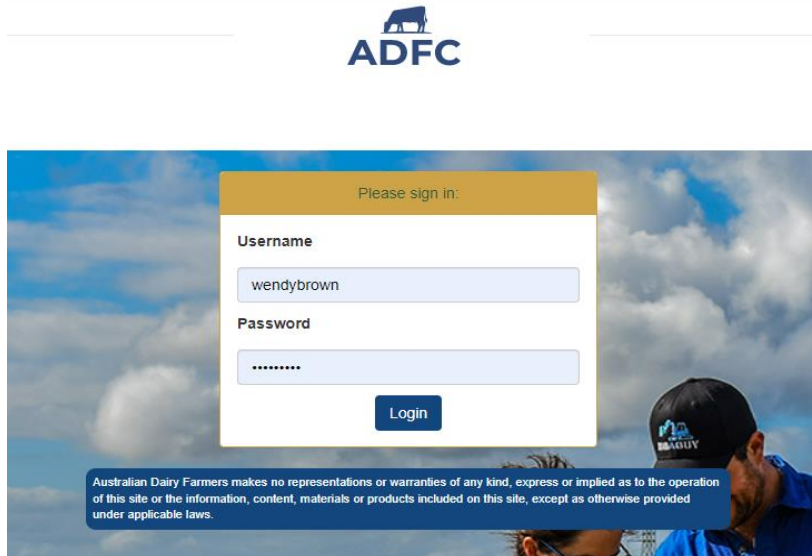
To access your milk data (including production and milk quality details) and monthly statements, you will need to log on to the ADFC website and enter the Supplier portal.

You will automatically receive quality and production information on the ADFC Mobil App once you have registered the app on your mobile phone.

ADFC Supplier Milk Portal



Click on the top right-hand button – 'Supplier Login' tab and follow the prompts.

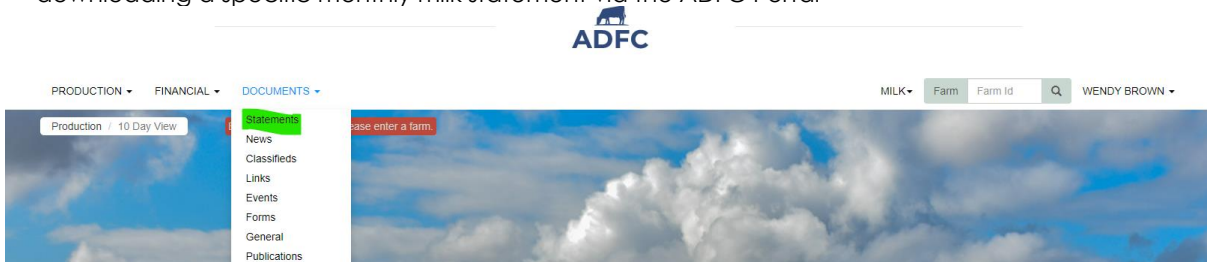


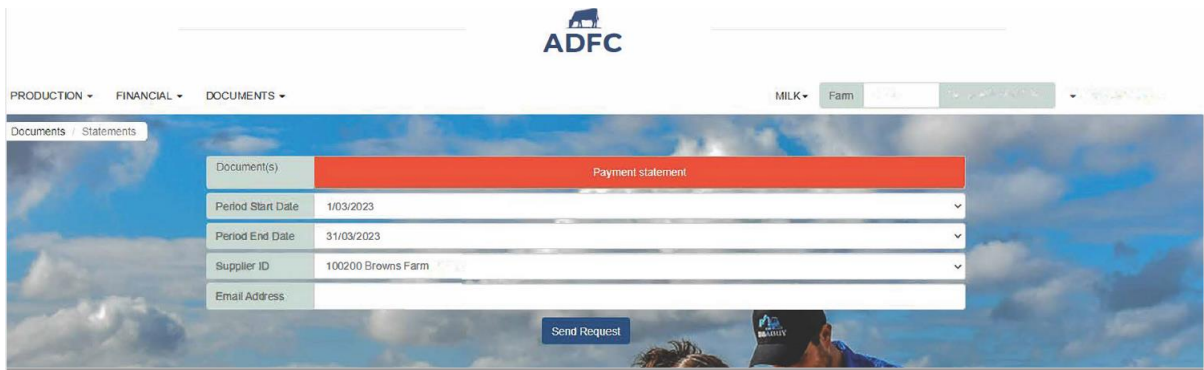
Your access code and password are the same for the mobile app. If you are unsure of the Username and Password, please contact ADFC.

