



Western Victoria Supplier Handbook 2022 / 2023

About Kyvalley Dairy Group

Kyvalley Dairy Group is one of Australia's largest family owned dairy businesses supplying innovative fresh milk products to the Asia Pacific region through a secure supply chain from feed to final product. The Mulcahy Brothers, the owners of Kyvalley Dairy Group, are the 5th generation of a 160 year old dairy farming family that have been developing their dairy business into a world class, family corporate dairy enterprise.

We have supplied the fast growing a2 Milk Company (a2M) since 2002 and produce all the a2 fresh milk that can be found in homes across Victoria, South Australia, Tasmania and the Northern Territory through our secure supply chain. Our strategic partnership with the a2 Milk Company supports long term security for suppliers and the local community.

To meet the growing market needs Kyvalley Dairy Group is committed to building a pool of conventional milk in Western Victoria to support continued growth through our Geelong Facility.

Family is the foundation that created Kyvalley Dairy Group and continues to be embedded into our business. We are focused on fostering long term relationships with those we interact with and consider you part of our extended family. This is why family is at the heart of our company values.



CUSTOMER FOCUSED

Ensuring a positive experience for our customers and that their satisfaction is at the centre of our decision making process.



INNOVATION

Developing better solutions that meet existing and new market requirements.



TEAMWORK

Knowing that together we all contribute to the business's success.



INTEGRITY

Ensuring we display consistent and uncompromising actions, methods, measures and expectations in our work by being transparent, decent, honest, fair and truthful while upholding high moral and ethical standards.



LEADERSHIP

Leading teams towards common goals and meeting future challenges together.



QUALITY

To enforce high standards for ourselves and our products,

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Supplier Services and Support

SECTION ONE – Supplier Services and Support

Kyvalley Dairy Group is committed to providing support to our supply group as required to maintain the supply of high quality milk and to assist suppliers to maximise their profitability. Whilst we have a range of supplier services internally, our aim is to be nimble and provide support to suppliers as the need arises. This includes working with the private service provider network of consultants and dairy industry experts.

Kyvalley Dairy Group is committed to providing support to suppliers specifically for issues relating to;

- Understanding the Kyvalley Dairy Group milk payment system;
- the impact your milk supply profile has on your forecast milk income;
- assisting suppliers to meet the requirements of the Kyvalley Dairy Group milk quality system and quality assurance audits; and
- working actively with suppliers to manage our high milk quality standards, by providing on farm support, milk testing and plant inspections.



Milk Results

Kyvalley Dairy Group uses the Madcap system to manage all supplier's data relating to milk litres and components, quality results and income statements. Madcap provides suppliers with instant access to this important information via a smart phone app and web portal including:

- latest milk production and quality data;
- historical production data;
- income estimate tools;
- access to farm statements; and
- supplier news.

Information via the phone app can be shared with all key stakeholders across the business including staff members and advisors.

You can access the Madcap supplier portal at <https://kyvalley.contecgroup.co.nz/>



Milk Payments

Suppliers monthly milk payments are paid into supplier nominated bank account(s) on the 15th of the following month.

Where the 15th falls on a weekend or a public holiday, milk payments will be made on the last business day prior to the 15th.



Milk Quality Standards

SECTION TWO – Milk Quality Standards



Milk quality compliance

All milk supplied to Kyvalley Dairy Group must comply with our quality assurance program.

Minimum Standards to be met for milk collection

For milk to be collected by Kyvalley Dairy Group or our designated contractor the milk must meet the minimum standards for collection. Our milk collection contractors are obliged to follow the conditions listed below in the Table below:

QUALITY PARAMETER	MINIMUM STANDARDS FOR MILK COLLECTION
Milk presented for collection must be free of antibiotics (<0.0015 µg/ml)	It is the responsibility of the supplier to ensure all milk supplied is free of antibiotics If the supplier suspects a contamination and notifies Kyvalley Dairy Group before pickup, a sample can be tested and if confirmed positive, the milk will not be collected. If the milk is collected and confirmed positive, the supplier will be held responsible for all costs involved in disposal of their milk and any other milk which may have been contaminated in the pickup tanker Kyvalley Dairy Group will not pay for any milk that cannot be collected due to antibiotic contamination
Milk presented for collection must be free of Inhibitory Substances - Iodine (<40 µg/100g) - QACs (>0.01 mg/kg)	All milk must be free of inhibitory substances such as (but not limited to) Iodine, Quaternary Ammonium Compounds (QACs), Nonylphenol Ethoxylates (NPEs) and iodine.
Milk found to be >5 deg C at pickup time will not normally be picked up	It is the responsibility of the supplier to ensure milk has been cooled to less than 5.0 deg C within 2.5 hours from the completion of milking. Milk temperature will be measured and recorded according to the milk vat temperature gauge which is then checked against the milk tankers inflow temperature gauge. It is the supplier's responsibility to ensure the vat(s) thermometer is working and accurate. Kyvalley Dairy Group will coordinate calibration of vat thermometers annually. If milk is collected inside 2.5 hours from the completion of milking it must meet the requirements of the cooling envelope and be on track to be cooled to <5.0 deg C within 2.5 hours of the completion of milking (see Figure XX below). Milk that has not met these temperature guidelines may be collected but only at the discretion of Kyvalley Dairy Group. In the event of vat cooling failure or power outages that could cause milk not to be cooled to the acceptable standards, please contact Kyvalley Dairy Group immediately to arrange (where possible) for milk to be promptly collected for factory cooling.
Milk presented for collection must pass the tanker drivers Sensory Test	Kyvalley Dairy Group reserves the right not to collect milk which is deemed to fail the sensory test. Some examples:, contains visible extraneous matter, discolouration or unacceptable odour.

