

ORDER 2020-03
AN ORDER DEFINING THE RULES GOVERNING THE NEW ENTRANT POLICY
UNDER THE DAIRY FARMERS OF NEW BRUNSWICK
(the "NEW ENTRANT ORDER")

PURPOSE: To establish the rules governing the assistance provided to individuals who make application, appear before the New Entrant Committee and who obtain the written approval from the Board to be recognized as a New Entrant in accordance with the terms and conditions outlined in this and other Orders of the Board.

WHEREAS the Board, inter alia, is vested with the power to make such orders as are considered by the Board necessary or advisable to regulate effectively the marketing or production and marketing of Milk in New Brunswick.

NOW THEREFORE BE IT ENACTED pursuant to

- *Milk Plan Order – Dairy Farmers of New Brunswick and all of its Orders*, and amendments or successor thereto;

DAIRY FARMERS OF NEW BRUNSWICK (hereinafter called the "Board") in its exercise of its Federal and Provincial powers, where applicable, in whole or in part, concurrently and in combination hereby revokes Order 2019-01 the New Entrant Order and replaces it with:

2020-03
NEW ENTRANT ORDER

1) DEFINITIONS

Terms referenced herein have the same meaning as given in the by-law, act, regulation, order or agreement in which the term was originally defined. If a term originates in this Order the term will be defined below.

2) APPLICANT CRITERIA:

In order to be considered for the New Entrant Program, an applicant must:

- submit an application that includes all of the required information, documentation, licenses as outlined in Section 3 herein, and
- not be a co-applicant or partner in another New Entrant application, and
- be 18 or more years of age, and
- not be an undischarged bankrupt at the time of application, and
- not have been previously licensed to produce and market milk in Canada, and
- not be a spouse of a milk producer previously or currently licensed in Canada, and
- willing to have their name published in DFNB's newsletter upon being granted access to the New Entrant program.

Preparation:

- Applicants are encouraged to become familiar with the requirements for milking facilities as outlined in the Milk Quality Regulation under the Natural Products Act and the Milk Quality and Premises Penalty Order of the New Brunswick Farm Products Commission.
- Applicants should also be familiar with Dairy Farmers of New Brunswick's marketing

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structure by reviewing its annual report and its Board Orders.

- Applicants should become familiar with the various agricultural programs and policies in New Brunswick. Applicants are encouraged to contact the following individuals that can assist you with the various rules and regulations.
 - Dairy Farmers of New Brunswick: Phone: (506)-432-4330 or at nbmilk@nbmilk.org.
 - Agri-Food Services / Public Safety Phone: (506) 453-2427
 - NB Dairy Specialist, Department of Agriculture, Aquaculture & Fisheries: Phone (506) 433-0509
 - Agriculture Alliance: Phone: 506-452-8101; Fax: 506-452-1085 or by e-mail: alliance@fermeNBfarm.ca.

3) APPLICATION CRITERIA:

Interested individuals must submit their 5 year business plan and their non-refundable \$100.00 application fee to Dairy Farmers of New Brunswick after January 1 but no later than January 20.

The Business Plan must include the following:

- Pro-forma income statements, cash flow statements and balance sheets for two years, and
- Sufficient detail on the ownership structure and governance of the business, and
- A description of the proposed dairy enterprise, and
- The education achieved by the applicant(s), and
- The applicant's agricultural experience.
- Deeds, purchase agreement or minimum seven-year lease agreement of the new or existing livestock and milking facilities.
- A Livestock Operation License under the Livestock Operations Act that ensures that the operation is properly sited, that the manure facility is properly designed and constructed, and that the manure is managed in an agronomic and environmentally sound manner.
- Plans for new or existing livestock and milking facilities that have been reviewed and signed off by the New Brunswick Farm Products Commission (NBFPC) or by its appointed farm inspectors.
- Confirmation that an existing facility has not been used for milk production for a minimum of one year as of the date the application is submitted to DFNB.
- Applicants are also required to provide a signed letter from all their lenders indicating they have seen and reviewed the business plan and agree to provide financing that is stipulated in the plan.

Applicants who submit a business plan that lacks any of the above information, documentation or licenses as outlined herein will have their application rejected and not granted an interview.

