



LA CASA DEL
FORMAGGIO
THE QUALITY CHEESE MAKER

Milk Supply
Agreement



MILK SUPPLY AGREEMENT¹

Agreement Number: _____

FARMER DETAILS	PROCESSOR DETAILS
Farmer's Name:	Processor: LCDF (La Casa Del Formaggio) Trading Pty Ltd
ACN/ABN (if applicable):	ACN: 649 563 244 ABN: 30 649 563 244
Address:	Address: 33-49 Kurna Avenue Edinburgh South Australia 5111
Email:	Email: accounts@lacasa.com.au
Telephone:	Telephone: 08 8336 2020

1. AGREEMENT

- 1.1 This Agreement sets out the terms and conditions on which the Processor is prepared to buy milk from the Farmer, as required by the *Competition and Consumer (Industry Codes-Dairy) Regulations 2019* hereinafter referred to as "the Code" or "Code".
- 1.2 The Farmer and Processor must always deal with each other in good faith.²
- 1.3 For the term of this Agreement, the Farmer agrees to supply, and the Processor agrees to buy, milk of the type, quantity, quality and specifications set out in this Agreement for the prices stated in, or calculated in accordance with, this Agreement.
- 1.4 This Agreement is comprised of these terms, schedules and annexures as they appear.³
- 1.5 This Agreement (including its Schedule and Annexures) 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.⁴
- 1.6 The parties will keep a record, or a copy of a record, of this Agreement for at least six years following the end of the Term.⁵
- 1.7 A reference to "Processor", "the Processor" or like terms shall mean La Casa Del Formaggio - ACN 649 563 244
- 1.8 A reference to "Farmer" or "Supplier" or like terms shall mean the Farmer as indicated in the details block above and the party which signs this document in the signature blocks at the end of these terms.

¹ Section 12(2) of the Code requires the standard form contract be published on the Processor's website by 2:00pm (EST) on 1 June

² Section 11 of the Code requires parties to deal with each other in good faith.

³ Section 22(b) of the Code the contract must be a single document.

⁴ Section 22(b) of the Code *ibid*

⁵ Section 55(3) of the Code imposes the record keeping expectation.

2. TERM OF AGREEMENT

- 2.1 This Agreement commences on 01/07/2023 and will end on 30/06/2024 (Term), unless terminated earlier by written agreement by the parties or under clause 14.4 (21 day termination for step down), clause 15 (cooling off) or clause 16 (terminations).⁶
- 2.2 If the Term of this Agreement under clause 2.1 is longer than 3 years, the Farmer may exercise the option to extend the Term by 12 months by giving written notice to the Processor.⁷ This option may only be exercised once.
- 2.3 The Farmer must give written notice under clause 2.2 no earlier than 30 days before, and no later than 7 days before, the end of the Term.⁸
- 2.4 If the Term of this Agreement under clause 2.1 is 3 years or less:
- 2.4.1 the Processor shall in writing at least 30 days prior to the end of the Term, notify the Farmer of the Processor's intention to renew, extend or end the Term; and
- 2.4.2 where the Processor informs the Farmer of an intention to extend or renew the Term the Farmer shall within 15 days notify the Processor of their intention to agree to or reject the proposal; and
- 2.4.3 if the Processor or Farmer does not provide written notices to each other regarding renewal or extension of this Agreement, this Agreement will be deemed to continue until terminated by either party with not less than 30 days' notice of the termination, or such shorter period of termination as is agreed by the parties in writing. (To avoid doubt writing in this clause includes email but does not include social media or SMS messages).

3. QUANTITY OF MILK AND EXCLUSIVITY

Mark a single check box and strike out non-applicable paragraphs.

- 3.1 This contract is for the purchase by the Processor for all of the milk the Supplier produces and this contract is an exclusive supply contract.
or
- 3.2 This contract is for the supply of _____ litres of milk per annum from the supplier. The Processor retains the first right of refusal for milk produced in excess of the agreed amount. The excess will be purchased at the same price (or greater) than the agreed price. The agreement is an exclusive supply contract until the Processor declines to purchase the excess milk, whereupon the agreement will no longer be exclusive and the Farmer is at liberty to sell the excess in the open market without penalty or detriment.
or
- 3.3 This contract is for the supply of _____ litres of milk per annum only. The contract is not an exclusive supply agreement and the supplier is at liberty to sell any additional milk produced to any third party without penalty or detriment.

⁶ Section 24 of the Code requires contracts to have specific start and end dates.

⁷ Section 36(2) of the Code creates this requirement by law.

⁸ Section 36(3) of the Code creates this requirement.

4. QUALITY AND SAMPLING STANDARDS

- 4.1 Unless otherwise agreed in writing, the quality of milk provided by a Farmer must comply with quality specifications in the Milk Management Policy at Schedule 1.⁹ If the parties agree in writing on updated quality specifications during the Term, this Agreement is amended accordingly with effect from the date of that agreed variation.
- 4.2 The Processor will undertake the sampling procedures and volume accuracy assurances in the Milk Management Policy at Schedule 1 in relation to milk supplied by the Farmer.¹⁰

5. SUPPLY OF MILK

- 5.1 Milk will be supplied in accordance with the following criteria:
- 5.1.1 The Seasonal Milk Butterfat and Protein Prices are indicated in the Milk Management Policy – Contracted Pricing Structure, at Schedule 1.¹¹
- 5.1.2 During the course of the year the Processor will undertake periodic reviews of market conditions to assess the need for step ups and pay those step ups according to market conditions. In the event a price step up is deemed appropriate the Processor will notify the Farmer in writing and the step up will be applicable to milk supplied from the date of the notification. To avoid uncertainty, step ups will not be predated to any supply of milk prior to the date of notification.
- 5.1.3 The price offered by the Processor is based on the “Reference Litre” as described in the Milk Management Policy incorporated into this contract at Schedule 1.
- 5.1.4 Incentives will be paid by the Processor based on the terms described in the Milk Management Policy incorporated into this contract at Schedule 1.
- 5.2 The Processor is responsible for arranging the collection of the milk.
- 5.3 The Farmer will supply milk, and the Processor will collect milk, insofar as it is possible, at the following times:

Collection address: _____

Days for supply: Mon Tue Wed Thu Fri Sat Sun All/Any

Hours for supply: after 12.01am and before 11.59 pm on the agreed days.

⁹ Section 25(a) of the Code the contract must contain the quality standard.

¹⁰ Section 25(b) of the Code the contract must contain the sampling procedures and volume accuracy assurances.

¹¹ Section 26 of the Code requires a clear statement of minimum price in the milk contract. The prices are expressed on a monthly basis in the Milk Management Policy at Table 1.



