



Dairy Farmers of Ontario
Organic New Entrant Quota Assistance Program
(ONEQAP – Special Program 2018)
Application Deadline: July 31, 2017

Introduction

To ensure there are new entrants to maintain the organic milk supply due to producers exiting the dairy industry, DFO is giving priority access for up to 3 positions from the 2018 New Entrant Quota Assistance Program for use by organic applicants. The application period is July 1, 2017 to July 31, 2017 and the first exchange available to purchase quota is September 2017. This special program will be referenced as ONEQAP-2018.

What are the eligibility requirements?

In order to be considered for the ONEQAP-2018, applicants:

- Must be 18 or more years of age and shall not be an undischarged bankrupt by July 31, 2017.
- Cannot have been previously licensed to produce and market milk in Canada.
- Can only submit one application and can only be listed on one application. If multiple applications are received from the same applicant(s), all of these applications will be cancelled.
- Can only submit one application per farm facility. If multiple applications are received for the same farm facility, all applications for the same farm facility will be cancelled.
- May use a provincially registered business name. When the necessary ownership and farm location information has not been provided, the application will be cancelled.
- Cannot apply for assistance if they will be starting on a licensed dairy facility from which their parents were licensed and shipped milk in the previous five years.
- Must produce and market milk from their own separately licensed dairy facility and can therefore not share facilities.
- Cannot be spouses of milk producers previously licensed in Canada.
- Cannot be DFO staff members or contract employees, their spouses, their children or their children's spouses.

- Must have sufficient certified organic crops to feed the projected number of mature animals.
- Must be able to ship all of their milk as organic within 16 months of starting to produce and market conventional milk. If organic new entrants do not start shipping organic milk within 16 months of starting to produce and market conventional milk, an order will be issued by DFO Board to sell the quota acquired on the exchange and DFO will take back any quota loaned in assistance.
- Must produce and market organic milk continuously for a minimum of five years.

What does the application process involve?

Send by registered mail, on or before July 31, 2017, in a single package, (a) an application form, (b) a financial business plan verified and signed by a certified accountant, and (c) an “agreement to finance” letter from their lender(s), to Dairy Farmers of Ontario. More information on what needs to be included in the complete three-section application package follows:

(a) Application Form

The application form needs to be complete, signed and dated.

(b) Financial Business Plan

In order to be considered for the ONEQAP-2018, applicants are required to have a certified accountant prepare or review a 10-year business financial plan and have the **certified accountant verify, in writing, that the plan is legitimate and indicate per the assumptions made that the business has the ability to generate profit.**

The business financial plan must include the following sections:

- (i) pro forma income statements, cash flow statements and balance sheets for the 10-year period;
- (ii) sufficient detail on the ownership structure and governance of the business;
- (iii) a description of the proposed dairy enterprise;
- (iv) a description of the assets to be employed;
- (v) the location of the farm facility where milk will be produced and marketed;
- (vi) if there is more than one lender, the provision of a liquidity order agreement signed by all lenders indicating the sources and the liquidity order. This applies to financial institutions and private lenders (e.g. family and/or friends);
- (vii) the highest education achieved by the applicant(s);
- (viii) dairy and agricultural experience;
- (ix) proof of organic certification;
- (x) date milk shipments can commence; and

(xi) date organic milk shipments can commence.

(c) Agreement to Finance

Provide a signed letter from their lender (if only one) or from all lenders (if more than one) indicating that they have seen and reviewed the business financial plan and agree to provide the financing that is stipulated in the plan. The letter should also state the principal amount and term of the loan. This applies to both financial institutions and private lenders. The financing plan cannot contain any contingencies such as, “based on property appraisals”.

Application and Selection Dates

July 2017

DFO will provide applications for the ONEQAP-2018 on DFO’s website during the application period, July 1, 2017 to July 31, 2017.

A complete three-section application package must be sent by registered mail to DFO with a date stamp of no later than July 31, 2017. Any costs or fees associated with applying for the ONEQAP-2018 are the responsibility of the applicant.

August 2017

Applications will be reviewed to determine which applications meet the established criteria and if there are more applicants who qualify than the number of available positions, a lottery system will be used to select the successful applicants.

