

DFPEI 2011-09

DAIRY FARMERS OF PRINCE EDWARD ISLAND

ORDER: DFPEI 2011-09

EFFECTIVE: 31 October 2011

Under the Dairy Farmers of Prince Edward Island Regulations and under the *Natural Products Marketing Act*, R.S.P.E.I.1988, Cap. N-3, Dairy Farmers of Prince Edward Island makes the following Order:

NEW ENTRANT PROGRAM ORDER

Application

1. This Order provides for the establishment of a program, hereinafter referred to as the “program”, to provide assistance to persons purchasing quota for the purpose of starting new dairy farms.

Definitions

2. The words herein shall have the meanings as found in the Prince Edward Island *Natural Products Marketing Act* and the *Dairy Farmers of Prince Edward Island Regulations* made thereunder, unless differentiated herein or as hereinafter defined:

- (a) “daily quota” means the amount of kilograms of butterfat assigned by the Board to a registered quota holder that may be produced in one day, rounded to one decimal;
- (b) “immediate family members” means father, mother, son, daughter, sister, brother, grandfather, grandmother, grandson or granddaughter of a person;
- (c) “new entrant” means a person who is becoming an independent milk producer for the first time by starting a new dairy farming operation and who has been selected to participate in the program;
- (d) “on-going dairy enterprise” means an existing and operational dairy enterprise including land, buildings, dairy equipment, and all of the milking herd;
- (e) “quota” means a producer’s share of the market for milk products as determined by the Board and allocated to a producer by the Board;
- (f) “quota account” means the record of the amount of daily quota for which a milk producer has obtained production rights;

- (g) “quota loan” means an amount of quota allocated on loan by the Board to a new entrant subject to the terms and conditions of the program and up to a maximum of twelve (12) kilograms of daily quota;

Previously
Selected
New Entrants

3. Commencing 31 October 2011, the Board will accept requests to participate in the program from any person selected under the previous new entrant program established by the Board in Order 2007-01 and who has not yet received a quota loan. Selection to the program shall be granted provided that the person meets the criteria established in this order. Previously selected applicants shall be enrolled in the program and permitted to start farming operations in the order that was determined by their selection as a new entrant under Order 2007-01 and in accordance with the schedule established pursuant to this order.

Selection
Committee

4. New entrants shall be selected by a committee designated by the Board, which shall be referred to as the “selection committee”. The selection committee shall review all applications to ensure the proposals meet the minimum requirements established by this Order. The selection committee may require an interview with any applicant to clarify the application or to request additional information it deems necessary for the selection process.

Application and
Selection Process

5. Commencing 1 December 2011, the Board will accept applications to the program on a monthly basis. Applications shall be presented on a form designated by the Board and shall include all documentary evidence required to ensure compliance with this order. For applications to be reviewed by the selection committee they must be received at the Board office by the close of business on the last business day of a month. All applications received shall be processed in the following manner:

- (a) The selection committee shall review all applications received not later than the last business day of the month following the month in which the application was received. The selection committee shall approve applications meeting the criteria established in this order for participation in the program. In the event an application is determined to be incomplete or otherwise unacceptable, the application shall be rejected and the applicant may reapply.

(b) In the event more than one applicant is approved by the selection committee in a calendar month, the selection committee shall conduct a random draw to determine the order in which approved applicants will be permitted to enter the program.

(c) The results of the draw shall be entered into a list of new entrants that records the order established by this process. If a list of new entrants exists at the time an application is approved, the newly approved new entrant shall be added to the list of new entrants in the order of approval of new entrants.

(d) The selection committee or the Board may place conditions on any approval granted to a new entrant.

(e) The selection committee's decision regarding an application is final.

Qualifying Criteria

6. The following criteria must be met for an applicant to be selected for participation in the program:

(a) The applicant must be a new milk producer entering the dairy industry who plans to immediately establish an independent dairy enterprise, utilizing at least 24 kilograms of quota inclusive of a quota loan and who has never been a dairy producer.

(b) Applicants must have a 5-year business plan approved for financing by a recognized lending institution, or must otherwise document and prove the financial resources of the applicant to fulfill the financing requirements of the business plan.

(c) Applicants may be approved to operate from new or existing dairy farm facilities. Applications proposing to use a facility previously operated as a dairy farm by an immediate family member of the applicant or by a corporation in which an immediate family member of the applicant held an interest shall not be eligible unless the facility has been out of dairy production for at least two years.

(d) Applicants must provide all information through documentation and other evidence requested by the Board to establish their eligibility for inclusion in the program.