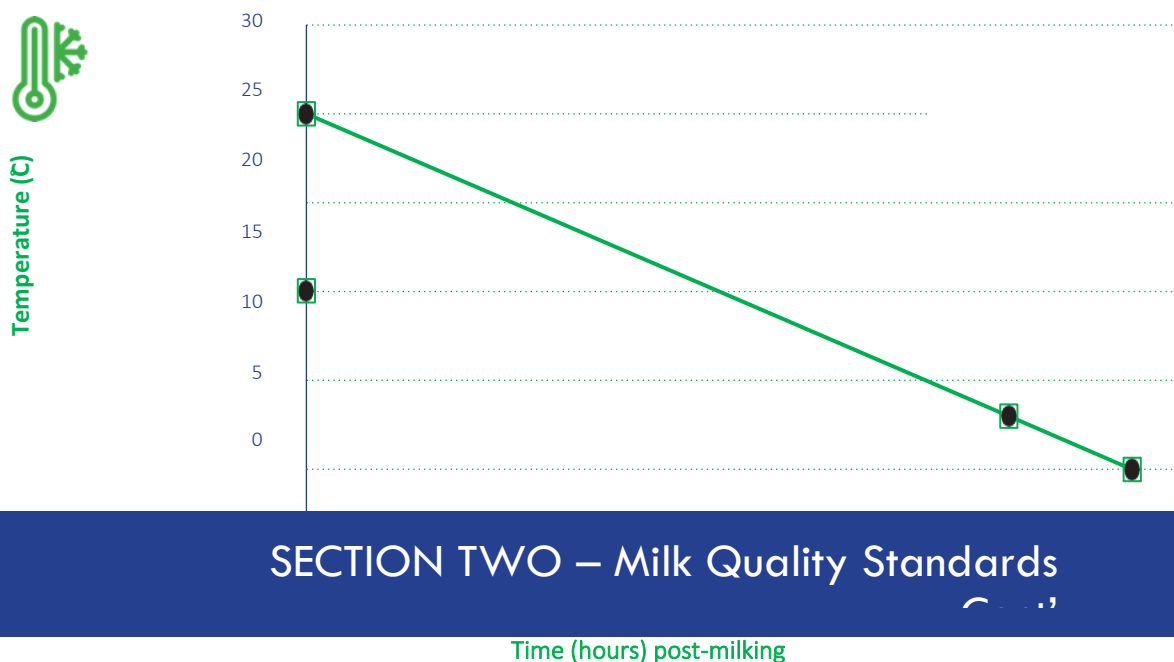
SECTION TWO – Milk Quality Standards Cont'

	Milk must not be tainted or sour. A sensory test is conducted by the tanker driver on each vat load of milk before pumping commences. All tanker drivers are instructed to report any milk that they consider may fail the sensory test to Kyvalley Dairy Group before collection commences. The vat of milk will then be inspected by Kyvalley Dairy Group and on that assessment, any vat which fails the sensory test will be rejected by Kyvalley Dairy Group. Disposal (including any associated costs) of rejected milk is the responsibility of the supplier.
Colostrum	Milk for collection must be free of colostrum. Calf milk or any other milk that is unsuitable for collection must not be stored in the milk vat, milk room/storage area and must be clearly labelled.
Freezing Point	All milk collected must be capable of passing the industry standard Freezing Point test.

Temperature

Milk cooling is a critical component in maintaining milk quality standards. To comply with food safety regulation, dairy farm license and export market requirements, milk must be cooled to 5°C or less within 2.5 hours of the completion of milking.

Graph 1: Milk Cooling Envelope



SECTION TWO – Milk Quality Standards

Colostrum

Colostrum can interfere with some manufacturing processes. Milk from cows and heifers must not enter the vat until at least eight milkings after calving. Kyvalley Dairy Group may test for colostrum on a random basis across the year (particularly during calving periods). If colostrum indicators are detected in a milk sample, Kyvalley Dairy Group may temporarily suspend collection. Milk that is unsuitable for collection must not be stored in the milk vat, milk room or other milk storage area and must be clearly labelled.

Sediment and Freezing point

Kyvalley Dairy Group may test for both sediment and freezing point at times throughout the year to ensure customer requirements are met.

- Freezing point – normal quality milk should freeze at minus 0.517°C or below. The freezing point test detects the presence of excessive water in the milk.
- Sediment – extraneous matter in milk such as cow hair, dirt, manure, dust, vegetable matter and insects. Bacteria accompany sediment into the milk, resulting in contamination.