Access Username & Password: This information will be provided to you. (Once logged into the portal you will be able to change this password if you wish)

Milk Statements

Your monthly Milk statement will be automatically emailed to you or if you require the option of downloading a specific monthly milk statement via the ADFC Portal





This is a useful option if you want to send a copy of the statement to bookkeepers or accountants. If you have any questions, please contact ADFC team for assistance.

b. ADFC Mobile App.

The links below will take you to associated app in the store:

iPhones: <https://apps.apple.com/au/app/adfc-farmer/id6444246137>

Android: <https://play.google.com/store/apps/details?id=contec.mobile.adfc>

It is important to note, if you share your log-in details with others, then they will have access to your financial information also.

To share litres and Quality Results with others you can add them in contacts on the [ADFC Supplier Portal](#).

If you have any questions, please contact ADFC team for assistance.

LOGGING INTO THE ADFC MOBILE APP:

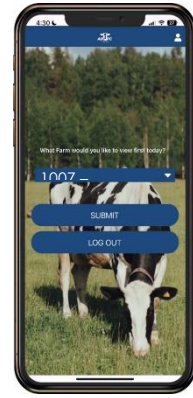
To Login to the mobile supplier app, you simply need to use your current login credentials for the ADFC Supplier Web Portal.

1. Type your username and password into the login screen that you see when you first open the app.
2. Then press login.




3. If you have more than one farm associated with your login you can pick this from the next screen below.

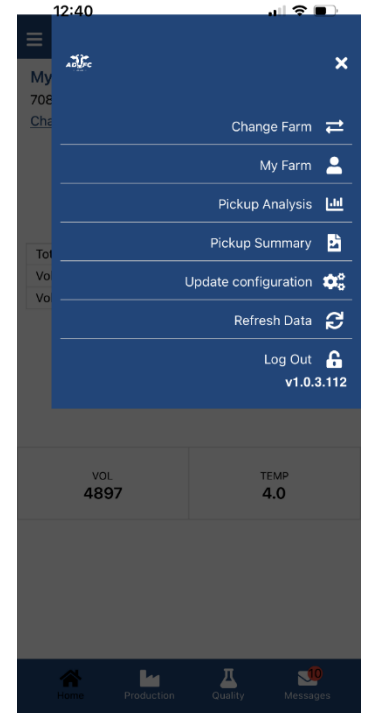
4. Press the Submit button to select the farm.
5. You have successfully logged in.



Data not up to date

If you notice that your data has not been updated, you may need to refresh your data.

To refresh data, go to the top right-hand corner. Tap the person symbol  and you will then have an option to refresh your data. Your mobile app will then refresh any data that is available.

