

GROWING WITH



GILMAC



INTRODUCTION

Thank you for considering growing hay for Gilmac. We consider ourselves as a partner in facilitating the supply of quality feed products between Australian farmers and their counterparts overseas.

Gilmac aims to reliably supply product to overseas customers that;

- is supplied in accordance with our grading standard
 - is free of contamination and hazards
 - is traceable throughout the supply chain
- complies with export and import laws and regulations.

You can assist in our aim by supporting the processes outlined below.

THE PROCESS

Intentions to Grow

Early in the new year, Gilmac will contact you to determine if you plan on growing hay for the coming season and in what quantities. Contact can be made via telephone or email but usually you will be sent a letter.

Contracts

Gilmac purchases hay that is covered by a written signed contract. This is to avoid the chance of any misunderstandings. Verbal contracts for the purchase of hay are never entered into by Gilmac.

During February & March, Site Managers meet with growers to agree on the following key purchase terms.

Area Contracted (Ha)

The grower agrees to plant a certain area (Ha) with hay and Gilmac agrees to purchase all the hay from the area grown, up to the Max Contracted Quantity specified, and subject to the hay meeting the quality standards outlined in the contract.

Maximum Contracted Quantity

Gilmac uses a maximum 5 MT/Ha yield to calculate the Max Contracted Quantity. Where actual yield exceeds the expected contracted tonnage amount then Gilmac has the option to purchase the additional tonnage under the same terms and conditions as contained in the contract (this is exercisable within 14 days of Gilmac determining the grade).

Where the actual yield falls short of the expected yield & nominated contracted tonnage, the Grower is not obligated to deliver the shortfall.



WHY GILMAC?

- Prompt payment.
- Guaranteed minimum prices.
- Guaranteed market for all grades of hay.
- 30 year history of 'doing what we say we will do'
- Exporting from 3 states
- Brand of choice in the market

Contract Type

Gilmac offers two types of contracts, Guaranteed Minimum Price and Fixed Price.

Guaranteed Minimum Price (GMP) means that the price offered is not necessarily the final price and Gilmac may Top-up the GMP subject to market conditions. Gilmac can provide historical information on topup payments made upon request. The reason we provide this type of contract stems from the company belief that we are a partner with our growers and should pass on any windfalls due to foreign exchange gain, movement in market price since contracting etc.

Fixed price contract is where the grower and Gilmac agree to a fixed price for hay meeting a particular grade. This option is not eligible for a top up. Fixed price contracts are usually agreed after the hay has been baled, when the grade is known and the value of hay has been determined. Fixed prices (spot prices) are subject to a supply and demand situation on the domestic market which can pose additional risk.

Minimum Sales Price

Growers can elect to nominate a Minimum Sales Price. Gilmac can only purchase grades of hay at or above the Minimum Sales Price. Gilmac has first right of refusal to pay your nominated figure, regardless of grade, before the grower considers selling to another party.

Grade and Price \$/Mt

Gilmac will not nominate a price for each grade until just prior to baling.

Grades specifications are on the rear of the contract. Further explanation of grading is provided in the section titled Gilmac Grades.

Gilmac are obliged to take delivery of all hay meeting any grades stated on the contract up to the Max Contracted Quantity.

Storage

Growers can offer to store hay until Gilmac requests delivery. Gilmac pays a fixed rate of \$15 per tonne for hay stored in sheds, that is delivered to site between 1st December and 28th February. Any shed stored hay, delivered after the 1st March, attracts an additional \$1 per month. The contract will specify the last month that the hay can be delivered. Hay not stored in a shed will not attract the storage fee.

Freight

In situations where we have contracted hay from growers located more than 150kms from our plant, we offer a tonnage freight subsidy, based on the distance between farm and our site.

Signature

Contracts will usually be emailed to you for electronic signature using software called DocuSign. Sometimes it is erroneously marked as junk mail. If a contract cannot be signed electronically, you will be asked to sign a physical paper copy.

Where a contract is initially signed without a nominated price, the contract will be re-sent for signature with the new price details.

FROM FARM TO GILMAC

Grower Details

If you have not grown for Gilmac before, you will be sent a form requesting details enabling us to set you up as a Vendor in our finance system.

Expect to receive a phone call from our finance team confirming bank details. We do not want to pay into a scammers account.

Please contact site if any of the following details change

- ABN number
- Bank Details
- Email addresses
- Phone number
- Key contacts on farm

Traceability

Once a contract has been signed by both parties, you will be asked to provide us with a farm map and paddock details. Gilmac allocates each paddock a Lot number which is a critical element in our quality system enabling us to provide traceability from the grower to the end user.

