

Brownes Contracted Farm Seasonal Price Letter a2 Exclusive Milk Supply Agreements (EMSA)

Effective Date: 1 July 2020

A. Seasonal Pricing for FY21

The milk prices (by month of delivery) for Grade 2 milk are shown in the table below. GST is not included and will be added to these payments and charges will be deducted, if applicable, as set out in this letter.

Milk Price per Litre of Milk (Effective 1 July 2020)

Month	Cents Per Litre
Jul	50.00
Aug	50.00
Sep	42.00
Oct	42.00
Nov	42.00
Dec	54.00
Jan	64.00
Feb	64.00
Mar	64.00
Apr	53.00
May	53.00
Jun	53.00

B. Fat Adjustments

Fat Premiums/Deductions will be paid at 0.075CPL for every 0.01% over and above the 3.8% mass/mass Fat requirement or -0.075CPL deducted for every 0.01% below the 3.8% mass/mass Fat requirement (based on the average Fat percentage for the month).

Example 1: If the average fat for the month is 4.1% a premium will be paid of 2.25 CPL for the month.

Calculated by:

$4.1\% - 3.8\% = 0.3\%$ variance. $(0.3\% \text{ Variance} / 0.01\% = 30 \text{ times})$

$30 \times 0.075\text{CPL} = 2.25\text{CPL}$

Example 2: If the average fat for the month is only 3.64% then a deduction of 1.2CPL applies.

Calculated by:

$3.64\% - 3.80\% = 0.16\%$ variance. $(0.16\% / 0.01\% = 16 \text{ times})$

$16 \times 0.075\text{CPL} = 1.2\text{CPL}$

C. Protein Adjustments

Protein Premiums will be paid at 0.05CPL for every 0.01% over and above 3.2% mass/mass (based on the average Protein percentage for the month).

Example: If the average protein for the month is 3.4% a premium will be paid of 1 CPL for the month.

Calculated by:

$3.4\% - 3.2\% = 0.2\%$ variance. $(0.2\% \text{ Variance} / 0.01\% = 20 \text{ times})$

20x 0.05CPL = 1CPL

Protein deductions, there will be a one cent per litre deduction applied to any Protein percentage that is below 3.1% (based on the average for the month).

D. Quality Adjustment

The following quality premiums or deductions apply:

	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5
Total Plate Count (Average of tests per month)	10,000 or less	10,000 or less	>10,000 and not more than 20,000	>20,000 and not more than 50,000	>50,000
Somatic Cell Count (Average of tests per month)	150,000/mL or less	>150,000/mL and no more than 250,000/mL	>250,000/mL and no more than 400,000/mL	>250,000/mL and no more than 400,000/mL	>400,000/mL
Quality Premium/Penalty (CPL)	1.00	0.00	-2.00	-10.00 Brownes also has a right to refuse to pay for Grade 4 Milk on the terms set out in the EMSA.	100% of Milk Payment. No payment by Brownes on the terms set out in the EMSA.

E. Milk Collection Fee

The volume charge is -3.0 CPL which is for the collection raw milk from farm to factory.

F. Statutory Levies

A levy is payable on dairy produce to provide funding for marketing, research and development carried out through Dairy Australia. A further component is used to fund the Animal Health Australia Program. The statutory levy is not subject to GST at the date of this letter.

Full details of the dairy levies can be found at <https://www.agriculture.gov.au/ag-farm-food/levies/rates#animal-products>

The following amounts are required to be deducted at the date of this letter, but are subject to change by the relevant authorities.

	Cents per kg Fat	Cents per Kg Protein
Total levies	2.9263	7.1299

G. Quality Defects and Inhibitory Substance Contaminated Milk

Inhibitory Substances and other Quality Defects	Brownes Not Notified	Brownes Notified
	Where contaminated milk (being milk which contains traces of antibiotics or blood), is collected the contaminated milk will not be paid for by Brownes. Where the contaminated milk also contaminates other milk in the tanker into which the milk has been collected, the Supplier will also be charged, for any other milk in that tanker at a price which is calculated as the Seasonal Price plus 2 cents per litre, plus any costs incurred by Brownes in disposing of the milk and any other associated costs. The Supplier must pay this charge to Brownes upon notice from Brownes.	If Brownes is notified of contaminated milk (being milk which contains traces of antibiotics or blood) prior to collection: (a) Brownes will not collect the contaminated milk; (b) Other than as set out below, Brownes will not pay for the contaminated milk; (c) Brownes will pay for one consignment only of contaminated milk in each 12 month rolling period, at the price that would otherwise have been payable for that milk by Brownes including all adjustments as set out in the Seasonal Pricing Letter.

H. Herd Testing Rebate

Brownes shall pay the Supplier a rebate being the lower of 30% of the actual cost of herd testing per cow tested, or \$3.50 per cow tested (Herd Testing Rebate), subject to Brownes being satisfied that the herd testing costs have actually been incurred.