- 5.4 When the Processor collects milk at the days and times stated in subclause 5.3, the Processor will provide the Farmer, as soon as practicable after the Processor tests the milk, with written documentation that identifies and accurately describes:¹²
- 5.4.1 sampling tests taken and test results in relation to milk collected;
 - 5.4.2 quality of milk collected;
 - 5.4.3 quantity of milk collected; and
 - 5.4.4 Milk Supply Agreement Number under which milk is collected.
- 5.5 Test samples are to be collected from a point as close as reasonably practicable to the coupling at the time milk is transferred from the Farmer's vat to the Processor's milk truck.
- 5.6 The Processor will test the milk at the Processor's expense.
- 5.7 The Processor's sample will be tested within 3 days of collection of the milk. Any test result exceeding this period may not be relied upon by the Processor to make any assertion regarding quality of the milk received.
- 5.8 The Processor will inform the Farmer of test results as soon as practicable.
- 5.9 The Processor will inform the Farmer in writing of the test results. (To avoid doubt, writing for the purpose of transmission of test results, includes by way of SMS or text message).
- 5.10 To avoid adverse test results the Farmer and Processor will take all necessary steps to ensure equipment, couplings, hoses, or any other equipment associated with the transfer of milk from the vat are clean, well maintained, and serviceable.
- 5.11 The transfer of ownership of the milk occurs when the milk passes through the coupling on the hose of the milk supply truck, or other transport device, attached to the Farmer's farm vat.¹³
- 5.12 Losses arising after transfer of ownership shall be borne by the owner of the milk at that time.
- 5.13 The Processor will abide by all reasonable requests and directions of the Farmer regarding access to the farm and farm vat.
- 5.14 The Farmer will make available safe, all weather access to the farm and vat to enable the Processor to collect the milk.

¹² Section 25 (c) of the Code requires this information to be supplied to the Farmer.

¹³ Section 30 of the Code demands the contract contains a specific description of when ownership transfers.

5.15 The Processor will take all reasonable measures to ensure milk collected from the vat has had not less than 3.5 hours from the time of milking for the milk to be brought to a temperature between 1 and 5 degrees Celsius. Where milk is collected at a higher temperature because of early collection after milking, no action lies against the Farmer by the Processor. Such collection shall be in accordance with the provisions of the Milk Management Policy (Milk Cooling/Temperature) as provided for in Schedule 1.

6. PRICE

6.1 The Processor will pay the Farmer for the milk in accordance with monthly minimum prices as determined by the operation of section 5.1 of this agreement, including incentives paid for milk volume as indicated in section 5.1.¹⁴ Payment will be made on the 15th day following the end of the month of supply. In the event this day falls on a Saturday payment will be made on the Friday (preceding). In the event this day falls on a Sunday payment is made on the Monday, (following).

7. LEVIES

7.1 Where any levy applies to the milk the Processor will collect and pay the levy on behalf of the Farmer. The amount of levy due will be deducted from the payment to the Farmer.

8. LOYALTY PAYMENTS

8.1 The parties agree that any loyalty payment must not be made on a condition that the Farmer will:¹⁵

8.1.1 supply milk after the Term;

8.1.2 agree to vary this Agreement to extend the Term under clause 2.2; or

8.1.3 enter a new milk supply agreement with the Processor.

8.2 The parties agree that if this Agreement is terminated before the end of the Term and termination has not occurred in circumstances involving material breach by the Farmer, that the Farmer will be entitled to a portion of the loyalty payment, calculated on the basis of the proportion of the Term in which the Farmer supplied milk before Termination.¹⁶

9. SERVICES AND FEES

9.1 The Processor will collect the milk at a charge to the Farmer of \$20 per milk collection. Where there is a substantial change in collection costs caused by imposts outside of the Processor's control such as a substantial change in fuel prices or inflation, the Processor may adjust the price of collection which reasonably reflects the change in price or inflationary pressure.

¹⁴ Section 26(c) of the Code dictates the contract must contain a compliant pricing model.

¹⁵ Section 35(2) of the Code determines the rules relating to loyalty payments.

¹⁶ Section 35(3) and (4) of the Code *ibid*.



10. PAYMENT METHOD

10.1 The Processor will pay the Farmer for the purchase of the milk in accordance with this Agreement by EFT Bank details:

BSB: _____ Account Number: _____ Account name: _____

11. REJECTION OF MILK

11.1 The Processor may reject milk that the Farmer supplies in the following circumstances:¹⁷

11.1.1 If the milk does not meet the minimum quality requirements described in clause 4.

11.1.2 If the Processor reasonably suspects or is aware that the milk has been supplied contrary to Law.

11.2 The Processor will notify the Farmer's contact person as soon as practicable following supply, if it intends to reject any milk because of a failure to comply with clause 11.1. As soon as practicable following the relevant supply of milk, the Processor will also advise the Farmer in writing of the rejection by way of a Rejection Notice, reasons for the rejection and consequences for the Farmer of the rejection including consequences identified in clause 11.3.¹⁸

11.3 Where the Processor rejects the milk by issuing a Rejection Notice, the Farmer is responsible for recovery and/or movement and disposal of the milk.¹⁹ Where the Farmer does not respond to the Rejection Notice within 24 hours of its issuance or fails to retake possession of the milk within 5 business days of the issuance of the Rejection Notice, the Processor may dispose of the rejected milk, or deliver the rejected milk to the Farmer, at the Farmer's expense. The Processor will provide reasonable assistance to the Farmer to move and/or dispose of the rejected milk at the Farmer's expense.

11.4 Where a Processor or Farmer become aware of:

11.4.1 any possible actual or potential defect, contamination, fault, or other condition in any milk supplied;

11.4.2 any matter that may impact on compliance with any health standard, public policy or code;

11.4.3 any matter which may affect compliance with any law or regulatory health standard,

the Processor or Farmer must, as soon as possible, advise the other party of the nature of the defect or issue, details of collections impacted, and actions taken or proposed to diminish the defect's impact.

¹⁷ Section 25(a) and (d) of the Code states that the milk contract must contain the processor's quality and quantity requirements and outline steps in the instance of non-compliance

¹⁸ Section 25(e) of the Code requires these steps in the instance of non-compliant milk.

¹⁹ Section 25(d) of the Code requires the contract reflect what the processor may do in the instance of non-compliant milk.

11.5 The Processor and Farmer will co-operate, in good faith, to diminish any risk to the public from the defect including compliance with laws, assisting each other in investigating the source of the defect and taking such remedial action as necessary to ameliorate the defect's impact. Such steps include assisting government authorities and disseminating information to the public where necessary.

12. CONFLICTING TERMS

12.1 The Code requires that transactions between a Processor and Farmer must be conducted pursuant to a Milk Supply Agreement. To the extent of any inconsistency between the terms of this Agreement and the Code, the Code prevails. To the extent of any ambiguity between a term of this Agreement and the Code, the term should be construed in a way that complies with the Code.

12.2 To the extent that there is inconsistency between these terms (clauses 1 to 25) and any terms in a schedule or any annexures, these terms shall prevail.

13. STATEMENT FOR REPORTING PERIOD

13.1 The Processor will issue a statement in writing to the Farmer²⁰ within 16 days of the end of each month.

13.2 The statement will specify *dealings* with the milk each month.

13.3 *Dealings* include the quality and quantity of milk purchased by the Processor, the date(s) 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.

13.4 *Writing* in this clause includes a statement provided by email.