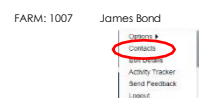
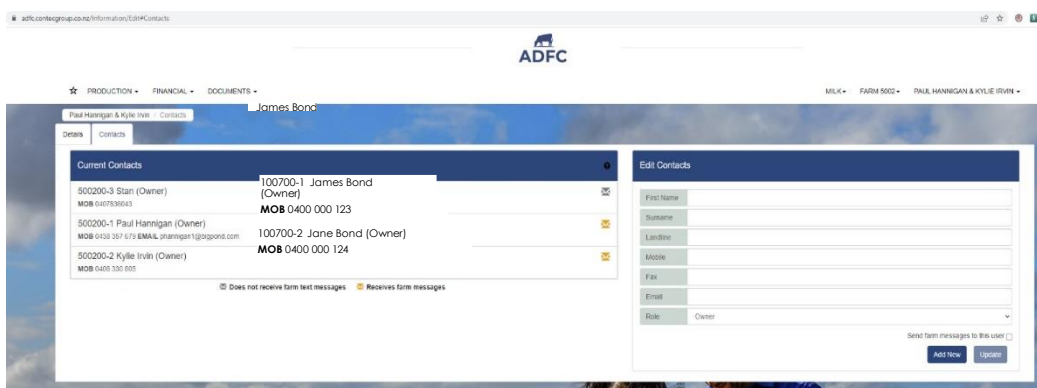


ALLOWING OTHERS TO LOG IN TO THE APP USING THEIR OWN CREDENTIALS. (RESTRICTED ACCESS)

You can allow others to use the app using a contact login as described below.

Anyone (including owners/sharefarmers) that log in as a "Contact" will not have access to any financial information from the mobile app. Only people logging in with a farm username will be able to see the financial information.

As part of the system, we can and do have contacts recorded against each supplier within the system. These contacts each have a unique number which can be seen in the ADFC Supplier web portal. Once logged into the Supplier web portal click on your name in the top right corner and select Contacts. You can see the login id for each person who is a contact. For example, Maxwell would login with 100700-3



IMPORTANT: For a contact to log in to the mobile app you need to ensure they have a mobile number associated with the contact entry.

To login as a contact get the person to login with this user id. In the case of Maxwell, it would be a user id of 100700-3.

They can choose their own password.

Tap on the Login Button.



Authentication

IMPORTANT: To authenticate the person logging in, they will need to type the mobile number exactly how it is shown in the contact page. In the case of Maxwell his number has spaces separating parts of the mobile number.

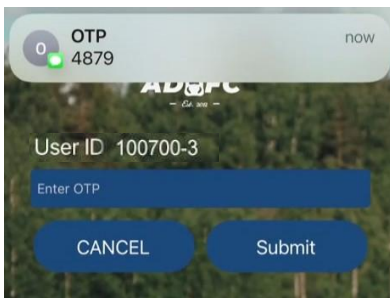
He would need to type in 0400 000 009 and **NOT** 0400000009.

Maxwell would then type the password he typed in on the first page.



ONE TIME PIN (OTP)

Upon pressing the REGISTER button, Maxwell will receive a text message with a four-digit pin.



Maxwell would enter this four-digit number into the application and press Submit.

Maxwell has successfully registered and logged into the ADFC Mobile App as a contact for farm 1007.

h) Insurance Cover

All shareholders are strongly advised to have adequate insurance to cover all incidences of milk loss, contamination, or damage to other shareholders' milk in the milk tanker. Should a shareholder require a letter for an insurance claim please contact ADFC.

ADFC will not be responsible for payment of milk not collected or not utilised by the processor due to:

- Milk contamination as defined by this policy.
 - Inhibitory substances
- Milk temperature
- Adverse weather conditions
- Where the farm has restricted access due to safety, or notified public health reasons – such as animal disease (botulism, FMD, Anthrax) etc.
- Road access – specifically lack of adequate road access due to weather conditions: Shareholders 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 6 for further details).

i) Inhibitory Substances and Residues

ADFC strongly encourages shareholders to discuss with ADFC any suspect milk before picking up and take advantage where necessary of the preliminary testing if advised to do so. ADFC strives to remove the risk of contaminated milk entering the processing system.

Inhibitory substances can include, but are not limited to antibiotics, pesticides, herbicides, detergents (especially quaternary ammonium compounds), blood, and colostrum. These substances, especially antibiotics, can have extreme effects on the manufacturing processes. Please refer to Section '5 I a', regarding costs associated with contaminated tankers and '5 I b', regarding 'Demerit Point' penalties.