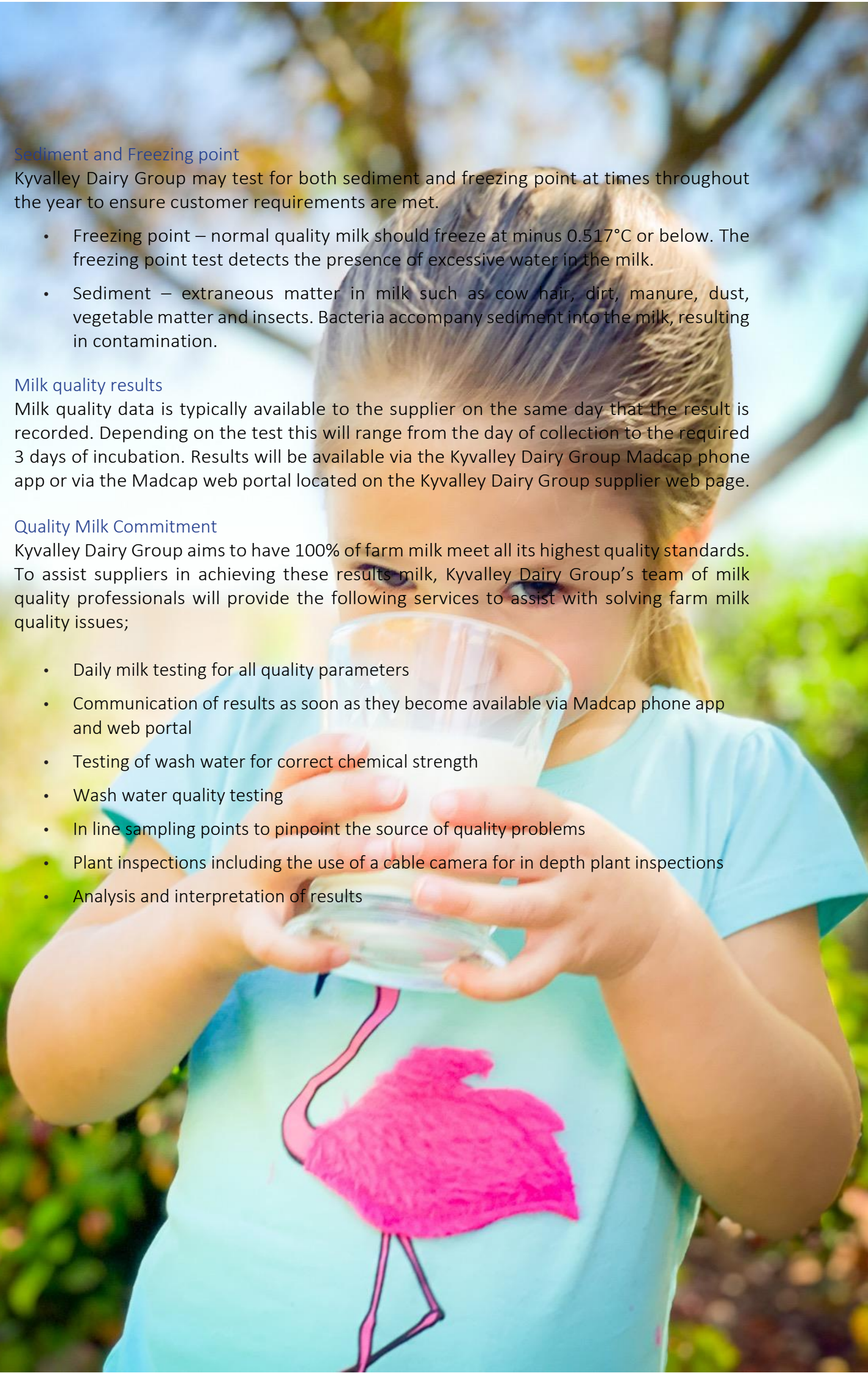
Milk quality results

Milk quality data is typically available to the supplier on the same day that the result is recorded. Depending on the test this will range from the day of collection to the required 3 days of incubation. Results will be available via the Kyvalley Dairy Group Madcap phone app or via the Madcap web portal located on the Kyvalley Dairy Group supplier web page.

Quality Milk Commitment

Kyvalley Dairy Group aims to have 100% of farm milk meet all its highest quality standards. To assist suppliers in achieving these results milk, Kyvalley Dairy Group's team of milk quality professionals will provide the following services to assist with solving farm milk quality issues;

- Daily milk testing for all quality parameters
- Communication of results as soon as they become available via Madcap phone app and web portal
- Testing of wash water for correct chemical strength
- Wash water quality testing
- In line sampling points to pinpoint the source of quality problems
- Plant inspections including the use of a cable camera for in depth plant inspections
- Analysis and interpretation of results



SECTION THREE – Milk Payment System

Kyvalley Dairy Group can provide suppliers with an income estimate and full explanation of the milk payment model at any time.

Milk pricing

Kyvalley Dairy Group, in accordance with the Dairy Industry Mandatory Code of Conduct will provide full details to suppliers of the milk pricing model for the upcoming financial year by 1st June for the upcoming financial year. Our conventional milk pool is subject to the below

- Monthly milk supply and seasonality of supply;

Milk Price Reviews

To assist with supplier's cash flow, Kyvalley Dairy Group aims to provide the full years milk pricing from the beginning of the payment year. Kyvalley Dairy Group monitors market conditions throughout the year to ensure it is meeting its commitment to pay a premium price, and at time the base price maybe subject to step ups or price increases.

Milk Payment Model

The Kyvalley Dairy Group Western Milk Payment Model Table is below.

SECTION THREE – Milk Payment System Cont'

KYVALLEY DAIRY GROUP MINIMUM PRICING TABLE West Vic	West Vic exclusive		West Vic Non- exclusive	
BASE MILK PRICE:	Fat	Protein	Fat	Protein
July	\$8.70	\$8.70	\$8.10	\$8.10
August	\$8.70	\$8.70	\$8.10	\$8.10
September	\$8.70	\$8.70	\$8.10	\$8.10
October	\$8.70	\$8.70	\$8.10	\$8.10
November	\$8.70	\$8.70	\$8.10	\$8.10
December	\$8.70	\$8.70	\$8.10	\$8.10
January	\$8.70	\$8.70	\$8.10	\$8.10
February	\$8.70	\$8.70	\$8.10	\$8.10
March	\$8.70	\$8.70	\$8.10	\$8.10
April	\$8.70	\$8.70	\$8.10	\$8.10
May	\$8.70	\$8.70	\$8.10	\$8.10
June	\$8.70	\$8.70	\$8.10	\$8.10
BONUSES:	Fat	Protein	Fat	Protein
Thermoduric <500	\$0.10	\$0.10	\$0.10	\$0.10
BMCC <250,000	\$0.05	\$0.05	\$0.05	\$0.05
BMCC <150,000	\$0.13	\$0.13	\$0.13	\$0.13
PENALTIES:	Fat	Protein	Fat	Protein
Poor Thermoduric - between 1,500 and 3,000 cfu/ml	\$0.10	\$0.10	\$0.10	\$0.10
Bad Thermoduric – greater than 3,000 cfu/ml	\$0.30	\$0.30	\$0.30	\$0.30
BMCC >400,000	\$0.30	\$0.30	\$0.30	\$0.30
DEDUCTIONS:				
Volume Charge	0		0	
Stop Charge	0		0	
Twice daily Pickup charge	0		0	
Dairy Australia and Dairy Food Safety Victoria Levies	As per industry Standard	As per industry Standard	As per industry Standard	As per industry Standard

SECTION THREE – Milk Payment System Cont'

From milk samples taken from each supplier's vat(s) Kyvalley Dairy Group tests, assesses and grades milk quality in accordance with the minimum milk pricing table above.

Kyvalley Dairy Group tests all quality parameters every pick-up. Milk penalty payments are calculated monthly based on the average pick-up result for milk received.

Where milk is collected from more than one vat or more than one pick-up, the weighted average result will apply for that day.



With a dedicated team of dairy professionals we can assist in providing additional services to manage any milk quality issues. Our lab teams are the leaders in their field ensuring consumers are guaranteed of the highest quality milk



SECTION FOUR – Charges and Levies



Statutory and other Levies

Dairy Australia levy

A mandatory Dairy Services Levy is automatically deducted on the supplier's behalf from milk proceeds and paid to Dairy Australia. To find out more about this levy please visit the Dairy Australia website:

www.dairyaustralia.com.au

State dairy levy

Each state-based regulatory authority has its own levy or licence requirements which will be automatically deducted from milk proceeds on the supplier's behalf. For more information, please refer to your state-based dairy/food authority.

Victoria

www.dairysafe.vic.gov.au

New South Wales

www.foodauthority.nsw.gov.au





Food Safety and Quality Assurance

SECTION FIVE – Food Safety and Quality Assurance



Quality Assurance Program

Kyvalley Dairy Group suppliers are required to comply with the requirements outlined in the True Quality Dairy Farm Quality Assurance manual.

As a producer of fresh milk and cream, Kyvalley Dairy Group is committed to ensuring our products meet the highest standards of quality and food safety standards demanded by our customers, consumers and regulators.

Kyvalley Dairy Group's True Quality Farm Quality Assurance Program is designed to identify and control potential milk quality risks and ensure compliance with the relevant food safety regulations.

