

SASKATCHEWAN MILK MARKETING BOARD POLICY
Dairy Entrant Assistance Program

WHEREAS the purpose and objectives of the Saskatchewan Milk Marketing Board (SaskMilk) includes matters set out in s. 5 of The Milk Marketing Plan Regulations;

AND WHEREAS SaskMilk has the power to do those things set out in ss. 7 and 20.8 of the *Plan*;

AND WHEREAS s. 20.51 of the *Plan* requires that SaskMilk must establish a policy to assist persons to become licensed producers;

AND WHEREAS SaskMilk has determined it is beneficial to grow the Saskatchewan dairy industry by providing tools to new production units that enable their long-term sustainability;

THE SASKATCHEWAN MILK MARKETING BOARD, pursuant to the provisions of The Milk Marketing Plan Regulations and *The Agri-Food Act, 2004* hereby determines the following to make up the Dairy Entrant Assistance Program (DEAP) policy.

1. DEAP Availability

(a) The Board of Directors (Board) will consider:

- available quota and provincial quota growth;
- provincial production;
- future trend projections of supply requirements; and
- WMP requirements and obligations; and

(b) The Board will, from time to time, and in its sole judgement, approve an allotment of as many kilograms of quota as the provincial situation allows to be used for the DEAP.

2. DEAP Benefits

(a) Grant Quota:

- i. SaskMilk will provide participants a quota grant of 15 to 20 kgs (on a 1:1 match basis) for production by the new production facility.
- ii. Grant quota may be produced by the Applicant for as long as the Applicant remains a licensed producer and continues to meet program requirements.
- iii. Grant quota is not saleable or transferable.
- iv. Grant quota is assignable to financial institutions for the purpose of security, subject to approval by SaskMilk, with specific conditions to apply to the assignee's ownership and disposal of Grant Quota:
 - I. Grant quota must be treated as 'last resort' asset seizure, and only if all other recourses have been attempted; and
 - II. Seized Grant quota must be disposed of by the assignee on the SaskMilk Quota Exchange.

- v. Grant quota will be treated as owned quota for the purpose of production management including credit transfers, limits on transfers, and over/under production.
- vi. Grant quota will not be adjusted to reflect provincial quota increases and decreases.
- vii. If the production unit purchases or acquires quota within the first five years from the start of production that results in a production unit size greater than 80 kg, Grant quota will be returned to SaskMilk on a 1:1 basis as it goes over the 80 kg limit. If the production unit grows over 80 kg as a result of an increase in *total production quota* issued by SaskMilk, the 80 kg limit does not apply.
- viii. No upper size limit will apply after five years from the start of production under the Program.

(b) Education/Training:

- i. The applicant will be matched with an existing producer or producers for the purpose of orientation and information sharing once the applicant is accepted into the program. The applicant may request this match prior to acceptance.
- ii. The applicant will be eligible to receive funding for their related education and training, including conferences, seminars, or other dairy industry educational opportunities, in the lifetime maximum amount of \$500.
- iii. The applicant will be eligible to receive funding for the purpose of business planning as per section 3(d)(ii) to a maximum amount of \$2000.

3. Application Process

(a) Eligibility

- i. Applicant must not have been a licensed dairy producer in Saskatchewan for a minimum of five years, as determined by SaskMilk.
- ii. Applicant may have had a past indirect or direct interest in quota or an existing dairy production unit, provided they meet the following criteria:
 - I. The production unit that is the subject of the application must be on separate land, with separate buildings, adequately distant to be considered an independent production unit in the sole judgement of SaskMilk; and
 - II. The applicant may not continue to retain indirect or direct interest, as determined in the sole judgement of SaskMilk, in any existing dairy production unit while qualifying under this Program.
- iii. Applicant's production unit must be stand-alone and approved as per SaskMilk Regulations, Board Orders, and Policies.
- iv. Applicant must own or purchase (privately or through the Exchange) 15 to 20 kgs of quota in order to be eligible for the 1:1 Grant quota.
- v. Applicant must not own 80 kg or more of quota to be eligible to apply for the Program.
- vi. Applicant must submit an application in the form determined by SaskMilk, and must include a full description of the land, buildings and equipment used or planned to be used. The applicant will also be required to provide a plan on the operation, including the dairy industry knowledge and experience of the applicant

or his/her family, employees, or other stakeholders, and the proposed date of the start of production.

(b) Evaluation

- i. Applications will be evaluated by SaskMilk staff, in the order in which they are received, against the Eligibility requirements contained herein.
- ii. Applicants may appeal the results of the evaluation to the General Manager of SaskMilk. The General Manager will review the evaluation and notify the Applicant of his/her findings.
- iii. Following receipt of the findings of the General Manager, the Applicant may further appeal the results to the Board. The Board may or may not choose to review the evaluation.

(c) Notification

- i. Applicants will be notified of the results of the evaluation and appeals in writing in a manner and timeframe determined by SaskMilk.
- ii. If the Application meets the evaluation criteria but there is no current DEAP quota available, SaskMilk will keep a list of qualified Applicants, with the Applicants listed in the order in which they were deemed qualified. When DEAP quota becomes available, the Applicant would be notified of their Approval and asked to confirm that their Application still stands.

(d) Preparation

- i. Each accepted Applicant must contact their assigned orientation producer(s) as per 2(b)(i).
- ii. For the purpose of best practices, the Board requires that each accepted Applicant seek input on their Business Plan by a qualified third party (that is not their lending institution). Applicants may use the funding mentioned in 2(b)(iii) for this purpose. The applicant must demonstrate to SaskMilk that the consultation was completed and the funding was used for this purpose through provision of receipts or other documentation at SaskMilk's discretion.

4. Implementation

(a) The Applicant must meet all eligibility and production criteria and begin production under the DEAP within:

- 12 months from the date of the approval of their Application for Applicants taking over or renovating existing facilities; or
- 18 months from the date of the approval of their Application for Applicants constructing a new facility;

to the next 1st day of the calendar month (for example, an Applicant with a 12-month period that was approved November 20th would have until the following December 1st to begin production and meet all criteria).

(b) Eligibility referred to in 3(a)(ii), (iii), and (iv) must be maintained for the duration of the Applicant's participation in the Program.

- (c) Applicant must remain in compliance with all Regulations, Orders, Policies, and directions of the Board.
- (d) Program participants will be audited annually by SaskMilk to ensure continued eligibility and compliance.
- (e) Failure to achieve and maintain eligibility and compliance as per this section will result in removal from the program.

5. Transitional

- (a) Licensed Producers who are current participants in SaskMilk's previous New Entrant Program will be directly contacted by SaskMilk, informed of the DEAP, and will be given two options: (1) to apply to the DEAP program, or (2) to continue under the previous New Entrant Program until its natural end.
- (b) Licensed Producers who are current participants in SaskMilk's previous New Entrant Program will be offered right of first refusal in participation in the DEAP.
- (c) These producers will be given three months from the date of the notification to choose option (1) or (2) and inform SaskMilk of their choice.
- (d) These producers will then be given a further nine months from the end of the three month period (for a total of 12 months from the date of the notification) to fulfill the requirements of the DEAP and begin production under the DEAP, to the next 1st day of the calendar month.
- (e) For Transitional Applicants the date of the start of production is considered the date they began production under the previous New Entrant Program.

6. Effective Date

- (a) DEAP is effective July 2, 2015.
- (b) Revised policy is effective January 1, 2022