4) APPLICANT INTERVIEWS:

Each applicant must appear in person in the month of February and be interviewed by a panel of three active producers, two of which are directors of DFNB known as the New Entrant Program Selection Committee who will review the material submitted by the applicant and

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make recommendations to the Board to accept or reject the applicants to the New Entrant Program. In the event that the Selection Committee recommends more than one (1) applicant, DFNB will draw one (1) applicant through a lottery process. The applicants whose name are not drawn will have to re-submit their application and go through the interview process in the next year if they wish to be considered

The Board will notify the applicant(s) of the results of the Board’s decision on or before the end of February.

The Board will publish the name of the selected New Entrant in the newsletter upon their acceptance of the terms of the New Entrant Program.

5) ALLOTMENT OF TEMPORARY DAILY QUOTA:

The Board will loan up to 20 kilograms to those designated New Entrants approved by DFNB on or after January 1, 2021.

The loan of Temporary Daily Quota will be issued at the time they successfully purchase Daily Quota on the Quota Exchange as set out in Section 3 of the Daily Quota Transfer Order or at the moment that the Daily Quota is transferred to them in accordance with the On-Going, New Producer or New Entrant Transfer policies set out in Section 4a) and 4b) of the Daily Quota Transfer Order.

6) PRIORITY ON THE QUOTA EXCHANGE:

A New Entrant who has chosen to purchase his opening allotment of Daily Quota in accordance with Section 3 of the Daily Quota Transfer Order will be given priority over the available Daily Quota to be purchased on the Quota Exchange to a maximum of 30 kilograms on a maximum of 12 consecutive operating quota exchanges with the submission of their first bid on a Quota Exchange.

A New Entrant who is returning Temporary Daily Quota in any given month will be given priority over the available Daily Quota to be purchased on the Quota Exchange to a maximum of 1/10th of a kilo.

7) MINIMUM QUOTA HOLDINGS:

The New Entrant must purchase at least 5 kg of Daily Quota before the Board will issue a matching amount of Temporary Daily Quota. (meets 10 kg minimum requirement to allow milk to be picked up).

8) EXEMPTION OF TEMPORARY DAILY QUOTA FROM GENERAL INCREASES OR DECREASES:

Temporary Daily Quota allotted to New Entrants will be excluded from all general increases or decreases calculations.

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9) RETURN OF TEMPORARY DAILY QUOTA:

- i) New Entrants approved on or before December 31, 2015, who sell Daily Quota which causes their Daily Quota to fall to a level less than 12 kilograms will have their Temporary Daily Quota reduced by the amount of Daily Quota sold below 12 kilograms.
- ii) New Entrants approved on or after January 1, 2016 who sell Daily Quota which causes their Daily Quota to fall to a level less than 12 kilograms will have all of their Temporary Daily Quota revoked.
- iii) The Board will decrease the Temporary Daily Quota of New Entrants approved on or before December 31, 2020 at the rate of 1/10th of a kilogram per month for the first 10 months of each dairy year with the first monthly reduction occurring on August 1 of the eleventh dairy year of the Temporary Daily Quota being issued to the New Entrant and continue to decrease it until all of the Temporary Daily Quota is removed.
- iv) The Board will decrease the Temporary Daily Quota of New Entrants approved on or after January 1, 2021 at the rate of 1/10th of a kilogram per month with the first reduction occurring on August 1 of the eleventh dairy year of the Temporary Daily Quota being issued to the New Entrant and continue to decrease it until all of the Temporary Daily Quota is removed.
- v) If, in a given month, the New Entrant bid on the quota exchange for the amount of quota that must be returned and part or the totality of that quantity of quota is not available, the obligation to return the quantity of quota that could not be purchased and the associated priority access on the quota exchange are both delayed to the next month.
- vi) In the event that the sale of Daily Quota or the reduction of a New Entrant’s Daily Quota causes the sum of a New Entrant’s Daily Quota and Temporary Daily Quota to be less than 10 kilograms, all of the Temporary Daily Quota will be revoked and the Board will give direction to cease pickups from that Producer in accordance with Section 5 of the Daily Quota Order.

10) REVOKING OF NEW ENTRANT STATUS:

The Board will revoke an individual’s New Entrant’s status if:

- i) the New Entrant has not bid to buy Daily Quota within 19 months following their approval to the program.
- ii) the Board becomes aware that the New Entrant has been convicted of animal abuse in any jurisdiction.

This Order takes effect August 1, 2020

This Board Order is a reproduction of the original Board Order which has been signed by the Chairman and the General Manager.