The key elements of the Kyvalley Dairy Group Quality Assurance Program are to ensure:

- No risk of physical, chemical or microbiological contaminants
- Clean and safe dairy milking premises
- Hygienic milking plant and vat
- Milk cooling systems that cool milk in the required time
- Sufficient quantity and quality of water supply required to maintain a clean dairy, milk plant and vat
- Cleaning and sanitising
- Traceability and records
- Personnel competency
- Control of residues in milk
- Minimum animal health and welfare industry standards are maintained

Kyvalley Dairy Group suppliers are required to fill in, sign and return;

- Commitment to Quality
- Statement of Compliance

These documents are attached in the Farm Quality Manual; refer Schedule 4.



On-farm audits

As a condition of milk supply to Kyvalley Dairy Group, all dairy farmers must be licensed or accredited with their State Regulatory Authority. To ensure compliance with the system and effective implementation, regular (at least annual) audits of suppliers against the requirements will be conducted.

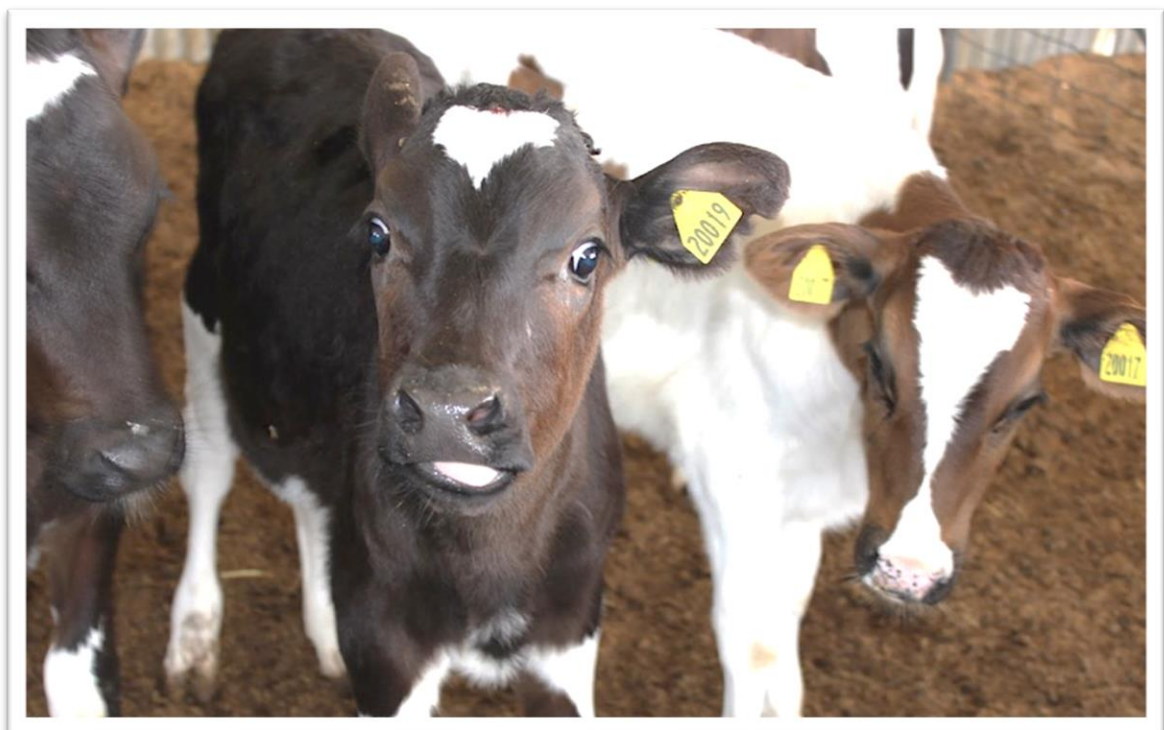
SECTION FIVE – Food Safety and Quality Assurance Cont'



Animal welfare check QA manual

Kyvalley Dairy Group expects suppliers to comply with the Australian Animal Welfare Standards and Guidelines for Cattle, including the implementation of appropriate Animal Care Awareness and Training programs. In particular the Kyvalley Dairy Group Animal Welfare Policy requires compliance with the following;

- the phasing out of calving inductions in line with the Australian Dairy Industry Council policy and guidelines;
- the banning of the practice of tail docking; and
- administering of pain relief for animal husbandry practices that are likely to cause pain such as dehorning or disbudding cattle.





**Milk Collection and On Farm Requirements
&
Forecasted Milk Supply and Milking Info.**

SECTION SIX – Milk Collection and On Farm Requirements



Farm track and dairy access

Kyvalley Dairy Group is committed across the entire business to ensuring full compliance with Worksafe requirements for all staff and contractors. This includes Kyvalley Dairy Group's farm milk collection with requirements designed to facilitate safe and efficient farm access for Kyvalley Dairy Group contractors and staff involved with the collection of milk and provision of farm services.



Requirements for tanker access

To ensure the safe entry and exit for milk tankers, the following minimum standards for milk tanker access are required:

- the sign provided by Kyvalley Dairy Group detailing supplier name and number is displayed in a prominent position that is clearly visible from the road;
- a maintained, splayed entrance that complies with the requirements of local and state authorities. This must allow the tanker to enter the property without having to cross the centre of the roadway when approaching from the left side of the entrance;
- clear access on the track and turnaround from the roadway to the dairy;
- gateways leading to the track are at least 26 metres from the edge of the roadway ensuring a tanker combination is clear of the roadway;
- a track surface suitable for all weather conditions with cattle crossings kept clean;
- a track with no sharp corners requiring multi point turns;
- a track that is free of potholes and debris that allows the tanker to proceed at 10-20 km/h without causing damage to the milk tanker and/or harm to the tanker driver;
- tree and shrubs are maintained so that tanker drivers can maintain a clear view while travelling on the tanker access track and are able to safely exit the property with clear vision; and
- tracks and locations designed to ensure tankers do not have to reverse off or onto a public road.



Access track design

Kyvalley Dairy Group encourages all farms to have a multi-directional entrance to their property allowing safe access to and from the farm and wherever possible comply with state and local authority requirements regarding access to public roads. Figure 2, overleaf, illustrates the base requirements for tanker access.

