1. In this Regulation,

(a) “Assurance Program” means the Canadian Quality Milk Program or proAction Program, whichever is applicable;

(b) “Assurance Program requirements” means the Canadian Quality Milk Program or proAction Program manual(s), whichever is applicable;

(c) “Board” means the DFO Board, as defined by the Milk Act;

(d) “CAR” means a Corrective Action Request issued by a validator as a result of non-compliance with an Assurance Program requirement;

(e) “CQM Program” means Canadian Quality Milk Program;

(f) “DFO” means the marketing board known as Dairy Farmers of Ontario;

(g) “fluid milk plant” means a plant processing fluid milk products or on whose behalf fluid milk products are processed, and includes plants engaged in the processing of concentrated liquid milk, concentrated liquid chocolate milk, concentrated liquid partly-skimmed milk or concentrated liquid skim-milk;

(h) “industrial milk plant” means a cheese factory, concentrated milk plant, creamery or milk receiving station;

(i) “milk” means milk from cows;

(j) “proAction” means the Assurance Program which includes requirements for CQM Program, animal care, livestock traceability, biosecurity, and environmental sustainability;

(k) “producer” means a producer of milk;

(l) “self-declaration” means an attestation by a producer of compliance with Assurance Program requirements;

(m) “self-declaration audit” means an on-farm assessment by a validator to verify a self-declaration;

(n) “validator” means a field person appointed by the Board under the Milk Act and who has been approved by the Director of Regulatory Compliance to assess compliance with the Assurance Program; and,
“validation” means an on-farm assessment by a validator to determine compliance with Assurance Program requirements.

APPLICATION OF REGULATION

2. (1) This Regulation provides for the control and regulation in any or all respects of,

(a) the producing and marketing within Ontario of milk, including the prohibition of that producing or marketing in whole or in part;

(b) the quality of milk within Ontario;

(c) assurance programs, including proAction and CQM Program; and,

(d) orders of the Board, the Director of Regulatory Compliance, and Regulation 761.

PRODUCER LICENCE FEES

3. (1) Every producer shall pay licence fees at a rate as established by the Board and outlined in “Rate Schedule for Fees, Charges, Levies and Penalties Regulation”, or fraction thereof of all milk marketed by the producer.

(2) DFO shall deduct from the money payable to a producer any licence fees payable by the producer in respect of milk sold to DFO.

(3) DFO may recover from any person by suit in a court of competent jurisdiction any licence fees payable to DFO.

PRODUCER LEVIES

4. (1) Every producer shall pay levies to DFO at a rate as established by the Board and outlined in “Rate Schedule for Fees, Charges, Levies and Penalties Regulation” for each hectolitre of milk marketed by the producer.

(2) DFO shall deduct from the monies payable to a producer for milk sold by the producer to DFO, the levies payable by the producer under subsection (1) and shall pay the levies to the Ontario Dairy Herd Improvement Corporation for the purpose of stimulating, increasing and improving the producing of milk.

RAW MILK QUALITY SERVICE CHARGES

5. (1) Every producer with two farm bulk tanks in a milk house, except those producers who are shipping greater than 20,000 litres of milk per day, shall pay DFO a monthly service charge in an amount established by the Board and outlined in “Rate Schedule for Fees, Charges, Levies and Penalties Regulation”.

(2) Every producer shall receive an initial Grade A inspection and one follow-up inspection associated with the initial inspection in every two-year period.

(3) Where an inspection is required that is not provided for in Section 5.(2) or as ordered by the Director of Regulatory Compliance, the producer shall pay a service fee in an
amount established by the Board and outlined in “Rate Schedule for Fees, Charges, Levies and Penalties Regulation”.

(4) Every producer whose farm milk and/or water fails to meet acceptable test results required for reinstatement following a milk quality shut-off, as set out in Ontario Regulation 761 and DFO’s Quota Policy, shall pay a service charge of an amount established by the Board and outlined in “Rate Schedule for Fees, Charges, Levies and Penalties Regulation” for each additional sampling until acceptable milk and/or water test results are obtained for the farm to be reinstated.

(5) Every producer who requires more than two validation visits to be approved as compliant with Assurance Program requirements, shall pay DFO a service charge of an amount established by the Board and outlined in “Rate Schedule for Fees, Charges, Levies and Penalties Regulation” for the third and each additional visit required thereafter, until the Assurance Program requirements are met.

(6) Every producer who does not have an Assurance Program self-declaration form approved by the end of the month following the month during which the form is due, as provided in the notice from DFO, shall pay DFO a service charge of an amount established by the Board and outlined in “Rate Schedule for Fees, Charges, Levies and Penalties Regulation” for the first and each reminder notice sent thereafter, until the self-declaration form is received.

(7) Service charges imposed under subsections (1), (2), (3), (4) and (5) shall be deducted from monies payable by DFO to the producer or otherwise are payable to DFO by the producer within 30 days of the month-end.

FINANCIAL PENALTIES

6. Every producer must meet Assurance Program requirements by the end of the month following the producer’s assigned validation or self-declaration month.

(1) A producer is deemed in non-compliance with Assurance Program requirements when

(a) the producer does not have a self-declaration form approved by the end of the month following the producer’s assigned self-declaration month;

(b) the producer’s self-declaration audit is not approved;

(c) as a result of no action by the producer or the producer not meeting Grade A requirements, the validation was not conducted by the end of the month following the producer’s assigned validation month; or,

(d) the producer does not pass the validation by the end of the month following the producer’s assigned validation month because CAR(s) were not closed due to the producer not satisfying the CAR(s).

