MEMORANDUM OF UNDERSTANDING
CONCERNING THE IMPLEMENTATION OF
SAMPLING MILK AT THE PLANT
USING APPROVED PLANT SAMPLERS
ON

APRIL 1, 2001

January 15, 2001
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MEMORANDUM OF UNDERSTANDING

1. Purpose

The Memorandum of Understanding is intended to outline the agreed-upon manner of implementation of sampling milk at the plant for payment purposes. The industry parties recognize that not all eventualities can be anticipated.

2. Objectives of Sampling Milk at the Plant for Payment Purposes

The primary objective of sampling milk at the plant for payment purposes is to provide processors with the opportunity to pay on the basis of a sample taken by a plant sampler, which complies with the requirements of this document.

3. Procedures

The "Procedures for Sampling Milk at the Plant" form part of this document and are outlined in the Appendix.

Processors purchasing milk on the basis of a sample taken at the plant must sign an Agreement with Dairy Farmers of Ontario committing to follow the prescribed Procedures as outlined in the Appendix.

The entry points for a plant to participate in the Sampling at the Plant Program will be February 1st and August 1st of any given year. This will not be effective for the initial implementation of the program during which an agreed-upon timetable will be followed to allow all plants the opportunity to commence the trial period. A plant must make application to Dairy Farmers of Ontario at least six months prior to the desired entry date in order to allow sufficient time for a period of introduction and to ensure all necessary approvals are in place.

The following sections are detailed in the Procedures and should be referred to for specific reference:

Application by a Processor for Authorization to Purchase Milk Using a Plant Sampler     Section I

- details how a processor is to make application to sample milk at the plant for payment purposes
- requires a period of introduction once application is made before officially on the program
- requires personnel involved in sampling procedures to participate in a workshop before officially on the program

Requirements for Authorization  
Section II

- details the system(s) required by a processor in order to sample milk at the plant for payment purposes

Sample/Sampling Requirements  
Section III

Operational Procedures  
Section IV

- details the responsibilities of each of the parties involved in the program which include:
  - Plant Milk and Cream Grader (Receiver)
  - Bulk Tank Milk Grader/Driver
  - Processor
  - DFO

Sampler Inspections and Verifications  
Section V

University of Guelph Laboratory Services Division  
Section VI

Considerations

Records  
Section VII

- details the records that must be kept by the plant if metering milk for payment purposes

4. Billing Procedures

Plants which have been authorized to utilize approved receiving systems and those who have an approved sampling system will be billed for their milk receipts based on the meter reading and the load sample results as long as the applicable criteria have
been met (see the 'Procedures').

Information pertaining to the metered volume for each load is to be recorded on DFO's milk collection report. In the absence of a metered volume, the milk collection report volume will be substituted for the metered volume for the purposes of calculating the monthly-metered volumes (as per the Procedures).

A plant must be on the meter program in order to participate in the sampling program. If a plant sample test is not available, the procedure is to substitute the producer test.

The plant invoice issued by DFO will contain a new column "litres billed". It will be located beside the column "producer litres" which is the column listing producer MCR load litres. Previously, this was called "load litres". The test used for billing purposes will be shown on each plant invoice (recap of milk collections).

Where substitution of the producer MCR volume for Meter reading and/or producer test for plant sample test occurs, DFO will indicate with one or two asterisks on the recap of milk collections:

** indicates producer test used
* indicates producer MCR volume and producer test used

Plant utilization will be declared on the meter basis and on the plant sample basis, if applicable.

5. Export Milk Contracts

Ontario’s export contract administrator is responsible for plant billing and producer payment for all milk produced under an export milk contract and purchased by a processor through the Export Contract Exchange.

6. Test Substitution Policy

Dairy Farmers of Ontario, as described in the “Procedures for Sampling Milk at the Plant” attached to this document, may utilize a substitution procedure.
7. **Ongoing Monitoring**

Once sampling is underway, the Task Force on Metering and Sampling will have completed its mandate and an industry Steering Committee, comprised of processors, producers and transporters, will be established to monitor and review the system on an ongoing basis to ensure that procedures are still valid in light of the situation existing at the time and the development of any new technologies. Meetings of the Steering Committee may be initiated at the request of any party on the Committee, as needed.

8. **Agreement on Cost of Testing**

The ODC and DFO will make arrangements for an agreement to pay for the cost of compositional testing of the tankerload samples covered by this MOU and the accompanying Sampling Procedures. In addition to the agreement outlined above, the ODC and DFO agree to continue to share the costs associated with the compositional testing of producer samples.

9. **Guarantee of Rights**

The signing of this Memorandum in no way precludes any party's right to question the details of the system or to identify further changes to the system as needs and circumstances change.

10. **Implementation Date**

The implementation of the program permitting processors to purchase milk on the basis of a plant sample taken at the plant by an approved sampler will commence April 1, 2001.

11. **Signatories**

The Ontario Dairy Council

Dairy Farmers of Ontario

The Ontario Milk Transport Association