Figure 2: Base requirement for 25m B-Double tanker access

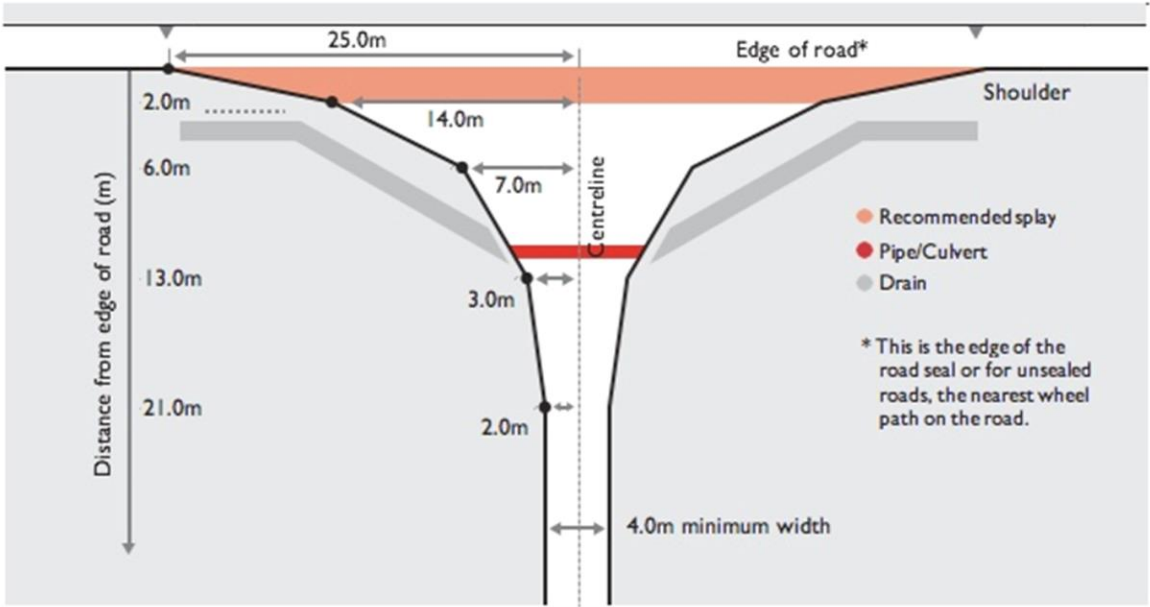
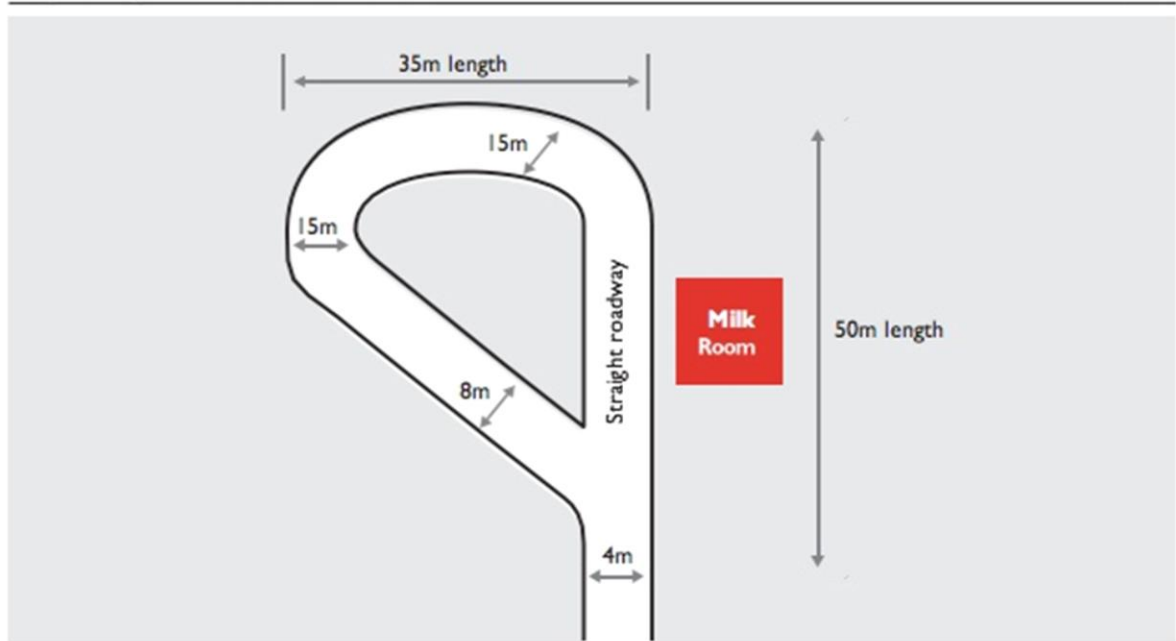


Figure 3: Standard turning circle





Standard turning circle

Kyvalley Dairy Group recommends all farms have a standard turning circle (see Figure 3, previous page) to allow safe and efficient traffic flow on-farm.

- Where farm topography will not allow for a full turning circle, Kyvalley Dairy Group recommends that the extent to which a tanker combination needs to reverse is kept to a minimum. The area to be reversed into must also be kept clear at all times.
- When designing a turn around, Kyvalley Dairy Group recommends as much room, as is practicably possible, is made available for the turn around.
- Any items stored on the centre island should not protrude onto the track. Tractors, bikes and implements should be parked well clear of the designated track at all times to protect assets.
- Wherever possible, interaction between people and vehicles should be restricted by physical barriers or fences and clearly designated with signed walkways.
- Tree canopies and shrubs should be trimmed or removed to allow clear vision of buildings, other traffic or pedestrians that may occupy this space.

Private bridges

Kyvalley Dairy Group requires that all private bridges that are traversed during milk collection must meet minimum compliance standards. Kyvalley Dairy Group reserve the right to request engineering assessments and/or improvements to be undertaken on the construction of the bridge to ensure safe milk collection.

Where a new bridge is to be constructed, the farm owner must engage a qualified engineer to assess the proposed works and provide a compliance certificate of construction, including weight ratings and an ongoing maintenance plan for the construction.

Construction or alterations to tanker access tracks and vat rooms

Prior to any work commencing work which will impact on tanker access and/or milk collection, suppliers are advised to engage with Kyvalley Dairy Group prior to ensure all safety scenarios are considered.

Power lines

In areas where Kyvalley Dairy Group representatives are required to work under, or park tankers near, overhead power lines, all reasonable steps must be taken to ensure a safe work environment around the power lines. In particular, power lines must meet all required regulations, including the following:

- in Victoria, the Electricity Safety (Installations) Regulations 2009
- in New South Wales, the Code of Practice Electricity transmission and distribution asset management

Suppliers must ensure warning signs are fitted to all overhead power lines which cross where the tanker combination will be operating.

