Quota and Milk Transportation Policies

Dairy Farmers of Ontario

July 1, 2010

Check www.milk.org for updates to DFO policies

Revised November 6, 2026

All changes to the policy book will result in a revised date on the cover. Only material changes will be captured in the index in Appendix A.

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This book has been prepared to provide all Ontario producers with information on the quota and milk transportation policies of DFO. These policies became effective February 24, 2010, and remain in effect until DFO advises producers otherwise.

Policy changes may be announced in *Milk Producer* magazine. As well, an updated version of the policy book is included on the DFO website (www.milk.org). The document posted on the DFO website contains the most up-to-date policies and will be used for all policy interpretation and quota transactions.

Should one clause in these policies change or be removed, the other clauses will not be affected. Furthermore, each clause in these policies refers to a specific requirement and cannot be superseded by another.

For more information or clarification on any policies, producers are required to contact DFO's Field Services Representatives (names and addresses on DFO website) or head office staff (905-821-8970).

Part I: Quota Policies
Section A
General Regulations and Policies

1. General Licensing and Quota Requirements

(a) Quota is the property of Dairy Farmers of Ontario (DFO). It is fixed and allotted to producers on such basis as DFO considers proper and is subject to the terms and conditions of DFO's quota policies.

(b) DFO will allot quota only to a producer.

(c) Effective February 24, 2016, DFO will only issue a licence to a producer on a parcel of land that is able to be sold separately from any other lot and must have its own direct lane access from the roadway.

(d) With the exception of linked dairy facilities, DFO will only allot quota to a licensed dairy facility.

(e) Producers can only ship milk under one business name at a time.

(f) When a producer has ceased producing and marketing milk and no longer holds quota, the licence is cancelled and must be returned to DFO by the producer.

(g) No person to whom a quota has not been fixed and allotted for the marketing of milk or whose quota has been cancelled shall market any milk.

(h) DFO may refuse to fix and allot, cancel or reduce or refuse to increase quota for any reason it considers proper including contravention of any of DFO's quota policies, orders or directions or any part of the regulations made under the Milk Act, the Agricultural Products Marketing Act or the Canadian Dairy Commission Act.

(i) Requests to update quota ownership, transfer, sell, purchase, use and/or relocate quota that appear to contravene the intent of DFO's policies will be denied.

(j) All quota transactions are completed by an official Order of DFO.

(k) Quota allotted by DFO cannot be loaned or rented by or from a producer issued a licence to produce and market milk.

(l) No person shall market any milk except by, from, and through DFO.

(m) A producer can deliver to DFO only milk which has been produced by cows located on the farm from which they are licensed to produce and market milk, unless, with the prior approval of DFO, facilities are being shared.

(n) Quota allotted by DFO cannot be combined using common milking and/or production facilities.

(o) No person other than DFO shall buy milk from a producer.

(p) No person shall sell, offer for sale, deliver or distribute milk or cream that has not been pasteurized or sterilized in a plant that is licensed under the Milk Act or in a plant outside Ontario that meets the standards for plants licensed under the Milk Act.

(q) No person shall sell, offer for sale, deliver or distribute a milk product processed or derived from milk that has not been pasteurized or sterilized in a plant that is licensed under the Milk Act or in a plant outside Ontario that meets the standards for plants licensed under the Milk Act.

(r) Payment for milk shipments to DFO will be made to the holder(s) of the licence.

(s) Each producer must supply milk that meets or exceeds quality standards, maintain farm premises at Grade A standards established under the Milk Act and enforced by DFO, and meet assurance programs requirements, or the quota and/or licence may be cancelled by DFO.

(t) If, through a series of transactions, DFO's policy intent is not met, the transaction may be denied, previous transactions reversed and/or the Board may issue an order to sell, on the quota exchange, the quota acquired.

(u) To maximize the quota available on the quota exchange and give all producers equitable access to quota, two or more producers cannot merge their quotas under one licence either directly or through a combination of quota transfer and relocation methods.

(v) Producers must meet DFO's requirement of providing and maintaining provincially-issued Premises Identification Number for each licensed dairy facility.

(w) Any producer in violation of line l), o), p), or q) will be required to attend a Hearing before the Board and could be subject to a penalty of no greater than 10 per cent of the producer's annual gross milk revenue in a rolling 12-month period and/or a cancellation of a portion of their quota holdings for a first offense. Any subsequent violations could result in a producer having their licence cancelled by an Order of DFO.

Rev. Dec. 1, 2024

2. Provincial Laws and Regulations

(a) By accepting a licence to produce and market milk, the producer agrees that all provincial laws, regulations and policies related to producing and marketing milk will be followed.

(b) Provincial laws and regulations can be found at www.e-laws.gov.on.ca.

3. Residency Requirements for Licensing

Only producers who are involved in producing and marketing milk and who reside on or within 20 km of the licensed dairy facility, and reside in Canada, can be licensed and be allotted or hold quota. When parents are licenced with their children only, at least one party must reside on or within 20 km of the licenced dairy facility.

Rev. Nov. 6, 2026

4. Provincial Quota

Ontario's quota is defined pursuant to the rules of the P5 Pooling Agreement. Monthly usage information is available in the *The Milk Producer* magazine's Markets section.

5. Non-Saleable Quota

(a) Non-saleable quota will be calculated as a per cent of total quota. If a producer either purchases or sells quota over the quota exchange or through a transfer, the saleable quota will increase or decrease by the saleable portion of the purchase, sale or transfer.