(2) Every producer who does not meet Assurance Program requirements by the end of the month following the producer’s assigned validation or self-declaration month shall be subject to financial penalties.
(3) For each month of non-compliance following the assigned validation or self-declaration month, the following monthly financial penalties shall be applied to each hectolitre, or fraction thereof, of all milk marketed by the producer:

(a) An amount established by the Board and outlined in “Rate Schedule for Fees, Charges, Levies and Penalties Regulation” for the first three months, which shall increase every three months, by an amount established by the Board and outlined in “Rate Schedule for Fees, Charges, Levies and Penalties Regulation” per month, but shall not exceed 10 per cent of the gross milk proceeds payable to the producer for milk marketed by the producer during a rolling 12-month period.

(4) Financial penalties will be assessed after the Board has conducted a Hearing into the matter and finds the producer did not meet Assurance Program requirements, or where the producer has waived the requirement of a hearing.

(5) The financial penalties shall continue until the month the producer meets Assurance Program requirements.

**MILK COMPOSITION TESTING SERVICE FEES**

7. (1) Every operator of a fluid milk plant and industrial milk plant to which milk is supplied by DFO shall pay to DFO an amount established by the Board and outlined in “Rate Schedule for Fees, Charges, Levies and Penalties Regulation”, or fraction thereof, for all milk purchased from DFO.

(2) DFO shall add the fees under subsection (1) to the monies payable to DFO for milk purchased, and shall remit the fees collected in the manner described in the laboratory services agreement between DFO and the Ontario Dairy Council on behalf of all fluid milk plants and industrial milk plants for their share of the costs of the sampling, testing and sample transportation program for milk composition in Ontario.

(3) In addition to the fees payable under subsection (1), every operator of a fluid milk plant and industrial milk plant to which milk is supplied by DFO shall pay to DFO an additional amount established by the Board and outlined in “Rate Schedule for Fees, Charges, Levies and Penalties Regulation”, or fraction thereof, for all milk purchased from DFO.

(4) DFO shall add the fees under subsection (3) to the monies payable to DFO for milk purchased, and shall remit the fees collected to the Ontario Dairy Council for the purpose of recovering costs incurred by the Ontario Dairy Council in administering, on behalf of all fluid milk plants and industrial milk plants, the sampling, testing and sample transportation program for milk composition in Ontario.
REVOCATION

8. DFO Fees, Charges and Levies Regulation 11/17 is revoked on the coming into effect of this Regulation.

EFFECTIVE DATE

9. This Regulation comes into effect on the 1st day of February, 2018.

DAIRY FARMERS OF ONTARIO

______________________________
Ralph Dietrich
Chair

______________________________
Ryan Mills
General Counsel and Corporate Secretary

Dated at Mississauga, this 31st day of January, 2018.
<table>
<thead>
<tr>
<th>REGULATION CLAUSE</th>
<th>FEE</th>
<th>RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>3(1)</td>
<td>Producer Licence Fees</td>
<td>$2.175/hl</td>
</tr>
<tr>
<td>4(1)</td>
<td>Producer Levies Fees</td>
<td>$0.06/hl</td>
</tr>
<tr>
<td>5(1)</td>
<td>Raw Milk Quality Service Charge: Monthly Service Charge for producers with two farm bulk tanks</td>
<td>$85.00</td>
</tr>
<tr>
<td>5(3)</td>
<td>Raw Milk Quality Service Charge: Additional Grade A inspection (does not include initial inspection and one follow-up inspection within the initial inspection in every two-year period)</td>
<td>$250.00</td>
</tr>
<tr>
<td>5(4)</td>
<td>Raw Milk Quality Service Charge: Each additional sampling after failure to meet acceptable farm milk and/or water test results required for reinstatement following shut-off</td>
<td>$250.00</td>
</tr>
<tr>
<td>5(5)</td>
<td>Raw Milk Quality Service Charge: Third and subsequent validation visit when required to meet Assurance Program requirements</td>
<td>$250.00</td>
</tr>
<tr>
<td>5(6)</td>
<td>Raw Milk Quality Service Charge: Each Assurance Program self-declaration reminder notice sent to a producer after failure to submit self-declaration form by the end of the month following the month during which the form is to be submitted</td>
<td>$50.00</td>
</tr>
<tr>
<td>6(3)(a)</td>
<td>Financial Penalties: For each month of non-compliance following the assigned Assurance Program Validation or Self-Declaration month</td>
<td>For the first three months: $2.00 /hl Increase by $2.00/hl every three months</td>
</tr>
<tr>
<td>7(1)</td>
<td>Milk Composition Testing Service Fees: Fee payable to Dairy Farmers of Ontario by operators of fluid milk plants and industrial milk plants to which milk is supplied by Dairy Farmers of Ontario - costs of sampling, testing and sample transportation</td>
<td>$0.015/hl</td>
</tr>
<tr>
<td>7(3)</td>
<td>Milk Composition Testing Service Fees: Additional fee payable to Dairy Farmers of Ontario by operators of fluid milk plants and industrial milk plants to which milk is supplied by Dairy Farmers of Ontario – costs of ODC administration of laboratory agreement/contract</td>
<td>$0.0007/hl</td>
</tr>
</tbody>
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