All tankers are AB tested upon arrival at a processing facility with subsequent additional testing for individual shareholder's milk if there has been a positive SNAP result. At this point the shareholders are informed by ADFC that a sample has resulted in a positive contamination. The penalty for supplying milk not suitable for human consumption is non-payment for that collected milk volume. Please refer to Appendix 2, AB test Un-Notified for details.

If a positive result is detected on the tanker, the milk will be segregated while a Delvo test is conducted. Each shareholder's vat sample is then checked for the presence of inhibitory substances and the offending shareholder will be notified within 24hrs from the time of milk collection.

Once the offending shareholder is notified it is the shareholder's responsibility to have the next consignment of milk tested before the next tanker collection. Positive milk tanker results are reported to the State Food Authority immediately. Where a shareholder has tested positive for antibiotics through routine testing procedures, ADFC reserve the right to have an audit conducted of the offending shareholder's Quality Assurance Program, at the shareholder's cost, to assist with improving the farm management system if repeat milk contaminations occur.

a. Costs

Please note that it is the position of this policy document that any milk suspected of being contaminated as described by this policy document, will not be accepted, and therefore not collected or paid for. If unacceptable due to Chemical, residues, antibiotics, and other factors leading to the rejection of milk are found present in milk supplied, a shareholder will be subject to the terms below.

If a shareholder supplies milk which subsequently tests positive for any of the factors listed above and the processor does not use the milk for human consumption, the shareholder will not be paid for their milk. If the contaminated milk has been collected by the milk tanker, the relevant shareholder will be responsible for the cost of all milk in the tanker including the following costs:

- The total cost of all the milk in the tanker, if any, that is not the offending shareholder's milk (at the current value of the milk as determined by the relevant processor, ex GST)
- Freight costs (ex GST as determined by the relevant logistics company)
- Disposal costs (ex GST as incurred by the relevant logistics company)

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

Within the month, ADFC will substantiate the positive contamination with a letter clarifying what happened, when, and the consequence of contamination. ADFC will also state within the letter it will commence deductions from your monthly milk cheque in the next pay period, and the amount owing will be deducted over four (4) equal instalments.

However, any milk supplied by a farmer is deemed by the processor suitable for human consumption, the shareholder will be paid for the milk supplied.

b. Demerit Points

If a shareholder supplies milk that has tested positive for antibiotics or other inhibitory substances at the factory (and has not used an antibiotic test kit that tested negative) they could receive three (3) demerit points as well as being penalised with non-payment for milk and incurring associated costs as per section '4 h a'.

c. Antibiotic Test Kits

If shareholders wish to test a vat sample for possible antibiotics and should an incident arise whereby accidental vat contamination may have occurred prior to the collection, then the shareholders' own test kit may be used as a guide only. ADFC shareholders are responsible for the maintenance and operation of their own test kits. Please see section '4 h a & b' regarding penalties associated with supplying milk which has tested positive at the factory for antibiotics.

5) QUALITY ASSURANCE PROGRAM

It is ADFC's responsibility to ensure that a shareholder's Farm Quality Assurance manuals (Quality One) are compliant with relevant state authority requirements.

It's the shareholder's responsibility that recording sheets and manuals are kept updated. All dairy producers are required to have an approved and audited Food Safety Program. They must comply with state legislation and ADFC requirements with regards to auditing of these systems by, or for, the authorities. Any shareholder that fails an audit (Critical Non-conformance) could be immediately suspended from supply until the cause of the failure is rectified. Shareholders who have a minor or major non-conformance entered on their audit will be given time to rectify the issue. ADFC is available for assistance in implementing an on-farm quality system. For purposes of compliance, ADFC has developed 'Quality One' QA program which ADFC shareholders are required to implement. All forms and manuals are available from ADFC, plus available on the ADFC Supplier Web Portal

a) Stock Feed

a. Suitability of Feed for Animal Use

Vendor declarations must be sought for all feeds received on farm as part of each shareholder's On Farm Quality Assurance Program. The Vendor Declarations should identify the supplier of the feed, give a description of the stock feed and date of supply, and should guarantee that the feedstuffs are suitable for use for dairy cows in line with current dairy industry standards (which includes being free from chemical residues and ruminant animal material).