14. VARIATION

14.1 Except as provided for under this clause the Processor and Farmer may only agree to vary this Agreement in writing and signed by both parties, or by a written notice of offer to vary the Agreement and a written notice of acceptance. Any offer, acceptance or signed variation must state the Milk Supply Agreement Number to which it refers and the date the variation is to take effect. (To avoid doubt writing for the purposes of this clause includes email but does not include SMS or a communication on a social media platform).

²⁰ Section 25(d) of the Code *ibid*.

14.2 The Processor can only unilaterally vary, or 'Step-Down' the price as provided for in the Milk Supply Agreement:

14.2.1 on the occurrence of *exceptional circumstances*, by reducing the minimum price for milk stipulated in the Milk Supply Agreement where:²¹

14.2.1.1 the *exceptional circumstances* are temporary and involve an extraordinary event (including an emergency or change in market conditions) that:²²

14.2.1.1.1 occurs outside Australia; and

14.2.1.1.2 has a highly significant effect on supply, demand, or costs in the dairy industry; and

14.2.1.1.3 is not caused by a decision made by the Processor, and

14.2.1.1.4 where the unilateral variation resulting in the Step Down is unavoidable because of the exceptional circumstances²³

14.2.1.2 and furthermore:²⁴

14.2.1.2.1 the Processor has taken or will take all reasonable steps to prevent or limit the impact of the exceptional circumstances; or

14.2.1.2.2 there are no such steps the Processor can take; and

14.2.1.3 if there is a change in Commonwealth, State or Territory or local government law or regulation, then only to the extent necessary to comply with the changed law or regulation but without reducing the minimum price under the Milk Supply Agreement.²⁵

14.3 A Processor wishing to vary this Agreement under clause 14.2 must give the Farmer and the Australian Competition and Consumer Commission 30 days' written notice of the following:²⁶

14.3.1 The Step-Down; and

14.3.2 the date the step-down will take effect (Step-Down Date). The Step-Down Date must not be a date earlier than the time the Processor's variation under clause 14.2 occurs,²⁷

14.3.3 the exceptional circumstances (as defined in 14.2.1.1) giving rise to the variation, and

14.3.4 either the reasonable steps the Processors has taken or will take to prevent the impact of the exceptional circumstances or if the Processor cannot take any steps; and

²¹ Section 28(1) of the Code outlines the circumstances where unilateral step downs are permitted.

²² Section 28(3) of the Code sets the limited terms in which a prospective stepdown is allowed.

²³ Section 28(4)(b) of the Code requires steps to be taken by the processor when exercising a prospective step down.

²⁴ Section 28(4)(a) of the Code *ibid*.

²⁵ Section 33(2) of the Code makes unilateral variation unlawful.

²⁶ Section 28(4)(c) of the Code sets the notice requirements.

²⁷ Section 27 of the Code bans retrospective step-downs under any circumstances.

- 14.3.5 why the minimum price reduction is unavoidable; and
- 14.3.6 the period to which the minimum price reduction applies.
- 14.4 The Farmer has the right to terminate the Milk Supply Agreement within 21 days of receipt of a notice under section 14.3, which termination will have effect from the Step-Down Date.²⁸
- 14.5 The Farmer may rescind any termination under clause 14.4 before the end of the 21-day period referred to in section 14.4.²⁹
- 14.6 Any variation under clause 14 of this contract cannot contain a variation that does not comply with the Code.³⁰
- 14.7 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.
- 14.8 An agreed variation which is not written in the first instance will be written and transmitted by the Processor to the Farmer within 30 days.³¹ Where the supply period of the Agreement is 90 days or longer the Processor must make all reasonable efforts to obtain written acknowledgement that the record is a complete and accurate record of the variation from the Farmer.³²

15. COOLING-OFF

- 15.1 The Farmer may terminate the Agreement in writing within 14-days of the execution date of this Agreement.³³

16. TERMINATION

- 16.1 This Agreement may be terminated by consent of both parties. Where the parties' consent to termination, the Processor must provide a written record to the Farmer within 30 days.
- 16.2 Either party may terminate this Agreement immediately if:
- 16.2.1 the other party to the Agreement has committed a fundamental or material breach of the Agreement and has not remedied it in 30 days after being requested to do so by written notice; or
- 16.2.2 the other party has committed a fundamental or a material breach which cannot be remedied.
- 16.3 The termination of this Agreement 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.³⁴

²⁸ Section 28(5)(a) of the Code allows the Farmer to terminate within 21 days after a prospective step down.

²⁹ Section 28(5)(b) of the Code creates a Farmer cooling off period after termination.

³⁰ Section 33 (4) of the Code bans unilateral variations by either party without agreement of the other party.

³¹ Section 19(2) of the Code requires these steps.

³² Section 19(2)(c) of the Code deals with periods greater than 90 days.

³³ Sections 12(4)(b) and 23 of the Code enables and refers to the cooling off periods.

³⁴ Section 34 of the Code outlines the rules unilateral Farmer termination.

16.4 A Farmer may terminate this Agreement by giving 30 days' notice to the Processor if the Farmer intends to exit the dairy industry.³⁵

17. COMPLAINTS AND DISPUTES

17.1 All disputes are subject to the provisions of the Code relating to disputes.

17.2 Where a dispute arises out of or in connection with performance of this Agreement both parties acting in good faith, will use all reasonable endeavours 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.

17.3 Notification will include:

17.3.1 nature of the complaint

17.3.2 that the aggrieved party wishes to resolve the dispute in accordance with this Agreement

17.3.3 the desired resolution.

17.4 The party receiving the complaint will in writing notify the other party that they have received the complaint within five days and articulate steps intended to resolve the dispute.

17.5 Any complaints arising under this Agreement must, in the case of the Processor, in the first instance be referred to the Processor's Internal Complaints Handling Officer for resolution under the Processor's complaint handling procedure set out in Schedule 2.³⁶

17.6 Where a notification of a dispute is made to the other party to this Agreement both parties will act, in good faith, to resolve the dispute.

17.7 If after attempting to resolve the dispute, and in any instance not before the elapse of 60 days after notification, the parties are not reconciled, both parties agree to subordinate themselves to a mediation process as articulated in the Code.³⁷

17.8 Any disputes arising under or in any way resulting from this Agreement which cannot be resolved in mediation under clause 17.7 shall be referred to arbitration conducted in accordance with the Code.³⁸

17.9 The costs of a mediation and/or arbitration will be borne by each party equally, unless otherwise agreed. If a party seeks legal representation in the mediation/arbitration process, such legal costs will be borne by that party.

17.10 Nothing in this dispute resolution procedure will prevent a party seeking an injunction.

³⁵ Section 34(1) of the Code *ibid*.

³⁶ Section 43(1) of the Code expects that the milk contract has a dispute resolution procedure.

³⁷ Section 43(3) of the Code expects a mediation procedure.

³⁸ Section 46 of the Code creates rules around complaints and dispute resolution.