SECTION SIX – Milk Collection and On Farm Requirements Cont'



Vat room requirements

Kyvalley Dairy Group requires that suppliers provide a safe environment for the contractors and employees involved with the collection of milk. This includes safe and easy access to vat rooms/milk storage areas. To assist in this process, the following guidelines apply:

- The milk tanker can be parked safely and require no more than six metres of milk collection hose;
- the tanker parking area and access to the vat room must be clear of all obstacles, trip hazards and slippery walking surfaces;
- sufficient area for the tanker operator is provided so that the tanker hose can be safely maneuvered from the vehicle to the vat outlet;
- access from the tanker to the milk storage area that is free of slip, trip or fall hazards;
- an unobstructed doorway to the vat room that meets or exceeds the relevant Australian Standard for doorway design;
- no vat outlet (including where there are multiple vats) shall be more than three metres from the vat room door and all vats will have a suitable three-inch (76mm) BSM fitting;
- no Kyvalley Dairy Group staff or contractors will be exposed to dogs while they are on site;
- the vat room must have;
 - an unobstructed work area within the vat room where tasks can be safely performed;
 - correctly maintained waterproof switches in and around the vat room;
 - light switch(es) placed immediately inside and/or outside the tanker operator entry door;
 - where sensor lights are installed as an alternative to a waterproof light switch, lights that do not impair the tanker operator's vision when reversing;
 - sufficient lighting to allow safe access in and around the vat room;
 - vat controls with clear instructions, including wash procedures and/or farm specific requirements positioned in an open space for ease of access and operation;
 - a vat rinse hose that is clean and suitable for the task; and
 - where a landing or platform is required to be used, fall protection must be installed to meet or exceed the relevant standards.
- The vat room must not;
 - have any milk stored in buckets;
 - have any milked stored not for collection (eg calf milk); and
 - be used to store chemicals other than cleaning chemicals used in clean the milk plant and vat.

SECTION SIX – Milk Collection and On Farm Requirements Cont'

Vat room asbestos control measures

Where dairies have been, or are suspected of being, fabricated from materials containing asbestos the farm owner/manager must:

- notify Kyvalley Dairy Group of such materials within the vat room;
- report to Kyvalley Dairy Group any damaged or broken asbestos so that a risk assessment can be conducted prior to any further milk collection; and
- affix appropriate warning labels to identified or suspected materials which are undamaged and are to remain within the dairy's construction.

See example of an approved label.



Serious Safety Issues Resolution

Where a serious safety hazard has been identified and it has the potential to cause serious injury and cannot be effectively controlled, Kyvalley Dairy Group will work with the supplier in good faith to ensure the necessary precautions and actions are taken.

If a serious safety hazard has been identified and a suitable solution cannot be agreed upon, Kyvalley Dairy Group may choose to cease collection until a suitable control measure has been agreed and implemented. We take safety seriously.

SECTION SEVEN – Forecasted Milk Supply & Milking Information

Suppliers will be required to forecast a monthly milk supply at the beginning and the mid point of each 12-month period (Season). For each 12-month period the supplier is required to provide a forecast of monthly supply volumes for the July to June supply period..

- a. The Forecast Production Form is attached in Section 8, Schedule 1.
- b. To assist Kyvalley Dairy Group in planning milk collection and annual milk supply, suppliers are asked to complete and return a Vat Capacity and Milking Information Form. The form is attached in Section 8, Schedule 2.



Milk Supply Agreement Further Terms and Conditions

SECTION EIGHT – Milk Supply Agreement Further Terms and Conditions

1. Definitions and Interpretations

1.1. Definitions

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

Disputes Handling Procedure means the procedure set out in this Kyvalley Dairy Group Supplier Handbook.

Cooling Off Period is defined in clause 11.1.

Dairy Code means the *Competition and Consumer (Industry Codes – Dairy) Regulations 2019* (Cth), as updated from time to time.

Dispute means a dispute between the parties to this MSA in relation to a matter arising under or in connection with this MSA.

Exceptional Circumstances has the same meaning as in section 28 of the Dairy Code, namely circumstances that:

- (a) are temporary; and
- (b) involve an extraordinary event (including an emergency or change in market conditions) that:
 - (i) occurs outside of Australia; and
 - (ii) has a highly significant effect on supply, demand or costs in the dairy industry; and
 - (iii) is not caused by decisions made by processors.

Exclusive Supply Agreement means an agreement between the Farmer and the Processor that prohibits the Farmer from supplying milk to another Processor.

Good Faith means good faith within the meaning of the unwritten law as in force from time to time, in relation to the supply of Milk and, without limitation, the factors set out as follows may be taken into account:

- (a) Without limitation, Good Faith applies in relation to the following:
 - (i) negotiating and entering into this MSA;
 - (ii) exercising rights, or performing obligations, under this MSA;
 - (iii) dealing with or resolving complaints or disputes arising under or in connection with this MSA; and
 - (iv) varying or terminating this MSA.
- (b) Without limitation, in determining whether Kyvalley Dairy Group or the Supplier (first party) has acted in Good Faith in dealing with the Kyvalley Dairy Group or the Supplier (other party), the following may be taken into account:
 - (i) whether the first party has acted honestly;
 - (ii) whether the first party has tried to cooperate with the other party to achieve the purposes of this Agreement;
 - (iii) whether the first party has not acted arbitrarily, capriciously, unreasonably, recklessly or with ulterior motives;
 - (iv) whether the first party has not acted in a way that constitutes retribution against the other party for past complaints and disputes;
 - (v) whether the first party's relationship with the other party has been conducted without duress;
 - (vi) whether the first party's relationship with the other party has been conducted in recognition of the need for certainty regarding the risks and costs of supplying or purchasing Milk;
 - (vii) whether the first party has undermined, or denied the other party, a benefit of this Agreement;
 - (viii) whether the first party has observed any confidentiality requirements relating to information disclosed or obtained in dealing with or resolving a complaint or dispute with the other party; and
 - (ix) whether, in dealing with the first party, the other party has acted in good faith.

Milk means unprocessed raw milk (within the meaning of the *Dairy Produce Act 1986* (Cth)).

Minimum Price means the lowest price payable, for a period, under this Agreement for Milk supplied during that period, disregarding:

- (a) Loyalty Payments; and
- (b) any possibility of a Unilateral Prospective Stepdown; and
- (c) any fees payable by the Farmer under this Agreement.

Retrospective Stepdown is a variation of this Agreement that reduces a Minimum Price for Milk supplied under this Agreement before the variation occurs.

Specifications means the quality and milk supply specifications as set out this Kyvalley Dairy Group Supplier Handbook.

Term as defined in clause 2.

Tier Pricing means the Minimum Price payable for a specified amount of Milk supplied during a period is greater than the Minimum Price for Milk supplied in excess of the specified amount.

Unilateral Prospective Stepdown means a unilateral variation of this Agreement by the Processor that reduces the Minimum Price for Milk supplied under the Agreement after the variation occurs.