b. Genetically Modified Feed

ADFC does not permit its shareholders to use genetically engineered or genetically modified (GE/GM) feed. It is a requirement that shareholders avoid GE/GM feed for their cows and seek warranties (vendor declarations) in regard to the GE/GM status of purchased feed.

b) Animal Health

The Australian dairy industry has in place a National Dairy Industry Animal Welfare Strategy (NDIAWS) and the federal government also has an Australian Animal Welfare Strategy to ensure the best possible welfare standards for Australian animals.

ADFC endorses these strategies and expects all its farmers to maintain the highest standards of animal welfare practices on their farms.

The team at ADFC works closely with Dairy Australia and farmers also have access to local state authorities, local vets, and Department of Primary Industry personnel to help achieve high standards on farm. ADFC's rigorous monitoring of milk quality standards and regular auditing of shareholders' farms ensures we have the best possible standards on farm.

The safety of milk for consumers is essential. Cows must be managed in a manner that prevents the introduction of hazards to the milk. If shareholders notice unusual symptoms such as dramatic shifts in production, skin lesions, sudden deaths, downer cows, etc.; they should immediately remove and isolate any suspect cows from the milking herd. It is a shareholder's responsibility to contact their veterinary officer and if necessary, report any incident of concern to ADFC.

Pick up may be suspended during an investigation if recommended by either a veterinary officer or a state authority. Shareholders 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 relevant authorities.

Issues that may affect our ability to pick up milk (but not limited to):

- Pesticide and chemical poisoning
- Botulism, Anthrax
- Foot and mouth disease
- Lumpy skin

Vaccinations for diseases such as botulism, three-day sickness, leptospirosis, etc., are recommended as best practice to minimise the occurrence of such diseases on farms.

If a shareholder does not notify, or delays notifying ADFC of an incident we may cease milk collection immediately and ADFC reserves the right to cease collection on a permanent basis.

c) **Enzootic Bovine Leucosis (EBL) and Bovine Johnes Disease (BJD)** Shareholders must comply with individual state legislation relating to BJD and EBL testing. It is the aim that all shareholders' milk supplied to ADFC shall be EBL free (monitored free). If a breakdown occurs, shareholders shall follow the state EBL testing protocol. For herds over 200 cows, sub sampling will be used in line with state statutory guidelines. ADFC has the right to ask shareholders to supply evidence of what their current EBL status is.

6) MILK COMPONENTS

a) Component Result Variances

If a shareholder notices a significant difference in a daily milk fat and protein result within the month, the result can be reviewed if the shareholder has contacted ADFC before the 2nd day in the next month.

- If a daily fat % is out by more than 0.4% than the average of the previous four results, then the average of the previous four results will be used.
- If a daily protein % is out by more than 0.3% than the average of the previous four results, then the average of the previous four results will be used.

7) MILK TRANSPORT

a) Sampling of Milk

Bulk milk samples (less than 55ml / sample) will be taken from each consignment using aseptic proportional milk sampling devices affixed to milk tanker collection vehicles. Milk samples are refrigerated whilst the milk tanker continues collecting milk from other farms.

The samples are then collated in temperature-controlled environment after the run at the transport depot. Individual collated samples are then couriered to milk testing laboratories for component and milk quality testing.

Milk tankers are annually calibrated to within 0.03% of total volume by a third party. Shareholders who have concerns regarding tanker drivers, sampling methods or volume queries should immediately report this to ADFC.