18. CONTACT DETAILS FOR NOTICES, DISPUTES, VARIATIONS AND REJECTIONS

18.1 The details of the primary contact people for the Processor and Farmer are:

Farmer's contact name:

Telephone:

Mobile:

Email:

18.2 Processor's contact name:

Dean Burgess

Phone: 08 8336 2020

Mobile: 0448 295 477

Email: deanb@lacasa.com.au

18.3 For Processor's Internal Complaints Handling:

Officer name: Claude Cicchiello

Telephone: 08 8336 2020

Mobile: 0418 843 592

Email: claudio@lacasa.com.au

18.4 These individuals may be contacted, by telephone, mobile, text, email, or any other mode of communication contemplated by this clause, in the event of a contract notice, variation, dispute or rejection of milk by the Processor or Farmer.

19. GUARANTEES & WARRANTIES

19.1 The Processor guarantees the testing procedure used to test milk samples.

19.2 The Processor guarantees accuracy of volumetric measuring of milk collected.

19.3 The Processor guarantees cleanliness of all equipment upon taking ownership of the milk and the Farmer guarantees the cleanliness of all equipment before delivery of the milk.

19.4 Both the Processor and Farmer warrant that they are possessed of all necessary authorisations, licences, approvals and permits for the conduct of their respective businesses.

19.5 If a party becomes aware of a wilful breach, false or misleading representation in relation to any warranty under this agreement, they will inform the other party.

19.6 Both parties respectively warrant that at the date of signing the agreement each party has the power to lawfully execute the agreement and all necessary actions have been taken to authorise the execution of the agreement.

20. INDEMNITIES

20.1 To the maximum extent permitted by law the Farmer will not be liable to the Processor should the Farmer fail to provide the required volume of milk during the operational period of this Agreement.

20.2 Excepting those warranties imposed by statute and this Agreement, the parties exclude all express or implied warranties or representations regarding the milk supplied.

20.3 Each party to this agreement is not liable to the other party for any losses of savings or profits incurred by the respective party arising out of the execution of this agreement.

20.4 Each party to this agreement indemnifies the other party from any unlawful or improper conduct of the other party's employees, agents, or representatives.

21. FORCE MAJEURE

21.1 Neither party is liable for a failure to comply with this Agreement or a failure to perform an obligation under this Agreement, except for the payment of money, because that party is unable to perform that function arising out of:

21.1.1 an act of God;

21.1.2 natural disaster (including an epidemic);

21.1.3 an act of terrorism;

21.1.4 the outbreak of war;

21.1.5 a direction of government for which the directed party to this agreement bears no responsibility;

21.1.6 any such other event of such a magnitude as to render reasonable performance impossible.

21.2 Where possible, the party relying on a force majeure must notify the other party as soon as practicable and in writing of the reliance on the force majeure.

22. CONFIDENTIALITY

22.1 The parties must keep confidential and must not disclose or make available directly or indirectly to any third party all Confidential Information unless:

22.1.1 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;

22.1.2 at the time of the disclosure, the information was in the public domain; or

22.1.3 subsequent to the disclosure, the information becomes part of the public domain (other than because of a breach of this clause).

22.2 The parties must not use, disclose, or access Confidential Information for any reason except as is necessary to perform this Agreement.

22.3 At the end of the Term or upon earlier termination or completion of this Agreement, the Processor must deliver to the Farmer or as the Farmer otherwise directs any Confidential Information in the Processor's possession that is capable of being delivered. The Processor must delete, erase, or otherwise destroy any Confidential Information contained in computer memory, magnetic, optical, laser, electronic, or other media in its possession or control which is not capable of delivery to the Farmer or as the Farmer directs.

22.4 For the avoidance of doubt, the parties' obligations in sub-clause 22.1 apply to any information disclosed or obtained in dealing with or resolving the complaint or dispute under this Agreement.³⁹

22.5 For the purpose of this clause **Confidential Information** means the terms of this Agreement and (whether or not in material form and whether disclosed before or after the date of this Agreement) 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 Agreement and which:

22.5.1 is by its nature confidential;

22.5.2 is designated by the party disclosing the information as confidential; or

22.5.3 the party receiving the information knows or ought reasonably to know is confidential;

but does not include any part of the information that:

22.5.4 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;

22.5.5 is in the possession of the party receiving the information at the time of disclosure otherwise than as a result of that party's breach of a legal obligation;

³⁹ Section 54 of the Code requires confidentiality in the dispute resolution process.



22.5.6 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;

22.5.7 is independently developed by the party receiving the information outside the scope of the relationship with the other party; or

22.5.8 is required to be disclosed by court order, subpoena or other law or legal process.

23. GENERAL AND OTHER MATTERS

23.1 Without prior and written permission of the other party, neither party will assign this Agreement.

23.2 The parties remain independent of each other. Nothing in this agreement may be read down as creating any form of legal relationship beyond a contractual obligation. This contract does not create a partnership, trust arrangement, joint venture, agency, employment relationship or other relationship that is not contractual in nature.

23.3 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.

23.4 Subject to compliance with the dispute resolution processes articulated in this contract and the Code, remedies in this Agreement do not exclude remedies available to a party in law or equity.

23.5 Expiry or termination of this Agreement does not limit any rights or obligations a party had prior to the expiry or termination.

23.6 Clauses which are intended to operate beyond the Term may be relied upon by a party beyond the Term.

23.7 Invalidity of a term shall only impact on this Agreement to the extent of the invalidity. Remaining provisions which are capable of execution remain binding on the parties.

23.8 The Processor is liable for any stamp duties arising out of this Agreement.

23.9 The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

23.10 If any clause or part of any clause is in any way unenforceable, invalid, or illegal, it is to be read down so far as possible to be enforceable, valid, and legal. If this is not possible, the clause (or where possible, the offending part) is to be severed from this Agreement without affecting the enforceability, validity, or legality of the remaining clauses (or parts of those clauses) which will continue in full force and effect.

23.11 The expiration or termination of this Agreement does not affect any right that has accrued to a party before the expiration or termination date.

23.12 Any right or obligation of any party that is expressed to operate or have effect on or after the completion, expiration or termination of this Agreement for any reason, will not merge on the occurrence of that event but will remain in full force and effect.

24. LAW AND JURISDICTION

24.1 This Agreement is governed by the law in force in the jurisdiction of South Australia.

25. INTERPRETATION

25.1 A reference to this Agreement or another document means this Agreement or that other document and any document which varies, supplements, replaces, assigns, or novates this Agreement or that other document.

25.2 A reference to legislation or a legislative provision includes any statutory modification or substitution of that legislation or legislative provision and any subordinate legislation issued under that legislation or legislative provision.

25.3 A reference to a clause, annexure or schedule is a reference to a clause, annexure, or a schedule of this Agreement.

25.4 Clause headings are inserted for convenience only and do not form part of this Agreement.

25.5 Where they occur the annexures and schedules form part of this Agreement.

25.6 A reference to a person includes a natural person, corporation, statutory corporation, partnership, the Crown or any other organisation capable of legal personality or legal entity.

25.7 A reference to a natural person includes their personal representatives, successors and permitted assigns.

25.8 A reference to a corporation includes its successors and permitted assigns.

25.9 Related or subsidiary in respect of a corporation has the same meaning given to that term in the Corporations Act.

25.10 A reference to a right or obligation of a party is a reference to a right or obligation of that party under this Agreement.

