

Milk Supply Agreement

Between:

(you)

Saint David Dairy Pty Ltd

(Saint David Dairy)

ABN 84 604 516 529

You have agreed to supply Saint David Dairy with milk in compliance with Saint David Dairy's quality requirements (Milk). The Milk must be supplied in accordance with the terms and conditions of this Agreement for the Term.

Heading	Clause
Period of Supply	This Agreement commences on 1 July 2020 and ends on 30 June 2021 unless otherwise terminated by the parties in accordance with the Agreement.
Cooling Off	You may terminate this Agreement with immediate effect by issuing written notice to Saint David Dairy within 14 after the day on which this agreement was entered into..
Supplying Milk to Saint David Dairy	<p>You grant to Saint David Dairy a first right of refusal to purchase all of the Milk produced by you. You must offer to supply all Milk produced by you firstly to Saint David Dairy.</p> <p>Saint David Dairy must collect and purchase all of the Milk produced by you except that Saint David Dairy is not obliged to purchase or collect any Milk that does not meet the:</p> <ul style="list-style-type: none">(a) Quality Requirements; or(b) operational requirements of Saint David Dairy. <p>Saint David Dairy will advise you each week of its operational requirements in respect of the volume of Milk to be purchased from you.</p>
Excess Milk	<p>Excess Milk means the volume of Milk over and above the operational requirements of Saint David Dairy as advised to you by Saint David Dairy.</p> <p>You may supply Excess Milk to third parties.</p>
Exclusivity	Saint David Dairy is entitled to purchase Milk from anyone and is not restricted in any way to purchasing Milk only from You on an exclusive basis, however Saint David agrees that it will buy all of its milk in the first instance from You, but may require additional milk from other sources at certain times of the year.
Collection of Milk	<p>Milk will be collected by Saint David Dairy at the designated location on your farm.</p> <p>You grant Saint David Dairy (and its representatives and agents), free of charge, a right to access and remain on your farm for the purpose of collecting the Milk and ensuring your compliance with your obligations under this Agreement.</p> <p>You must ensure that:</p> <ul style="list-style-type: none">(a) Saint David Dairy employees and its representatives have safe and unrestricted access to your Farm as is necessary to collect Milk at any time on each collection day;(b) you comply with any reasonable and lawful request from Saint David Dairy regarding access to your Farm; and(c) you immediately notify Saint David Dairy of any circumstances that may affect Saint David Dairy's ability to collect Milk at your Farm.
Timing of Collection	Saint David Dairy may determine how and when collections of Milk are to be made and will use reasonable endeavours to notify you in advance of its intended collection schedules and capacity. Milk may be collected at any time on each collection day, however Saint David Dairy will use its best endeavours (if possible) not to coincide the collection time with standard milking hours. Saint David Dairy will give you reasonable prior notice if it plans to adjust the collection schedule or capacity. You may request a change to the collection schedule by providing reasonable notice to Saint David Dairy, in which case Saint David Dairy will use its best endeavours to adjust the collection schedule and notify you of the changes.