Collection requirements include:

- Collection on a daily basis except in emergencies
- The tanker must empty the vat (however, this may not occur from time to time for logistical reasons)

b) Farm Access

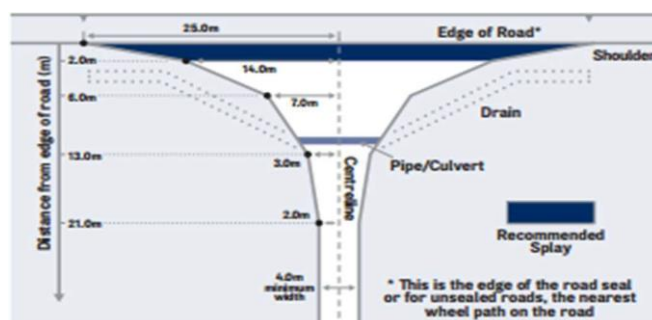
To guarantee the safety of shareholders, drivers and animals and to facilitate the efficient collection of milk, ADFC requires all farms to have acceptable dairy access.

The minimum suitable standard includes:

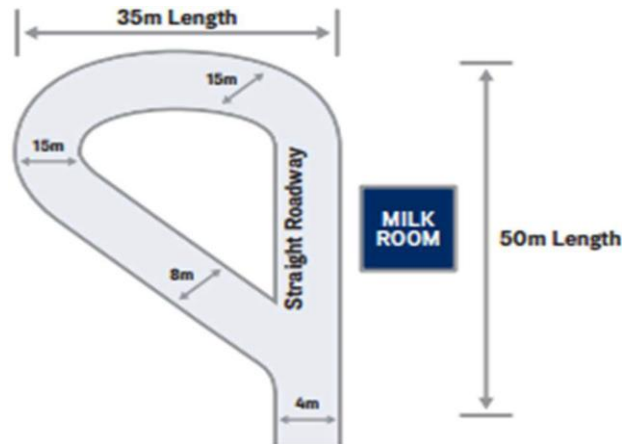
- An all-weather access road to provide safe access for the milk tanker.
- No towing of trucks will be permitted under any circumstance.
- No reversing of tankers into a farm from a public road
- No cows are permitted to walk on tanker access tracks, especially where the milk tanker stops to begin pumping.
- This is essential for OH&S and biosecurity reasons on farms.

All shareholders are encouraged to have an entrance that allows milk tanker access from either left or right direction to their property for safe entry and exits without the need for the milk tanker to verge onto the opposite side of the road.

Figure 1 below depicts the base farm entry requirements for a 25 metre B'Double



All shareholders are also encouraged to have a milk tanker turning circle as depicted in Figure 2 below.



There are times of the year when milk production may exceed a shareholder's storage capacity even on daily collection. Shareholders may also have a refrigeration failure that is not immediately repairable. In these types of situations, the shareholder may request one additional pickup each day. At its discretion, ADFC will attempt to assist the shareholder by providing an additional daily collection. Milk must meet temperature provisions as the additional collection is at the election of the shareholder and not ADFC, unless ADFC has agreed to assist a shareholder with a refrigeration problem.

Milk will not be collected if the temperature of milk is greater than 30°C even if notified with a vat out.

c) Milk Vat Requirements

Shareholders are advised to have a milk vat capacity of at least 1.5 times peak daily production and must be achieved with no more than two milk vats.

d) Milk Collection Times

Milk should not be collected while milking is in progress. If for some reason milk needs to be picked up while milking is still in progress, the milk tanker driver must on all occasions seek approval from the shareholder or the milker at the dairy before beginning to pump the milk into the tanker. Where the shareholder's volume of milk exceeds the capacity and ability of ADFC milk collection arrangements, additional fees will not be charged. Also, where milk is collected more frequently than required by the shareholder for the cartage contractor or ADFC's or Processor's convenience, additional charges will not apply for the additional collections.

8) QUESTIONS

Broader policy issues should be addressed to an ADFC director or to ADFC management. Contacts can be found in Appendix 1 of this policy.