Pink RFID bale tags are applied to 20% of all bales in a Lot. This enables Gilmac to confirm the identity of the hay as it comes over the weighbridge.

Growing Hay

Gilmac does not provide agronomical advice on how to grow hay. There are several good resources available which Gilmac can provide upon request.

But in our experience

- Application of fertiliser rates are important
- Higher yields generally equal lower grade - more fibre in plant and less palatable
- Time of Cut – look to cut at flowering time

Crop Inspections

Gilmac employs crop inspectors to inspect each paddock that is planned for delivery to Gilmac. Please advise Gilmac of any protocols that you want employed before the visit. As a minimum, Crop inspectors will contact you before driving onto your farm and to confirm radio channel/phone details.

Pre Tillering Inspection

After the crop has been sown and prior to tillering, a crop inspector from site will contact the grower to make an appointment to inspect paddocks so any hazards in paddocks can be identified and removed. The crop inspector will also advise the grower on how best to divide large paddocks into smaller lots in order to maximize quality and minimise Annual Rye Grass Toxicity (ARGT) risk.

Pre Mowing Inspection

During late August / early September and before mowing, the crop inspector will then make another appointment with the grower to inspect the crop and follow up on any agreed actions to remove hazards (fallen branches/ sticks / fence wire/ carcasses of dead animals etc), while also gauging an estimated expected yield for the crop.

Chemical Declaration

After the crop has been mowed for hay, Gilmac request that growers complete a chemical declaration form and return it to the site office so the chemical details for each paddock can be entered into the Australian Fodder Industry Association (AFIA) Fodder-Safe database. All paddocks/lots must have a chemical declaration entered into the Fodder-Safe database before that hay can be eligible for export.

Please ensure fungicides used are registered for oat crops and that label directions and withholding periods are adhered to.

Post Baling Inspection

Once the crop has been baled, we ask the grower to report accurate bale numbers to the site office via phone/email or SMS, so we can quickly dispatch a corer to the paddock to collect a core sample from 20% of all bales in each Lot. A pink bale tag will be applied by the crop inspector to each bale cored

Bale Numbers

Bale numbers are critical to Gilmac so that we can plan storage and confirm amount of hay available to purchase. Bales numbers that will be delivered to Gilmac must be accurate. They can be texted, phoned or emailed through to the Site as soon as possible after baling.

Moisture Standards

Gilmac will not accept hay with an average moisture reading above 12% or a single reading over 14%. Growers should test hay prior to delivery as wet hay will be rejected at the weighbridge and returned to the Grower. Wet hay can be allowed to dry on farm before delivery.

Storage

If hay is moved into a shed, please send Gilmac a shed map highlighting the Lot numbers stored and location within the shed. Lot traceability can be maintained by referring to the pink bale tags and grouping the same Lots together.

Delivery to Gilmac

Delivery of hay is usually at the request of Gilmac. Growers need to inform site of their intention to cart hay prior to any delivery and truck drivers need to be clear on what Lots of hay they have on board.

Gilmac will provide white bale tags that need to be placed on all bales either on farm or at the delivery weighbridge. This is a legislative requirement due to ARG.T.

Gilmac Grades

Gilmac has developed a grading system for hay that provides customers with consistency in terms of;

- the visual appearance of the hay
- the palatability of the hay for cattle
- the nutritional value of the hay

Gilmac collects a representative sample from a Lot by taking a core sample from 20% of the bales in that Lot. Paddocks can be divided into multiple Lots if it expected that they will provide a different quality result.

Part of each representative Lot sample is tested using a Gilmac NIR (near infrared) machine. This machine is calibrated annually by comparing results against wet chemistry results from an independent laboratory. The results provide the nutritional or feedtest value of the hay. Results are usually available within 24 hours of samples leaving site.

Another part of the representative Lot sample is sent off to an independent laboratory for ARGT (Annual Rye Grass Toxicity) testing. Growers are informed of the results usually within 24 hours of the samples being submitted to the laboratory.

Another part of the representative Lot sample is visually assessed by the Site Manager for visual impairment. This includes brown leaf, yellow stems, loss of green leaf colour and most importantly, signs of weather damage such as mould or black spot. Gilmac has a process whereby the visual assessments of hay across the company are cross checked by the Operations Manager and CEO.

The result of the visual assessment and the feedtest are used to determine a grade. The feed test specifications for each grade are listed on the back of the grower contract.

Growers can request that their feed-test, visual assessment, and grade information be sent to them via email.

Grower Payments

Payment for hay is made by the 15th day of the month following month of delivery.

You will be issued with a recipient created tax invoices (RCTI) in accordance with the RCTI agreement embedded in those invoices.



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