Kyvalley Dairy Group must only implement a Unilateral Prospective Stepdown in Exceptional Circumstances if:

- the Unilateral Prospective Stepdown does not reduce a Minimum Milk Price for Milk supplied after the expected end of the Exceptional Circumstances; and
- the following requirements are satisfied:
either:
 - i. the Processor has taken or will take all reasonable steps to prevent or limit the impact of the Exceptional Circumstances on the Processor; or
 - ii. there are no such steps the Processor can take;
- because of the Exceptional Circumstances, the Unilateral Prospective Stepdown is unavoidable; and
- the Processor gives the Farmer and the Australian Competition and Consumer Commission written notice at least 30 days before the Unilateral Prospective Stepdown occurs of the following:
 - i. the Unilateral Prospective Stepdown;
 - ii. the Exceptional Circumstances;
 - iii. the reasonable steps (if any) the Processor has taken or will take as mentioned in paragraph 0;
 - iv. why the Unilateral Prospective Stepdown is unavoidable;
 - v. the period to which the Unilateral Prospective Stepdown applies.

If the Processor implements a Unilateral Prospective Stepdown, the Processor must as soon as practicable after the variation provide the Farmer with:

- the variation; and
- written notice of:
 - i. the reason for the variation; and
 - ii. the day the variation takes effect.

The Supplier has the right to terminate this Agreement within 21 days after receiving notice of a Unilateral Prospective Stepdown, with effect from the day the Unilateral Prospective Stepdown occurs. The Supplier may rescind a termination under this provision before the end of the 21 day period.

The Minimum Price must not be further reduced as a result of the Supplier rescinding a termination under this provision.

GST Law has the meaning set out in section 195-1 of the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Insolvency Event, in relation to a party, means any of the following events:

- (a) an order is made, or a resolution is passed, that the party be wound up, dissolved or liquidated;
- (b) a liquidator, provisional liquidator, controller or voluntary administrator is appointed in respect of the party or a substantial portion of its assets whether or not under an order;
- (c) the party enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors, or gives notice of its intention to do so (with or without conditions);
- (d) the party suspends payment of its debts or proposes or is subject to a moratorium of its debts;
- (e) the party seeks or obtains protection from its creditors under any statute or other law;
- (f) the party is or states that it is insolvent, or is deemed or presumed to be insolvent under applicable law;
- (g) any attachment, distress, execution or other process is made or levied against any material asset of the party and is not satisfied within seven days;
- (h) the party ceases to carry on all or the substantial part of its business (or threatens to do so); or
- (i) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

Intellectual Property includes all rights to, and any interests in, any patent, design, trade mark, copyright, know-how, trade secret and any other proprietary right or form of intellectual property (whether protectable by registration or not) in respect of any technology, concept, idea, data, programme or other software (including in source and object codes), specification, formula, recipes, ingredients lists, drawing, programme, design, system, process, logo, mark, style or other matter or thing, existing or conceived, used, developed or produced by any person and all other rights as defined in Article 2 of the Convention of July 1967 establishing the World Intellectual Property Organisation, including all applications for any of such rights as may exist anywhere in the world.

Mediation pursuant to the Code

Mediation

Appointment of mediator

- (a) Mediation Adviser means the person appointed as mediation adviser under regulation 44 of the Dairy Code by the Minister for Agriculture, Drought and Emergency Management (Federal).
- (b) The parties must request the Mediation Adviser to appoint a mediator for the dispute.
- (c) The Mediation Adviser:

- (i) must appoint a mediator within 14 days after receiving the request under clause (b) unless the Mediation Adviser is satisfied that the complaint giving rise to the dispute:
 - (a) is frivolous or vexatious; or
 - (b) has previously been the subject of another mediation; and
- (ii) must give the parties to the dispute, in writing, details of the mediator appointed.

Conduct of mediation

- (d) Subject to (c), the mediator must decide:
 - (i) how the mediation is to be conducted (for example, by telephone or in meetings); and
 - (ii) the time and place for the mediation; and
 - (iii) the day the mediation commences for the purposes of this Agreement.
- (e) The mediation must be conducted in Australia.

Notice of commencement of mediation

- (f) Within 14 days after the mediation has commenced, the mediator must notify the Mediation Adviser, in writing, that the mediation has commenced and of the nature of the dispute.

Attendance at mediation

- (g) Each party to the dispute must attend the mediation and attempt to resolve the dispute.
- (h) A party is taken to attend a mediation to attempt to resolve a dispute if the party is represented at the mediation by a person who has authority to enter into an agreement to settle the dispute on behalf of the party.

Notice of successful mediation

- (i) If an agreement is reached in relation to the dispute, the mediator must, within 14 days after the agreement is reached:
 - (i) set out, in writing, the terms of the agreement; and
 - (ii) give a copy of the terms to each party to the dispute; and
 - (iii) notify the Mediation Adviser that an agreement has been reached.
- (j) The party who requested the mediation may, at any time, withdraw the complaint that is the subject of the dispute by notice in writing to the other party to the dispute and the mediator.

Termination of mediation

- (k) The mediator conducting a mediation of a dispute in accordance with this Agreement:
 - (i) may terminate the mediation at any time if the mediator is satisfied that a resolution of the dispute is not likely to occur; and
 - (ii) must terminate the mediation if the party who requested the mediation requests the mediator to do so.
- (l) If a dispute that is the subject of mediation in accordance with this Agreement is not resolved within 30 days after the mediation commenced:
 - (i) the respondent to the mediation may ask the mediator to terminate the mediation; and
 - (ii) the mediator must do so.
- (m) If the mediator terminates a mediation, the mediator must issue a certificate stating:
 - (i) the names of the parties to the mediation; and
 - (ii) the nature of the dispute that was the subject of the mediation; and
 - (iii) that the mediation has been terminated; and
 - (iv) that the dispute has not been resolved.
- (n) The mediator must give a copy of the certificate to:
 - (i) the Mediation Adviser; and
 - (ii) each party to the dispute.

Costs of mediation

- (o) Each party to a dispute that was the subject of a mediation must pay half the costs (if any) of the mediation (being all reasonable costs associated with the conduct of the mediation).
- (p) Each party to a dispute that was the subject of a mediation must pay that party's costs of attending the mediation.

Personnel of a person means a director or other officer, employee, or contractor of, or sub-contractor, consultant, or adviser to, that person or any of its related bodies corporate, when acting in that capacity. The Personnel of a2MCA do not include Kyvalley Dairy Group or any of Kyvalley Dairy Group's Personnel.