AUSTRALIAN DAIRY FARMERS CORPORATION
Suite 222A, 757 Bourke Street, Docklands, Victoria, 3008

a) ADFC Board Members

| | |
|---|--|
| Peter Mulheron (Chair) (W Vic representative) | M: 0438 351 294 E: peter.mulheron@adfc.com.au |
| Jade Sieben (Vice Chair) (N Vic representative) | M: 0407 377 114 E: jade.sieben@adfc.com.au |
| Ben Croatto (E Vic representative) | M:0431 479 675 E: ben.croatto@adfc.com.au |
| Rod Slattery (Non supplier Board member) | E: rod.slattery@adfc.com.au |

b) ADFC Management

| | | |
|---------------|--|---|
| Andrew Sutton | General Manager | M: 0407 178 096 E: andrew.sutton@adfc.com.au |
| Ron Page | Operations Manager & Joint Company Secretary | M: 0418 658 305 E: ron.page@adfc.com.au |
| Paul Casey | Finance Manager & Joint Company Secretary | T: 03 9909 2208 E: paul.casey@adfc.com.au |
| Wendy Brown | Farm Liaison Officer | T 0456 613 772 E: wendy.brown@adfc.com.au |

c) ADFC Milk Transport Carriers

| Area | Transport Carrier | Contact | Numbers |
|--------------------------|--|----------|---------------------------------|
| Northern Victoria | SDA Inbound Logistic Centre Rochester & Cobram | 24 hours | 1300 364 880 M: 0498 000 354 |
| Western Victoria | SDA Inbound Logistic Centre Allansford | 24 hours | 03 5563 3115 M: 0438 405 883 |
| Eastern Victoria | SDA Inbound Logistic Centre Leongatha | 24 hours | 1300 425 364 M: 0437 830 518 |

Appendix 2 Milk Quality Table, Demerit Points

| Test | From | To | Demerit Points | Test Application |
|---|--|----------|----------------|---|
| Total Plate Count (Units cfu/ml) | 0 | 15000 | 0 | Highest 10-day TPC test per month is excluded. Demerit points (if any) are applied to the 2 remain 10-day tests. There are normally 3 official 10-day tests per month. Please refer to Section 5a for further details. |
| | 15001 | 24000 | 1 | |
| | 24001 | 39000 | 2 | |
| | 39001 | 64000 | 4 | |
| | 64001 | And over | 8 | |
| Repeat (1 month) TPC offenders over 50,000 cfu/ml may not be collected | | | | |
| Somatic Cell Count (Units '000 / ml) | 0 | 250 | 0 | Weighted average per 10-day period is calculated. The highest average for the month is excluded. The points are applied to the remaining 2 ten day weighted average SCC. There are normally 3 weighted averages / month. Milk is not accepted from herds with a recurrent SCC of 400,000 per ml or more based on current ADFC Standards (which are based on EU requirements). |
| | 251 | 300 | 1 | |
| | 301 | 350 | 3 | |
| | 351 | 400 | 6 | |
| | 400 | And over | 10 | |
| Temperature: | <p>The temperature of each vat load of milk is checked by the tanker driver using the calibrated thermometer integrated within the milk tanker's flow meter against established milk temperature standards (Section 4.7).</p> <p>Milk cooling is a critical component in maintaining milk quality standards. To comply with food safety regulation, dairy farm licence and export market requirements, milk must be cooled to 5°C or less within 3.5 hours of the commencement of milking.</p> | | | |

| Test | Result | Demerit Points | Test Application |
|--|---|----------------|--|
| Antibiotic | Clear (<.003 ug / ml) | 0 | Per test (minimum one per month) |
| | Notified first time per year. | 0 | Per occurrence/consignment |
| | Notified after this Un- | 0 | Per occurrence/consignment |
| | notified - collected | 3 | Per consignment. There will be no payment for milk and the member will be invoiced for costs associated with contamination |
| Extraneous Matter Advisory test | Tanker tested first Individual Member tested if tanker > Disc 1 | 0 | Warning if Disc 3 or higher, receive demerit points. |
| Quality Assurance Program | Loss of certification or accreditation | 15 | Immediate suspension from supply until accreditation is restored. |