	<p>You must appropriately store all Milk until it can be collected as per Saint David Dairy's collection schedule.</p> <p>All your vats must be compliant with Australian Standard Farm Milking Cooling and Storage Systems (AS1187).</p> <p>Saint David Dairy may combine Milk collected from you with milk collected by Saint David Dairy from other suppliers. Therefore, the time and date of collection of Milk from you may vary.</p>
Title and Risk	<p>Title in the Milk, and therefore all associated risk, passes to St David Dairy when Milk passes into St David Dairy's (or its contractor's) tankers. However, this does not apply where Milk is subsequently discovered to have not met the Quality Requirements.</p>
Volume	<p>Saint David Dairy will ensure that the tanker used to collect the Milk has accredited and calibrated milk meters to determine the volume of Milk supplied. Saint David Dairy will record the volume of Milk collected. These records will be used in determining volumes on which payment will be calculated. Saint David Dairy will make the calibration results available to you upon request.</p>
Pricing	<p>Subject to the Milk complying with the Quality Requirement, the prices for Milk supplied by You under this Agreement will be a minimum of 54 cents per litre of Milk.</p> <p>Saint David Dairy will deduct levies from payments made to you for your Milk.</p>
Invoices	<p>On or around the last business day of each month, Saint David Dairy will provide you with an invoice specifying the volume of Milk supplied by you in that month and the total amount due and payable for that Milk.</p>
Payment Date	<p>Saint David Dairy will pay for the Milk supplied by you in any calendar month on or around the 10th day after the end of that calendar month.</p> <p>Payment will be made by electronic transfer into the bank account nominated by you in writing to Saint David Dairy (noting the funds may not clear until the subsequent business day).</p> <p>Saint David Dairy is authorised to deduct from any amount owing to you, the relevant amounts with respect to levies payable under State or Commonwealth legislation in connection with the supply of Milk.</p>
Quality Requirements	<p>The Quality Requirements for Milk Supplied by you are set out in Schedule 1. You must supply Milk that meets the Quality Requirements.</p> <p>The Quality Requirements can only be changed by mutual agreement between Saint David Dairy and you.</p>
Testing	<p>Saint David Dairy may conduct testing from time to time to ensure the Milk meets the Quality Requirements.</p> <p>Saint David Dairy will provide you with written notice of the results of any tests conducted by Saint David Dairy as soon as reasonably practicable after Saint David Dairy tests the Milk.</p>
Milk that is Unacceptable Quality	<p>Milk that fails to satisfy the Quality Requirements may be deemed to be of Unacceptable Quality.</p> <p>Saint David Dairy can decline to collect and/or pay for (reject) any Milk that is of Unacceptable Quality.</p> <p>After an instance of Milk being of Unacceptable Quality, you must (at your own cost):</p> <ol style="list-style-type: none"> (a) conduct a reasonable investigation as to the source of the quality issue; (b) prepare and provide Saint David Dairy with a plan on how you propose to resolve the issue (which Saint David Dairy must review and may request alternations to), then follow this plan once it has been approved by Saint David Dairy; and (c) do anything else required in order to promptly resolve the issue (including by doing anything reasonably required by Saint David Dairy). <p>Saint David Dairy may also stop purchasing and collecting Milk from you (in its sole and absolute discretion) until you provide Saint David Dairy with satisfactory evidence that the issue has been rectified.</p> <p>If Saint David Dairy rejects Milk pursuant to this Agreement, Saint David Dairy will, as soon as practicable after rejecting the Milk, provide you with written notice of the rejection, including:</p> <ol style="list-style-type: none"> (a) the reasons for the rejection; and (b) the consequences for You of the rejection.

