



The  
**Co-operative**  
**Difference**



# Milk Quality Framework

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Fonterra is introducing a new Milk Quality Framework to ensure that the Co-operative retains its reputation for producing some of the highest quality dairy products in the world. The Milk Quality Framework will manage milk quality that doesn't meet the Co-operative's standards, and will also identify very high-quality milk, or 'milk quality excellence.'

1st June 2021





## Your farm's milk will be assigned a quality rating for the day based on the lowest returning test results:

- Excellence
- Quality
- Downgrade (minor, major, critical or reject)

Meets Terms of Supply		Deductions will apply
<b>Excellence</b>	OR	<b>Quality</b>
OR		<b>Downgrade</b>
<p><b>Our best milk.</b></p> <p>Every parameter tested is in the top category for quality.</p> <p>This rating will be used in the implementation of The Co-operative Difference Payment.</p>	<p><b>Good milk.</b></p> <p>High quality milk, but one or more tests fell short of Excellence.</p> <p>This milk meets the Co-operative's milk quality standards as set out in the Fonterra Farmer's Terms of Supply.</p>	<p>Downgrades will replace the existing demerit and grading scheme</p> <p><b>This milk failed to meet one or more of the Co-op's milk quality standards.</b></p> <p>Deductions will be applied to this milk on a daily basis as with the existing Demerit Scheme, however the approach for allocating them will be simplified.</p>

Minor	Major	Critical	Reject
5% deduction for every Minor incurred*	20% deduction for every Major incurred and all deductions incurred will be doubled in the first 10 days of supply in the months of June, July, August and September	50% deduction for every Critical incurred	100% deduction if the Co-op collects milk subsequently identified as Reject

Deductions are applied daily and for **Minor, Major** and **Critical** accumulate up to a maximum of 50%.

\*No deduction will be made for the first two minors incurred in any month.

### What is remaining the same?

- The way that you receive your milk quality results
- The support that you've come to expect from the Farm Source team
- The ability to raise concerns and queries relating to your results
- The rules currently in place for milk quality ratings will still be applied if a farm is on skip-a- day or more than one collection per day
- The Performance Management process
- Financial deductions for Milk Quality.

### Other Important Changes

- DE/DDT residues will now be managed under the Milk Quality Framework
- **Terminology Changes**
  - ⊗ Demerits      ✓ Downgrade
  - ⊗ Grade          ✓ Downgrade
  - ⊗ Demerit Relief    ✓ Milk Quality Support

If you have any questions or concerns, you can contact the Farm Source Service Centre on:

**0800 65 65 68**