25.11 An obligation or warranty on the part of 2 or more persons binds them jointly and severally and an obligation or warranty in favour of 2 or more persons benefits them jointly and severally

25.12 A reference to a breach of warranty includes that warranty not being complete, true, or accurate.



This Agreement is deemed to be accepted by signature of both parties or upon the Processor's receipt of a written notice of acceptance of the Agreement by the Farmer.

Signed on behalf of the Farmer	Signed on behalf of the Processor
_____	_____
(ABN _____) by a duly authorised representative:	(ABN 30 649 563 244) by a duly authorised representative:
Signature: _____	Signature: _____
Name: _____	Name: _____
Date: _____	Date: _____
	<i>Office use only</i> Payment Terms accepted: _____ Date: ____/____/____ Farmer details verified by: _____ Entered to systems on: ____/____/____ Entered to systems by: _____



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LA CASA DEL FORMAGGIO (LCDF) – MILK MANAGEMENT POLICY

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FARM SERVICES MANAGEMENT

The Farm Services Manager (FSM) will play a key role in the relationship that exists between La Casa Del Formaggio (LCDF) and our Farming Partners (The Supplier).

Communication of issues and opportunities is fundamental to building strong working relationships and our FSM is charged with the responsibility to play a pivotal and proactive role.

Suppliers are encouraged to contact the FSM on any important issue and are able to do so at any time of the day or night.

The FSM has an in depth understanding and appreciation of the challenges faced by all participants of the Dairy Industry and is there to help and assist in the resolution of issues or difficulties.

Importantly the Supplier is also encouraged to contact the FSM regarding opportunities to increase production or improve quality.

Whilst our FSM should always be the first point of call, the Supplier is also welcome to phone our Procurement Manager to discuss any important issues or opportunities pertaining to the supply of milk to LCDF.

****Please only make contact at night if you feel it warrants doing so and leave less pressing issues to an early morning or daytime discussion.***

CONTRACTED PRICING STRUCTURE

The LCDF contracted pricing structure is based on the purchase of kilograms of butterfat and protein that make up a litre of milk. The Minimum Milk Price model is based on a Farm supplying a flat supply of Milk that contains a minimum of 4.0% m/v of Butterfat and 3.2% m/v of Protein (true). This is referred to as the "**reference litre**".

A cents per litre incentive of \$0.035 is included in the price outlined in table 1 on the next page.

A milk solids incentive of \$0.25 is included in the price outlined in table 1 on the next page.

La Casa Del Formaggio is committed to remaining competitive in the marketplace and will, if necessary, step up the published minimum to ensure our farmers are not disadvantaged against confirmed competitors' prices.

The LCDF Milk Agreement is communicated on the 1st of June of each year via publication on its website.

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Table 1 – July 1st 2023 – June 30th 2024 price offer

Month	Litres	Butterfat Price 2023/24	Protein Price 2023/24	Butterfat %	Protein %	Butterfat KG's	Protein KG's	Milk Solids KG's	Total Milk Payment Ex GST	Price Per KG	Price Per Litre
Jul	100,000	\$ 8.10	\$ 12.14	4.0%	3.2%	4,000	3,200	7,200	\$ 75,924	\$ 10.54	\$ 0.759
Aug	100,000	\$ 6.99	\$ 10.49	4.0%	3.2%	4,000	3,200	7,200	\$ 66,210	\$ 9.20	\$ 0.662
Sep	100,000	\$ 6.57	\$ 9.84	4.0%	3.2%	4,000	3,200	7,200	\$ 62,469	\$ 8.68	\$ 0.625
Oct	100,000	\$ 6.57	\$ 9.84	4.0%	3.2%	4,000	3,200	7,200	\$ 62,449	\$ 8.67	\$ 0.624
Nov	100,000	\$ 6.57	\$ 9.84	4.0%	3.2%	4,000	3,200	7,200	\$ 62,469	\$ 8.68	\$ 0.625
Dec	100,000	\$ 6.57	\$ 9.84	4.0%	3.2%	4,000	3,200	7,200	\$ 62,449	\$ 8.67	\$ 0.624
Jan	100,000	\$ 6.57	\$ 9.84	4.0%	3.2%	4,000	3,200	7,200	\$ 62,449	\$ 8.67	\$ 0.624
Feb	100,000	\$ 7.34	\$ 11.02	4.0%	3.2%	4,000	3,200	7,200	\$ 69,340	\$ 9.63	\$ 0.693
Mar	100,000	\$ 7.68	\$ 11.50	4.0%	3.2%	4,000	3,200	7,200	\$ 72,193	\$ 10.03	\$ 0.722
Apr	100,000	\$ 7.95	\$ 11.92	4.0%	3.2%	4,000	3,200	7,200	\$ 74,622	\$ 10.36	\$ 0.746
May	100,000	\$ 7.95	\$ 11.92	4.0%	3.2%	4,000	3,200	7,200	\$ 74,602	\$ 10.36	\$ 0.746
Jun	100,000	\$ 8.10	\$ 12.14	4.0%	3.2%	4,000	3,200	7,200	\$ 75,944	\$ 10.55	\$ 0.759
	1,200,000					48,000	38,400	86,400	\$ 821,123	\$ 9.50	\$ 0.684

Note: A cents per litre incentive of \$0.035 and a milk solids incentive of \$0.25 is included in the price outlined above (Table 1).

SUPPLIER FARM MILK REPORTING

The Supplier Farm Milk Report is provided to each supplier by LCDF each Monday to Friday.

The report will be sent via email before the end of the business day and will include the following information.

- a) Milk volume reported in litres
- b) Butterfat reported in kilograms (kgs) and as a percentage (%) of total milk
- c) Protein reported in kilograms (kgs) and as a percentage (%) of total milk
- d) Somatic Cell Count (SCC) and Total Plate Count (TPC)
- e) Temperature

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MILK QUALITY

Milk Quality Penalties

The following table outlines the demerit system that applies to all milk supplied to LCDF.

For milk supplied outside of the parameters outlined below, LCDF reserves the right to cease collection, until such time as the appropriate corrective action is implemented and the quality standards are brought back into line with the quality parameters within this policy.

Table 2

QUALITY PARAMETERS - LITRES	PLATE COUNT					
	SOMATIC CELL COUNT	15,000	20,000	25,000	30,000	40,000
150,000	\$ 0.00	\$ 0.00	-\$ (0.01)	-\$ (0.02)	-\$ (0.02)	-\$ (0.03)
200,000	\$ 0.00	\$ 0.00	-\$ (0.01)	-\$ (0.02)	-\$ (0.02)	-\$ (0.03)
250,000	\$ 0.00	\$ 0.00	-\$ (0.01)	-\$ (0.02)	-\$ (0.02)	-\$ (0.03)
300,000	-\$ (0.01)	-\$ (0.01)	-\$ (0.01)	-\$ (0.02)	-\$ (0.03)	-\$ (0.03)
400,000	-\$ (0.02)	-\$ (0.02)	-\$ (0.02)	-\$ (0.02)	-\$ (0.03)	-\$ (0.03)
500,000	-\$ (0.03)	-\$ (0.03)	-\$ (0.03)	-\$ (0.03)	-\$ (0.03)	-\$ (0.03)

For the purpose of applying the Quality Demerit system outlined in the table above, supplier results will be measured based on the average SCC for each ten-day period.