Your liability to Saint David Dairy	<p>If Milk is found to be of Unacceptable Quality or is recalled for any reason caused or contributed to by you, you will incur the following liabilities:</p> <p><i>General liability:</i> the Supplier must refund all amounts that Saint David Dairy has paid you for that Milk.</p> <p><i>Contamination liability:</i> if the Milk has contaminated Saint David Dairy's tanker or raw Milk storage silo or other milk also collected by that tanker or stored in that silo, you must pay Saint David Dairy for the cost of all other milk in the tanker and the silo.</p>
Saint David Dairy's liability	<p>Saint David Dairy is not liable to you for any loss You suffer as a result of Saint David Dairy refusing a collection of Milk or ceasing collection of Milk for a period of time in accordance with the terms of this Agreement.</p>
Termination	<p>You can terminate this Agreement by informing Saint David Dairy (in writing) if Saint David Dairy:</p> <ul style="list-style-type: none"> (a) suffers an Insolvency Event; (b) materially breaches this Agreement and does not remedy the breach within 30 days of receiving written notice from you of the breach; (c) fail to perform their duties under this Agreement with due care and skill, or act negligently or with reckless indifference in performing their duties under this Agreement. <p>Saint David Dairy can terminate this Agreement by informing you (in writing) if you:</p> <ul style="list-style-type: none"> (d) suffer an Insolvency Event; (e) materially breach this Agreement and do not remedy the breach within 30 days of receiving notice written notice from Saint David Dairy of the breach; (f) breach this Agreement and the breach is not capable of remedy; (g) engage in conduct that adversely affects, or could adversely affect, Saint David Dairy's reputation (in its sole and absolute discretion). <p>The written notice of termination by either Saint David Dairy or you must include:</p> <ul style="list-style-type: none"> (h) the reason for the termination; and (i) the day the termination takes effect. <p>Insolvency Event: means the occurrence of any of the following events in relation to any person or entity:</p> <ul style="list-style-type: none"> (a) it becomes insolvent (including insolvent under administration), states it is insolvent or is presumed to be insolvent; (b) it is wound up, dissolved or declared bankrupt; (c) a liquidator, provisional liquidator, controller, administrator, trustee for creditors, trustee in bankruptcy or other similar person is appointed to, or takes possession or control of, any or all of its assets or undertaking; (d) it enters into or becomes subject to any arrangement or composition with any of its creditors or any assignment for the benefit of any of its creditors or any reorganisation, moratorium, deed of company arrangement or other administration involving any of its creditors; (e) an application or order is made (and, in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken which is preparatory to or could result in any of (b), (c) or (d) above; (f) the person is taken to have failed to comply with a certain kinds of statutory demand under law; or (g) the person suspends payment of its debts, ceases or threatens to cease to carry on all or a material part of its business or becomes unable to pay its debts when they fall due.
Amendments to this Agreement	<p>This Agreement can only be amended or varied in writing signed by all parties except if there is a change in a Commonwealth, State or Territory law, in which case Saint David Dairy may vary this Agreement:</p> <ul style="list-style-type: none"> (a) to the extent necessary to comply with the changed law; but (b) without reducing a minimum price under this Agreement.
Complaint Handling and	<p>The Complaint handling and dispute resolution procedure set out in Schedule 2 will apply to this Agreement.</p>

Dispute Resolution	
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Execution	
Signed for and on behalf of:	
	Name: Date:
Signed for an on behalf of: Saint David Dairy Pty Ltd	
	Name: Date:

SCHEDULE 1 - QUALITY REQUIREMENTS

The Quality Requirements for all Milk supplied to Saint David Dairy are:

	QUALITY REQUIREMENT
SCC (cfu/ml)	< 250 000
Total Bacteria Count (cfu/ml)	< 50 000
Temperature	Milk must be cooled to below 5°C within 3.5 hours from start of milking Thereafter, < 5°C at all times
Stretching of Milk	No issues present
Organoleptic (including discoloration, odour, visible foreign particles (and others), sediment and other extraneous matter)	No issues present
Inhibitory substances / residues (e.g. antibiotics,)	None present

SCHEDULE 2 – COMPLAINT HANDLING AND DISPUTE RESOLUTION

If you have a complaint, or there is a dispute or difference between the parties' interpretation or application of this Agreement (or part of it) (**Dispute**), the following steps must be taken (in this order) before a party can start arbitration or court proceedings:

1. The party initiating the dispute process must write to the other party, including details of the Dispute and its proposed resolution.
2. Within 5 working days of receipt of a notice of Dispute, St David Dairy will:
 - (A) give a written acknowledgement of the notice;
 - (B) nominate a dispute resolution officer to be the key contact person with respect to the Dispute, and will provide you with the relevant contact details of the dispute resolution officer; and
 - (C) provide details of the steps to be taken to deal with the complaint or Dispute.
3. After a party is informed under step 1, there is a 14 day period in which both parties must use all reasonable endeavours to resolve the Dispute. Within the first 7 days of this period, the senior representatives of both parties exercising good faith, must meet with this aim.
4. If the Dispute is not resolved within 60 days, either party must refer the matter to mediation in Victoria. The procedure set out in clause 48 of the Dairy Industry Code will apply.