Successful applicants will be notified in August that they have been selected to participate in the ONEQAP-2018. Applicants will now have to fill out the required DFO forms to become a producer (Form F026 - Application for a DFO number, Form F138 - Application to participate on the quota exchange and Form F528 - MOU Regarding the Quota Provided by DFO in Assistance). Please note that applicants must meet all DFO policies and DFO and provincial regulations.

Beginning on the September 2017 Quota Exchange

ONEQAP-2018 applicants will be able to start bidding on the September 2017 quota exchange. Successful applicants must hold a minimum of 12 kilograms of their own quota at all times while they receive quota in assistance and must obtain 12 to 16 kilograms of quota on the assigned exchange month.

If successful applicants bidding on the exchange do not acquire a minimum of 12 kilograms of quota due to their decision, they will no longer be eligible for the ONEQAP-2018.

The allotment of quota through the ONEQAP-2018 will coincide with the effective date of the acquisition of the required 12 to 16 kilograms of quota by the successful applicant.

Quota Exchange

Quota exchange policies for organic new entrants:

- DFO will assign an exchange month beginning September 2017.
- It has not been decided if there will be one or more applicants that can bid on a quota exchange.
- An organic new entrant's bid will be cancelled if there is an insufficient volume available on a quota exchange. The organic new entrant whose bid was cancelled will be notified immediately. Organic new entrants will maintain their selection order if an exchange is cancelled.

How are DFO's ONEQAP-2018 policies administered?

- DFO quota allotted in assistance to organic new entrants cannot be encumbered.
- General increases or decreases will be applied to the organic new entrant's saleable quota and not the quota provided by DFO in assistance.
- Organic new entrants will have priority access to 12 to 16 kilograms of quota on the assigned exchange month.
- Starting with the March 2015 exchange, there is no maximum quota holding for organic new entrants. Meaning, quota provided in assistance will not be taken back if quota is purchased on the quota exchange.
- Organic new entrants cannot conduct a quota transaction that would reduce their own quota below the minimum level of 12 kilograms, but are not required to replace their own quota that is reduced through a general quota decrease that applies to all producers.
- If an organic new entrant conducts a quota transaction and reduces their quota below 12 kilograms, DFO will take back all quota provided in assistance.
- Organic new entrants cannot transfer quota to any other party, with the exception that an organic new entrant who receives assistance can add their spouse to the licence.
- Organic new entrants must start shipping organic milk within 16 months of starting to produce and market conventional milk. If organic new entrants do not start shipping organic milk within 16 months of starting to produce and market conventional milk, an order will be issued to sell the quota acquired on the exchange and DFO will take back any quota loaned in assistance.
- Organic new entrants must produce and market organic milk continuously for a minimum of five years.

- DFO may provide quota to an organic new entrant for a period not exceeding twenty six years. Starting on the anniversary date at the beginning of the eleventh year DFO will take back, from the quota provided in assistance, 0.1 kg per month to a maximum of 1 kg per 12 month period.

Next steps after applicants are selected

- All of Ontario's organic milk producers must obtain organic certification from one of the organic certifying agencies before they can market organic milk.
- The organic milk producer and/or agency to which the producer is aligned must notify and provide DFO with the producer's organic certification information and a copy of their organic certificate which will state the "Date of Certification" before DFO can begin marketing their milk as organic.
- Certification is generally issued for a 12-month period and must be renewed annually.
- DFO, as part of their marketing administration, maintains records on the organic milk producer's licence number, their organic certification number, the period for which their certification is valid, the organic marketing agency to which they are affiliated and information on whether the individual organic milk producer is certified under the National Organic Program (NOP) and/or Canadian Organic Production Systems Standards CAN/CGSB32.310.
- DFO will mail all organic milk producers a letter in November of each year reminding them of their obligation to keep DFO informed of their organic status and of any suspensions and withdrawals, and also ask them to forward a copy of their current certificate.
- In addition, DFO will review the Suspended and Cancelled Organic Certifications on the Canadian Food Inspection Agency website www.inspection.gc.ca on a monthly basis and document the visits to the site.
- DFO will also contact the Organic Certifying Organizations on an annual basis with a list of their producers and have them verify that all are in "good standing".