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Milk Quality Standard

The following milk quality testing regime will be undertaken at each dairy farm, in accordance with current sampling practices.

Food Safety Program/Farm Audit and Results

All dairy farms are required to have an approved food safety program to meet the conditions of their dairy license. LCDF will work with suppliers to provide assistance and support to achieve conformance with our Food Safety Program (QMS 080 Attachment 1 – Food Safety and Quality Assurance Manual for Dairy Farms) to achieve or maintain their DAIRYSAFE’s Food Safety Arrangement Accreditation. The FSM will request, each year, a copy of your DAIRYSAFE audit report results. This is necessary, as DAIRYSAFE do ask for evidence of supplier quality performance data, when conducting quality systems audits at LCDF. If non-conformance with the program continues and there are no actions being undertaken to achieve compliance, LCDF reserves the right to cease collection of milk from the Supplier as this amounts to a fundamental and material breach of this agreement.

Notified Failures Policy

LCDF strongly encourages all suppliers to report any potential problems with their milk as soon as the problem is suspected. This prevents nonconforming milk from being included in the tanker, the silo or the manufacturing process, and allows consideration of other uses for the milk, where applicable. It also allows for clearance testing, where applicable.

Where the problem is reported to the FSM ahead of pickup it becomes a ‘Notified Failure’ and the financial non-disadvantage arrangements come into effect.

For the first notified failure in a financial year, the affected milk volume will be paid for on a recent average composition.

Subsequent failures will not be paid for.

Where a problem is not reported ahead of pick up, payment will not be made, except in exceptional circumstances, and then only at LCDF’s discretion.

The notified failure policy:

- Applies to Antibiotics (Inhibitory Substances), Temperature, Sensory and to Other Contamination
- Is NOT applied in isolation. Therefore, each supplier has only one (1) first failure, be it for any of the applicable issues.



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Somatic Cell Count (SCC)

Somatic Cell Count (SCC) is an indicator of cow health in a dairy herd, and therefore, a valuable tool in farm, herd and dairy management. Somatic cells, including white blood cells, are continually released in the udder as the cow’s defence against bacteria and infection. When an infection occurs, the cow moves huge quantities of these cells from the blood stream into the milk, in an attempt to combat the infection. High SCC levels in raw milk can reduce shelf life, manufacturing yields and overall quality of the final product.

All individual milk pickups will be tested for SCC. This is reported in the Supplier Farm Milk Report provided to the supplier by LCDF each Monday to Friday.

In order to comply with quality standards, the SCC of raw milk is required to be less than 250,000 cells/ml, based on a 10-day average. Where a supplier’s rolling average exceeds 250,000 cells/ml or more, LCDF will contact the supplier to discuss corrective measures and a Corrective Action Plan will be compiled and signed off by LCDF and the supplier.

Where a supplier’s 10 day rolling average continually exceeds 250,000 cells/ml or more, or where a supplier fails to implement the agreed Corrective Action Plan, LCDF reserves the right to cease milk collection until the SCC is compliant.

Total Plate Count (TPC)

The TPC is a measure of bacteria present in milk and the hygiene of milking equipment. Bacteria may grow and reproduce rapidly in milk, causing spoilage and quality problems with the final product. Suppliers are randomly tested for TPC for a minimum of once every ten (10) days and this test will be used as the measure for TPC and applied over each ten (10) day period.

Where a supplier receives a high or irregular result in any given ten-day period, the result will be reported, and the supplier advised. A follow up test will be ordered. The follow up test will be taken to validate the initial result. The supplier will be measured on the result of the follow up test only. In the event that the follow up test also returns a high or irregular result the LCDF FSM will meet with the supplier to discuss the most appropriate corrective action.

The FSM may request additional TPC testing for an individual supplier to assist with a milk quality investigation. In the event that a number of tests have been undertaken during a ten-day period, the measure used will be that of the lowest test result achieved.

In order to comply with quality standards, LCDF will monitor individual suppliers’ TPC results.

Where a supplier’s result exceeds 30,000 cfu/ml or more, LCDF will contact the supplier to discuss corrective measures.



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A Corrective Action Plan will be compiled and signed off by LCDF and the supplier. In the event a supplier’s continual rolling average exceeds 30,000 cfu/ml or more, LCDF reserves the right to cease milk collection, until the TPC meets the less than 30,000 target.

Antibiotic Testing (Rapid and Broadpectrum)

Milk containing Antibiotic Residue can have dramatic consequences for the manufacturing of dairy products, particularly fresh cheese and cultured products. These products rely on bacteria during the manufacturing process which can be killed by residues from antibiotics.

The presence of antibiotic residues in the final product can also pose a severe risk to human health. For these reasons LCDF maintains a strict policy of management in regard to antibiotic testing. Two tests are used to monitor the presence of antibiotic residues at LCDF: a rapid 5-6 minutes test, (rapid test), and a broad spectrum antibiotic (BSA) three hour test. LCDF suppliers will be measured based on the result of both tests. Individual suppliers will be tested at least once per month on a random basis using the BSA test. A supplier can be measured and rejected from either the Rapid test or BSA.

All tanker loads of milk will be tested for antibiotic residues using the Rapid and BSA test kits. In the event a tanker fails the antibiotic test, follow up testing of individual farms using the rapid test will be conducted to determine the offending supplier/s. In the event a supplier fails a monthly test or trace back test from a positive tanker, milk collection will be ceased until a clear (negative) vat sample is submitted by the supplier. It is the supplier’s responsibility to submit a follow up sample as soon as possible following a positive result. LCDF will make every effort to assist with sample delivery where practical.

Suspected Antibiotic Contamination

LCDF strongly encourages all suppliers to report any suspected antibiotic residue contamination.

If a supplier suspects an antibiotic contamination has occurred, they must immediately notify the FSM. It is the responsibility of the supplier to deliver a sample of the suspected vat to the local laboratory or testing source. LCDF will make every effort to assist with sample delivery where practical. In the event this occurs the following policy will be applied;

Notified Failure

In the event that a supplier notifies LCDF of suspected antibiotic contamination and the sample tests positive, the supplier will be paid as follows;

First Failure for the Financial Year.

Payment will be based on the volume of milk dumped. The price paid will be determined by using the average Butterfat, Protein and SCC results from the previous five (5) pick-ups.



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Subsequent Failures for the Financial Year.

No payment will be made.

Non-Notified Failure

In the event a supplier fails a monthly test or trace back test from a positive tanker, milk collection will be ceased until a clear (negative) vat-sample is submitted by the supplier. It is the supplier’s responsibility to submit a follow-up sample as soon as possible following a positive result. LCDF will make every effort to assist with sample delivery where practical. For non-notified antibiotic failures, the following policy will be applied;

First Offence for the Financial Year.

No payment will be made for milk.

In order to comply with state licensing requirements, in all instances where a tanker fails an antibiotic residue test, an antibiotic residue detection report will be submitted to the Dairy Authority of South Australia within five working days. This will include a review of the offending supplier’s antibiotic management plan and Farm Quality Assurance program.