1.2. Interpretation

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

- 1.2.1. Any heading, index, table of contents or marginal note is for convenience only and does not affect the interpretation of this document.
- 1.2.2. The singular includes the plural and vice versa and a reference to a gender includes all other genders.
- 1.2.3. A person includes an individual, body corporate, firm, partnership, joint venture, unincorporated body and Government Agency.
- 1.2.4. A reference to:
 - 1.2.4.1. *a person includes that person's successors, permitted substitutes and permitted assigns;*
 - 1.2.4.2. *a clause, schedule, attachment, annexure or exhibit is to a clause of, or a schedule, attachment, annexure or exhibit to, this document;*
 - 1.2.4.3. *this document or another document includes that document as amended, varied, supplemented, novated or replaced from time to time and any schedule, attachment, annexure or exhibit to that document;*
 - 1.2.4.4. *"agreement" includes an undertaking, deed, contract or other legally enforceable arrangement, whether or not in writing, and a reference to "document" includes an agreement (as so defined) in writing or any certificate, notice, instrument or other document of any kind;*
 - 1.2.4.5. *legislation or a provision of legislation includes all regulations, orders or instruments issued under that legislation or provision and any modification, consolidation, amendment, re-enactment, replacement or codification of such legislation or provision;*
 - 1.2.4.6. *"include", "including" and "for example", and similar expressions, when introducing a list of items, does not limit the meaning of the words to which the list relates to those items or to items of a similar kind;*
 - 1.2.4.7. *dollars or \$ is to Australian dollars;*
 - 1.2.4.8. *time is to the time in Melbourne, Victoria; and*
 - 1.2.4.9. *writing includes any mode of representing or reproducing words in tangible and permanently visible form.*
- 1.2.5. Where a word or expression is defined or given meaning, another grammatical form has a corresponding meaning.
- 1.2.6. A provision of this document must not be construed to the disadvantage of a party merely because that party was responsible for the preparation of this document or the inclusion of the provision in this document.
- 1.2.7. Where an act would be required to be done (including the payment of any money), or a time limit or period would expire, on a day that is not a Business Day, the act must be done or the limit or period will expire, on the following Business Day.
- 1.2.8. A period of time expressed to commence:
 - 1.2.8.1. *before or after a given day, or before or after the day of an act or event, is to be calculated exclusive of that day; and*
 - 1.2.8.2. *on a given day, or on the day of an act or event, is to be calculated inclusive of that day.*

1.3. Payments

If a party is required to pay an amount under this document, it must pay the amount by direct deposit of cleared funds to a bank account in the name of the payee, the details of which are notified by the payee at least two Business Days before the due date for payment, without any set-off, deduction, withholding or retention of any amount unless expressly contemplated by this document, required by law or directed by the payee.



Schedules

SECTION NINE – Schedules

Schedule 1:

Forecasted Production Form

Month	Litres	Fat Test % or kg	Protein Test % or kg
July			
August			
September			
October			
November			
December			
January			
February			
March			
April			
May			
June			
TOTAL			

Schedule 2:

1. Vat Capacity and Milking Information Form

Milking times

Once a Day milking

☐ YES

☐ NO

Start

Finish

Morning

Evening

Time milk @ 5 degrees

Morning

Evening

☐ YES

☐ NO

B-double access:

Vat capacity

(litres):

Vat 1:

Vat 2:

Vat 3:

Total:

Time to wash vat
(minutes)

Herd size

(no. of cows)

A2 tested Cows

Calving date/s:

% of herd calving

Calving date/s:

% of herd calving

Calving date/s:

% of herd calving

Nominated pickup
issues:

Dairy Address:

Dairy Licence
Number:

Farm Quality Manual



Name:

Trading Name:

Farm No:

Dairy Licence No:

Farm Quality Manual

INTRODUCTION

Kyvalley Dairy Group has a responsibility to consumers to ensure that our product is of the highest quality.

We seek to obtain whole milk from our suppliers of consistently high quality in order to deliver this.

The objective of the Kyvalley Dairy Group Farm Quality Manual is to create an environment in which:-

- Consumers are confident of the quality of milk produced.
- Public perception of dairy farming in general is enhanced.
- The long term competitiveness of producers and processors is safeguarded.
- Environmental impact and animal welfare are considered as priorities.
- Actual standards on the farm are monitored, documented and improved.

COMMITMENT TO QUALITY

NAME OF FARMER:

ADDRESS:

We ensure the supply of quality Milk to

Kyvalley Dairy Group

Our objective is to produce Milk of consistently high quality.

This objective will be attained by eliminating all controllable risks through proactive and preventative management of our business.

We are committed to the production of a quality product and accordingly undertake to maintain a quality management system that meets Dairy Food Safety Licence requirements and the requirements set out in the Farm Quality Manual, so as to ensure the Milk produced by us is of the highest possible standard and quality.

SIGNED:

By an authorised signatory for the Farm

NAME:

Name of authorised signatory for the Farm

DATE:

STATEMENT OF COMPLIANCE

NAME OF FARMER:

ADDRESS:

We commit to supply quality Milk to

Kyvalley Dairy Group

Our objective is to produce Milk that is free from Prohibited Substances

All deliveries of feed are accompanied by a compliance certificate to meet our quality management system.

SIGNED:

By an authorised signatory for the Farm

NAME:

Name of authorised signatory for the Farm

DATE:

Farm Quality Manual

PHONE LISTING

FACTORY CONTACTS

	<u>NAME</u>	<u>PHONE</u>
Business Hours		03 5853 2666
Kyvalley Dairy Group - CEO	Michelle Sonnenschein	0419 616 552
General Manager Milk Supply	Mike Leijen	0447 785 821
General Manager Operations		
Milk Supply Manager	Gordon Watson	0427 822 313

VETERINARIAN

Private

DPI Stock Inspector

ADVISORY SERVICES

DPI Extension Officer

Milk Quality

Herd Health

Cow Feeding

Milking Shed Waste Management

Detergents/Chemicals

NOTIFICATION PROCEDURE FOR “NON CONFORMING PRODUCT”

The supplier is required to notify the Milk Supply Manager of the problem with their milk on 03 5853 2666 or after hours Gordon Watson (Milk Supply Manager) on 0427 822 313

1. The Transport company (Stoitse Transport) will be informed by the Milk Supply Manager not to pick up the milk until notification from the factory.
2. A 120 ml container of milk is to be delivered to the laboratory by the supplier within one hour of the starting of milking and finding the problem.
3. The Milk Supply Manager or Manager on Call will notify Stoitse Transport if milk is able to be picked up and will notify the farmer of the outcome of the testing results.



7 Slattery Road
Kyabram VIC 3620
Australia

Phone: 03 5853 2666
www.kyvalleydairy.com.au