Frequently asked questions

My parents are licensed dairy farmers; can I apply for the Organic New Entrant Quota Assistance Program?

If you meet the application criteria, you are eligible to apply. However, applicants cannot start on a licensed dairy facility from which their parents were licensed and shipped milk in the previous five years. Applicants who take over their parents' operation are not eligible for the ONEQAP-2018. You are required to establish your own dairy facility to produce and market milk.

My parents are licensed dairy farmers and operate a primary and a linked dairy facility; can I apply for the Organic New Entrant Quota Assistance Program using one of their farm facilities as the location of my facility?

Since both of your parents' dairy facilities (primary and linked) are currently licensed, you cannot use either of these as the location of your facility. Applicants cannot start on a licensed dairy facility from which their parents were licensed and shipped milk in the previous five years.

My brother, sister, and I would all like to apply for the ONEQAP-2018. Is this allowed?

You can either apply as one applicant on one farm or make three single applications on three different farms. Please note that if you are submitting three applications and the dairy facility is the same for all three applications, all applications listing the same farm facility will be cancelled.

My husband was on his parents' licence in Alberta, but since moving to Ontario he is no longer on the licence. Can I apply for the ONEQAP-2018?

Since your husband was previously licensed to ship milk in Canada, you, as the spouse, cannot apply for the ONEQAP-2018.

To increase my chance of being selected for the ONEQAP-2018, can I send in more than one application for different farm locations and/or under different business names?

If multiple applications are received from the same applicant, all applications listing the same applicant(s) will be cancelled.

Can I apply using a non-registered business name?

The business name must be provincially registered. If the necessary ownership information has not been provided, the application will be cancelled.

If DFO issues a general quota increase or decrease, will it affect quota provided by DFO in assistance?

General increases or decreases will be applied to the organic new entrant's saleable quota and not the quota provided by DFO in assistance.

Is there an appeal process if I am not selected?

The decision in choosing the successful candidates is final with no appeal process provided.

If I am not selected, will you let me know if my application was cancelled?

DFO will not advise applicants whose applications were cancelled and/or not selected for the program. It is the responsibility of the applicant to meet the application requirements.

If I submit an incomplete package or the package arrives late, will I be notified?

Please ensure that the package is complete and arrives on or before July 31. A letter from DFO will be sent to applicants acknowledging receipt of the package. There will be no further correspondence between DFO and applicants until the successful applicants are announced. Late arriving packages will not be accepted. DFO will not advise applicants whose applications were cancelled.

If I am selected as a successful applicant, can I acquire more than 16 kilograms of quota on the initial exchange?

No. If an initial bid submitted is greater than 16 kilograms, it will administratively be reduced to 16 kilograms.

I am currently 17 years of age, but will be 18 in September 2017, can I apply?

You must be 18 years of age on or before July 31, 2017 the deadline for application.

Do I need to have a farm facility to apply?

You need to list the farm you intend to produce and market milk from on the application. If you are not able to start producing and marketing milk from your own dairy facility within 90 days of acquiring quota, you will need to sell your quota and the quota provided in assistance will be taken back by DFO.

Do my farm premises need to be Grade A before applying?

Farm premises will need to be Grade A before shipping milk, not at the time of application.

If I am a successful applicant in the ONEQAP-2018, can I transfer quota in year two of the program as part of an ongoing farm transfer or to a family member?

Participants in the ONEQAP-2018 cannot at any time transfer quota, other than adding their spouse to the licence.

What if I do not start shipping organic milk within 16 months of starting to produce and market conventional milk?

If organic new entrants do not start shipping organic milk within 16 months of starting to produce and market conventional milk, an order will be issued to sell the quota acquired on the exchange and DFO will take back any quota loaned in assistance.

If I submit financial statements only, with no business plan or only submit notes to the financial statements, will my application be accepted?

No. The business plan is a distinct document that should describe how the business will operate. Financial statements are one section of the business plan.

Where can I find further information on DFO policies and provincial regulations in general?

The most recent DFO Quota and Milk Transportation Policies book is available on our website as well as a link to Ontario Regulation 761. Ontario Regulation 761 describes quality and safety regulations including consequences for non-compliance.