Individual Cow Antibiotic Test Samples

The LCDF supplier laboratory is available to test suspect cow samples for antibiotic residue. To utilize this service, suppliers should sample the relevant cow/s, complete the plastic sample bag provided and leave it nearby the vat to be picked up by the tanker driver. Please ensure that you notify the FSM if samples are required for testing. Please ensure that individual cow samples are sent to LCDF from Monday to Friday, to ensure tests are undertaken during normal working business hours.

LCDF maintains this as a cost-free service to suppliers; however, should a supplier send more than ten (10) samples at any given time; a fee for testing may be applied. Individual cow sample results will be emailed directly to the FSM (or to the supplier if the FSM is on leave). These samples will be tested using the BSA test, after regular testing schedules have been completed. This may result in a delay of up to 24 hours.

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Milk Cooling / Temperature

Milk cooling is a critical component in maintaining milk quality standards. In order to comply with DAIRYSAFE – Food Safety Arrangement Accreditation requirements and Australian Government regulations, milk must be cooled to 5°Celsius or less, within 3.5 hours from the commencement of milking. All suppliers’ milk collections shall be monitored and measured for milk temperature on farm. Tanker thermometers will be the official basis of recording milk temperatures.

All temperatures will be measured in degrees Celsius.

Milk will be picked up in the range of 1°C to 5°C, provided it passes sensory testing.

Suppliers that have milk temperatures consistently in the range of 4°C to 5°C may be contacted by LCDF to formulate a plan to improve their milk cooling capabilities.

If milk collection occurs within 3.5 hours of the commencement of milking, then milk may be picked up at temperatures above 5°C with prior arrangement. Please contact the FSM prior to collection.

LCDF strongly encourages all suppliers to report any breakdown in milk cooling capability. If a supplier has a vat or milk cooling system breakdown, they must immediately notify the FSM. The FSM may determine that a sample of milk is required for testing prior to the milk being picked up. In this case, the supplier is responsible for delivering a sample of the affected vat to the local laboratory. LCDF will make every effort to assist with sample delivery where practical.

In some circumstances the FSM may request for the milk to be disposed of. In the event this occurs the FSM will have discretion in determining if any payment is applicable. No payment will be made if the milk is disposed of before LCDF is notified or a test result is received. The supplier must take action within 2 working days to rectify the milk cooling breakdown. LCDF will make attempts where possible to reschedule milk pick up to satisfy temperature regulation provided action is in place to restore milk cooling capability.

The Supplier must provide the FSM with evidence of action taken and keep them informed of any possible delays outside the supplier’s control.



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Notified Failure

In the event that a supplier notifies LCDF of a milk cooling breakdown and the milk is rejected the following policy will be applied;

First Failure for the Financial Year.

Payment will be based on the volume of milk dumped; with the price to be determined using the average Butterfat, Protein and SCC results from the previous five (5) pickups.

Subsequent Failures for the Financial Year.

No payment will be made.

Non-Notified Failure

Milk will not be picked up at a temperature below 1°C or above 5°C without specific permission.

Additionally, Tanker flow meters have been designed to cut out if milk temperature exceeds 10°C. In the event that milk is found to be over 5°C without a prior notification AND without a specific pickup permission, the tanker will not pickup.

The supplier should contact the FSM to determine if the milk can be picked up and to begin corrective action.

Should the milk be rejected in this manner, no payment will be made to the supplier.

Sensory Grading

All milk must be graded by the tanker driver before it is collected for delivery to the factory. The milk grader must be able to decide quickly, by the milk’s appearance, smell and, if necessary, taste, whether it is clean, fresh and free from taints, insects, odours, colostrum or foreign matter.

Sight and smell are the most important factors in grading milk in farm bulk milk tanks. Fresh, clean milk appeals to most people and only needs a slight departure from normal to make it unattractive. Every consignment will be sensory graded prior to loading by the tanker driver.

If the tanker driver notices any visible foreign matter, floating extraneous matter, pink colouration or clotting from blood, signs of colostrum, flies or an unacceptable odour, the milk will be rejected by the tanker driver and not collected.

The FSM will be notified and no milk payment will be made to the supplier. The contents of the rejected vat must be disposed of in an appropriate manner prior to the next milking or scheduled collection.



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If the supplier notices any of the above, the FSM must be contacted immediately and each case will be assessed on an individual basis. If the milk is rejected the Notified Failure policy will apply.

Milk Contamination

Should a supplier suspect their milk has been contaminated with wash water from the dairy cleaning process or any other contaminants they should contact the FSM immediately. The FSM may determine that a sample of milk is required for testing prior to the milk being picked up. In this case, the supplier is responsible for delivering a sample of the suspect vat to the local laboratory. LCDF will make every effort to assist with sample delivery where practical.

In exceptional circumstances where the supplier is unable to deliver a sample, the FSM may request for the milk to be disposed of. In the event this occurs, the FSM will have discretion in determining if any payment is applicable. No payment will be made if the milk is disposed of before LCDF is notified or a test result is received. In the event the supplier notifies LCDF and the milk is rejected the Notified Failure Policy will apply.

Freezing Point

Normal quality milk should freeze at minus 0.517°C or lower. Freezing point is measured in degrees Celsius. The freezing point test detects the presence of excessive water in the milk. Water can be introduced to milk during the milking, cooling, washing or storage process. Milk composition can also influence freezing point through changes in a herd's daily diet, feed rations and nutrient status. Supplier's milk is tested for freezing point at the company's discretion.

Where the cause of freezing point test failure is confirmed by the freezing point determination a warning will be issued to the supplier concerned. Should further testing continue to indicate the presence of added water in the milk, collection from that supplier will cease until a firm guarantee is given in writing that no further adulteration of the milk with added water will occur. In the case where suppliers are unaware of the cause of the freezing point test failure, the FSM will be available for advice.

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Thermotolerant Bacteria and Spore Count

Thermotolerant are heat-resistant bacteria. High counts are often, but not always associated with the build-up of milk or water stone deposits on the milk contact surfaces. Thermotolerant counts are reduced with appropriate cleaning routines and regular renewal of rubber ware.

Spores are also heat-resistant bacteria. They are found in soil, grain and silage dust. Wherever possible it is important to exclude these contaminants from entering the milk supply, by closing vat lids, shutting milk room doors and reducing feed dust. Teat cleanliness may also assist in the reduction of spore levels. Milk will be tested for thermotolerant bacteria and spore count at the company's discretion. La Casa will periodically test milk samples to ensure Thermotolerant limits are less than 2,000. In the event a test result is higher than 2,000 La Casa will notify the supplier and a corrective action plan will be agreed.

Colostrum

Colostrum is the secretion produced by the udder pre-and post-calving. Colostrum is not milk; it contains protective antibodies for the calf. At calving the milk secretory cells in the udder are not ready for normal milk production. Milk of freshly calved cows should not be included in the bulk tank for 96 hours after calving or until no obvious signs of colostrum are present. Stored colostrum must be clearly labelled and be kept away from the milk room, so it does not influence the sensory grading of the vat milk by the driver.