Designated
Starting Date

7. A new entrant shall be eligible to receive a quota loan beginning at a date designated by the Board. A new entrant who purchases quota or commences operation of a dairy farm prior to this designated starting date shall be disqualified from the program and shall not be eligible to receive a quota loan or to reapply to participate in the program.

Obtaining Quota

8. A new entrant may obtain the rights to quota by any method established by order of the Board.

Minimum Quota
Requirements

9. New entrants who qualify and are accepted to the program must obtain the rights to at least five kilograms of quota to receive any portion of the quota loan, and shall receive the quota loan as stipulated below.

(a) When a new entrant has obtained at least five kilograms of quota they shall, on request of the new entrant, be loaned an equal amount of quota to a maximum of twelve kilograms of daily quota. The quota loan shall be increased in amounts equaling the amounts of quota obtained by the new entrant until the maximum quota loan is advanced.

(b) The new entrant must obtain the rights to twelve kilograms of daily quota not more than one year after the new entrant's designated starting date under the program. A new entrant must then maintain at least twelve kilograms of daily quota (exclusive of the quota loan) in their quota account for the duration of their participation in the program. If a new entrant's quota holdings fall below this amount, the new entrant will be deemed in default and will be subject to the conditions specified in Section 17 herein.

Period of Loan

10. The full amount of the quota loan shall be granted for a maximum period of five years. Beginning on the fifth anniversary of the new entrant's designated starting date and repeating on each succeeding anniversary of the designated starting date until the quota loan is fully repaid, the quota loan shall be retired at the rate of 0.1 kilogram per month for ten consecutive months, thereby retiring a total of one kilogram of quota per year until the end of the new entrant's participation in the program.

Joint Applications

11. Joint applications by two or more persons are permitted. However, new entrants approved on a joint application will be eligible for only one quota loan under the program.

Exclusions

12. A person or corporation shall be excluded or disqualified from the program if they:

- (a) acquire an on-going dairy enterprise from an immediate family member;
- (b) acquire an on-going dairy enterprise from a corporation in which an immediate family member has or had in the preceding twenty-four months an equity interest;
- (c) have operated or held an interest in a dairy enterprise or dairy quota at any time in the past.

Number of
Participants

13. The number of new entrants accepted in the program shall be determined by the Board, which shall consider the current state of the dairy industry, the utilization of quota by existing producers, estimates of the future direction of the dairy industry and any agreements between the Board and other dairy production regulatory organizations. A maximum of one new entrant shall be allocated a quota loan under the program each year, provided that conditions within the dairy industry merit continued operation of the program and do not impact negatively on existing dairy producers in the province. The Board may, in its sole discretion, revise, suspend or cancel the program and no person who has been accepted as a new entrant but not allocated a quota loan shall have any recourse against the Board as a result of changes to the program.

Withdrawal from
the Program

14. A new entrant may withdraw from the program by notifying the Board in writing. If the withdrawal occurs before the designated starting date, then the new entrant's name shall be removed from the list of new entrants.

Compliance with
Regulations

15. The new entrant must meet all regulatory requirements established under the *Natural Products Marketing Act*, R.S.P.E.I. 1988, Cap. N-3 and regulations thereunder and the *Dairy Industry Act of PEI* R.S.P.E.I. 1988, Cap D-1 and regulations thereunder, and all Orders of the Board, including those applicable to the transfer of quota. Failure to comply with regulations shall be grounds for immediate removal of the new entrant from the program.

Limitations

16. Quota loaned to a new entrant under this program may not be assigned to, or encumbered by, a third party as security for financing, or for any other reason. The rights to quota loaned under the program may not be sold or transferred, except that the new entrant may lease their interest on a monthly basis as provided for in an order of the Board.

Program Default

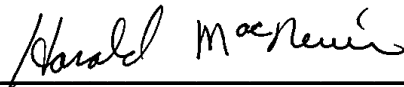
17. In the event that a new entrant fails to meet all the criteria for participation outlined in this order, or fails to honour any condition specified at the time of selection to the program, the new entrant shall be declared in default of the terms of the program. A new entrant determined by the Board to be in default under the program shall be subject to such action as determined by the Board to be appropriate, which may include termination of participation in the program and immediate revocation of the quota loan.

Commencement

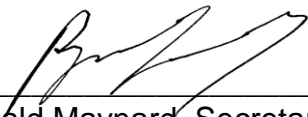
18. This Order comes into force on the 31st day of October 2011.

19. Orders DFPEI 2007-01 and DFPEI 2010-03 are hereby revoked.

DATED at Charlottetown, Prince Edward Island, this 21st day of October 2011.



Harold MacNevin, Chair



Ronald Maynard, Secretary