What are some helpful hints for filling out the application package?

- i) Start the application process as early as possible to allow for the appropriate review time by the accountant and lender(s).
- ii) The certified accountant's letter must state that the plan is legitimate and indicate per the assumptions made that the business has the ability to generate profit.
- iii) The lender(s) letter must include the principal amount and term of the loan and must indicate that he/she has seen and reviewed the business financial plan and agree(s) to provide the financing that is stipulated in the plan.

If you have any other questions regarding the
Organic New Entrant Quota Assistance Program, please contact:

Dairy Farmers of Ontario

Attention: Carol Mascaro

6780 Campobello Road

Mississauga, Ontario L5N 2L8

Telephone: 905-821-8970 FAX: 905-821-3160

E-mail: carol.mascaro@milk.org Website: www.milk.org



**APPLICATION FOR DAIRY FARMERS OF ONTARIO (DFO)
ORGANIC NEW ENTRANT QUOTA ASSISTANCE PROGRAM**

Name of Applicant (as it is to appear on DFO Licence) _____

Given name(s) (if above is a business or corporate name) _____

Given name(s) (if above is a business or corporate name) _____

Given name(s) (if above is a business or corporate name) _____

Note: If more than three 'Given name(s)', use an additional form.

Mailing Address _____

Farm Location Address _____

City/Town _____

City/Town _____ County _____

Province _____ Postal Code _____

Province _____ Postal Code _____

Contact Phone Number (_____) _____

Alternate Phone Number (_____) _____

E-Mail _____ Fax (_____) _____

Language Preference English French

Please answer all questions by putting your initials in the appropriate box.

	Yes	No
Are all applicants 18 years of age or older?		
Are any applicants an undischarged bankrupt?		
Have any applicants been previously licensed to produce and market milk in Canada?		
Have any of the applicants' spouses been previously licensed to produce and market milk in Canada?		
Are any applicants an employee or contract employee of DFO?		
Are any applicants a spouse, a child or child's spouse of an employee or contract employee of DFO?		
Are any applicants starting on a licensed dairy facility from which their parents were licensed and shipped milk in the previous five years?		
Are any applicants currently in the New Producer Program (NPP) queue?		
Are the applicants able to ship organic milk within 16 month of starting to produce and market milk?		
Do the applicants have sufficient certified organic crops to feed the projected number of mature animals?		

APPLICATION PACKAGE REQUIREMENTS CHECKLIST

Applicants are to send by registered mail, in a single package:

- Application form for Dairy Farmers of Ontario (DFO) Organic New Entrant Quota Assistance Program.
- The Business Financial plan including items (i) to (xi).
- A signed document or letter from a certified accountant verifying that the plan is legitimate and indicate per the assumptions made that the business has the ability to generate profit.
- A signed letter from your lender (if only one) or all lenders (if more than one) indicating that they have seen and reviewed the business financial plan and agree to provide the financing that is stipulated in the plan. The letter should also state the principal amount and term of the loan. This applies to both financial institutions and private lenders.

Complete three-section application packages must be received by **July 31, 2017** or sent by registered mail to DFO with a date stamp no later than **July 31, 2017**. Only complete three-section application packages will be considered for selection.

Any costs associated with applying for the ONEQAP are the responsibility of the applicant.

The undersigned certify the information herein contained is complete, true and correct in all respects. Furthermore, the undersigned acknowledges that any breach of these requirements will entitle DFO to take appropriate action.

_____ Witness' Name (non-family member)	_____ Witness' Signature	_____ 1 st Applicant's Name	_____ Applicant's Signature	_____ Date
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_____ Witness' Name (non-family member)	_____ Witness' Signature	_____ 2 nd Applicant's Name	_____ Applicant's Signature	_____ Date
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_____ Witness' Name (non-family member)	_____ Witness' Signature	_____ 3 rd Applicant's Name	_____ Applicant's Signature	_____ Date
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Please send by registered mail to Organic New Entrant Quota Assistance Program at the above address

FOR OFFICE USE ONLY Date Package Received _____ Date Acknowledged _____