Colostrum should not be stored in any milk vat, used for LCDF milk pick up. If colostrum is stored in the milk room the supplier must notify the FSM to arrange appropriate labelling. Suppliers should note that storage of colostrum in the milk room can interfere with sensory grading and therefore risk rejection of milk intended for factory supply.

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MILK COLLECTION

Milk Collection Procedures

The provision of Milk Collection Services will be managed by LCDF, and in conjunction with LCDF's recognised service provider.

A daily pickup (7 days each week) is planned, however, some flexibility will be required from time to time.

A 25,000-litre milk tanker will be used for the collection of milk. In the event that total planned collection volumes exceed 25,000 litres, the supplier may be required to hold, on farm, an agreed quantity of milk in refrigerated tanks overnight.

Daily pick up is subject to change and will be reviewed on a regular basis.

Skip a day pick-up may be considered, however, would be done so following discussion with the supplier.

The supplier is required to keep LCDF informed of their capacity (in litres) to refrigerate and hold milk overnight.

The supplier has an obligation to use their best endeavours to work with the tanker drivers and build a harmonious working relationship, built on respect and understanding.

LCDF seeks the same commitment from the tanker drivers and the service provider.

Any difficulties or issues relating to milk collection should be reported immediately to the LCDF FSM.

Milk Storage Capability

All suppliers are required to install sufficient capacity to hold at least one full day's volume of peak milk production. LCDF encourages all suppliers to install and maintain cooling capacity to store 1.5 times their average daily peak production. The number of milk vats in the milk room should not exceed three (3). Where multiple vats are in use, the tanker driver will collect individual samples from each vat for TPC testing. The result given will be the weighted average based on the volume for each vat. All other tests will be performed using a combined sample.

Change of Collection Frequency

The supplier is responsible for notifying the FSM should they require a change of collection schedule. This includes at the start and finish of a season, or requirements for daily pick up. LCDF requires a minimum of 24 hours notification on change of pick up requirements. Suppliers are encouraged to notify the FSM should their daily milk production vary significantly from previous collection volumes.

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Minimum Milk Collection Volume

The minimum milk collection volume is 300 litres. The minimum milk collection volume applies to suppliers drying off or restarting milk supply. Should a supplier’s milk collection volume drop below 300 litres, the FSM will notify the supplier that milk collection will cease until the volume returns to greater than 300 litres. Minimum milk collection volumes may also be subject to LCDF’s chosen milk collection service providers own minimum requirements for milk collection.

Milk Collection Service Provision

The provision of Milk Collection Services will be managed by LCDF, and in conjunction with LCDF’s recognised service provider. It is imperative that suppliers invest time and energy in building a strong and supportive working relationship with our service provider’s employees (i.e. the milk tanker drivers) and wherever possible, deliver efficiencies in milk collection processes and minimise collection costs.

Work Health Safety

Suppliers are required to provide clear, safe, all weather and unrestricted access to dairies and milk vats at all times. This includes maintaining the tanker track, dairy and surrounds in a neat and tidy state with sufficient lighting. Suppliers that fail to maintain adequate standards may be subjected to a Quality Assurance audit. Repeated failure to maintain adequate standards may result in LCDF ceasing milk collection.

ANIMAL WELFARE

Animal Welfare

The welfare of all animals on dairy farms is of importance to LCDF.

The welfare of cows is important, as they must be in peak condition to deliver safe, quality dairy products, and to ensure the future sustainability of the dairy industry.

We ask all suppliers to abide by any and all regulatory requirements and guidelines, including The Australian Animal Welfare Standards and Guidelines for Cattle.

<http://www.animalwelfarestandards.net.au/cattle/>

http://www.animalwelfarestandards.net.au/files/2011/01/Cattle-Standards-and-Guidelines-Endorsed-Jan-2016-061017_.pdf

A number of resources for Farmers seeking more information can be found at www.dairyaustralia.com.au or

<https://www.dairyaustralia.com.au/farm/animal-management/animal-welfare/cow-welfare>

Schedule 2: Processor's Complaints Handling Process (clause 17)

The Processor and Farmer are committed to a mutually rewarding relationship that provides clearly defined benefits for both parties.

In the event of a complaint or dispute from either party the following Complaints Handling Process will be followed.

- The complaint will, in the first instance be raised with The Farm or The Processor's main contact identified at clause 18 of this Milk Supply Agreement.
- If a solution that is deemed satisfactory to both parties is not reached the complaint should then be presented formally in writing. (Email will suffice)
- The formal complaint will be escalated to The Processors Complaints Officer identified at clause 18 of this Milk Supply Agreement.
- The Complaints Officer will acknowledge receipt of the complaint within one working day of receiving the complaint.
- The Complaints Officer will address the complaint and seek to find a solution that is deemed satisfactory to both parties within 14 days of acknowledgement.
- In the event a solution that is deemed satisfactory to both parties is not reached, the issue can, at the request of either party be escalated to a third-party mediator.
- The cost associated with mediation will be shared equally by both parties.
- During the investigation, escalation or mediation process, no financial penalty will be instigated by either party.

Schedule 3: Statement of Price Justification - 2023/2024⁴⁰

The La Casa Del Formaggio milk supply agreement offers a minimum price articulated in the Milk Management Policy based upon the particular specifications as required in the Milk Management Policy.

In determining the prices for the milk supply contract for the 2023/2024 and outward years La Casa Del Formaggio has considered:

- The pressures, challenges and opportunities confronting Dairy Farmers in South Australia
- The supply needs and milk consumption demands of La Casa Del Formaggio
- The quality standards required by La Casa Del Formaggio
- National price impacting conditions
- International price drivers
- The market impact of cheeses imported into South Australia from other Australian states
- The market impact of cheeses imported into Australia from other countries
- The costs of doing business in South Australia
- The need to remain competitive in domestic and extra territorial marketplaces
- The costs of regulatory compliance

The South Australian Dairy Industry Action Plan 2019-2024 seeks to create an environment where the SA product may be delivered to the world establishing South Australia as a supplier of premium dairy products. This plan has been adopted as policy by the South Australian Government as captured in the SA Government's 2030 Growth State Agenda.

As an active participant in the dairy industry in South Australia La Casa Del Formaggio has considered the expectations of the marketplace, the demand for premium, SA dairy policy and the policy frameworks of the SA state government.

La Casa Del Formaggio is a growing company which is negotiating its growth carefully in a highly competitive market.

With regard to all of the above considerations La Casa Del Formaggio has determined that the prices expressed in the Milk Management Policy reflect the reality of processing milk in the South Australian and Australian marketplaces.

La Casa Del Formaggio offers a fair milk price for our partners, namely the South Australian Farmers, which will enable La Casa Del Formaggio to remain competitive in its product delivery while making sure that South Australian Farmers can receive fair compensation for their labours, risks and business inputs.

La Casa Del Formaggio asserts that its milk price is a competitive price which represents fair conduct in the milk purchasing market.

⁴⁰ Section 14 of the Code requires the incorporation of a statement of price justification into the contract.



LA CASA DEL

FORMAGGIO

THE QUALITY CHEESE MAKER

LCDF Trading Pty Ltd
ABN 30 649 563 244