(b) For quota exchange invoicing and quota sale payment purposes and for quota transfers, saleable and non-saleable quota will be calculated administratively by DFO. Producers are to indicate the total production quota (saleable and non-saleable) amounts.

Rev. June 1, 2026

6. The Right to Adjust Quota

If necessary, DFO will adjust the quota held by all producers on an equal percentage basis to meet Ontario's share of the national and/or P5 market requirements.

7. Quota as Security

DFO does not recognize third party claims on quota. Producers are permitted to register with DFO directions of proceeds resulting from a sale of Ontario quota. If a letter of direction is registered with DFO, the lender will be advised if DFO has received an application to transfer quota as part of an ongoing operation.

8. Minimum Quota Requirements

(a) Producers are required to hold at least 10 kilograms of quota to ship milk. For more information on this policy, new producers should refer to Section G, and producers considering ceasing production or selling quota should refer to Section C.

(b) Prior to January 1, 2007 producers were only required to hold five kilograms of quota to ship milk. Producers holding between five and 10 kilograms of quota were "grandfathered" from the policy change and can ship milk while holding less than 10 kilograms of quota but they are not permitted to sell or transfer quota unless it is a total quota exchange sale or transfer.

(c) Producers participating in the NEQAP are required to hold at least 12 kilograms of their own quota at all times to be eligible to continue in the NEQAP.

(d) Starting with the 2021 NEQAP applicants, new entrants cannot conduct a quota transaction that would reduce their own quota below the minimum level of 20 kilograms while receiving any quota in assistance. If a new entrant conducts a quota transaction and reduces their own quota below 20 kilograms, DFO will take back all quota provided in assistance.

9. Maximum Quota Levels

(a) Producers are required to obtain approval from DFO before they can exceed 150 kg of quota and again before they can exceed each subsequent 100 kg level (i.e. 250, 350 etc.).

(b) If a producer is permitted to increase more than one screening level at the time of approval, ownership information is to be provided to DFO annually on the anniversary date of the initial approval.

(c) To apply for such approval, producers must have a current Environmental Farm Plan (www.omafra.gov.on.ca/english/environment/efp/efp.htm). They must also complete an application form available from DFO's Field Services Representatives or the DFO website and submit it to the Production Division at DFO. The application is to be accompanied by a certified accountant's or lawyer's letter that indicates the names of the persons owning the quota. The letter is required for all business structures — sole proprietorships, partnerships or corporations. For corporations, the letter must also indicate who has the authority to bind the corporation. If the authority to bind the corporation is not indicated, all shareholders must sign the DFO form. The application form and certified accountant's or lawyer's letter must be received on or before the last working day of a month to be eligible to bid to buy quota on the exchange ending the first day of the next month.

10. Records

Under the Milk Act, DFO has the right to inspect producers' records to ensure they are complying with regulations and DFO policies. Falsification of records can result in the cancellation of quota or licence.

11. Privacy

Requests for information about a licence are to be made in writing to DFO by the licensee or, if authorized by the licensee in writing, the legal counsel representing the licensee. E-mail correspondence from the licensee will be answered by e-mail. Information may be provided by telephone if it can be determined that a person on the licence is making the call.

12. Research

Every producer shall, prior to selling or offering for sale milk from test cows where the tests or experiments involve chemicals, drugs or hormones not authorized for use on a commercial basis in Canada, file with DFO written notice of the producer's intention to sell or offer for sale any such milk. The producer must receive the written approval of a regulatory agency before milk can be marketed.

13. Precautionary Principle Policy

(a) In the event of a potential but unknown residue on an individual farm that is not associated with farm management, or an unidentified animal disease is evident but not verified that could potentially affect the

safety of milk, and it is unknown if the processing of raw milk will eliminate or sufficiently reduce all risk, DFO will not market the milk of the producer. The policy is applied on a case-by-case basis. The policy will not be applied if there is a general issue and affects a number of producers.

(b) To ensure that milk that may not be safe is not marketed, DFO will pay the producer for the milk produced on the farm until test results are known or until DFO is advised by the appropriate regulatory authority that the milk is safe to market.

(c) Producers are to contact their Field Services Representative and the office of the Director of Regulatory Compliance at DFO's head office to report any potential safety issues associated with the marketing of raw milk.

14. Ownership Information

(a) Complete, accurate and up-to-date information on ownership of dairy business enterprises is required by DFO to enable it to administer its quota policies in a fair and equitable manner.

(b) Any person applying for a DFO licence to produce and market milk and acquire quota, is required to provide accurate and up-to-date information on who will own the quota allotted by DFO by submitting a letter from their certified accountant or lawyer indicating the type of business structure and the names of the sole proprietor(s), partners or voting shareholders. In the case of a corporation, the letter is to indicate who has the authority to bind the corporation. Where the necessary information has not been provided or where DFO is not satisfied with the ownership structure, it may refuse to issue, cancel or reduce the quota of the producer.

(c) Producers who have been issued a licence to produce and market milk and have been allotted a quota by DFO must advise DFO of any intent to transfer quota prior to the transfer being conducted by providing a letter of intent or intent form and, if authorization to transfer quota is granted, they must make application to DFO to transfer quota.

(d) All producers must specifically agree to consent to cooperate with DFO for DFO to obtain full information on the producer, ownership of the business enterprise if not an individual, the producer's operations, the producer's business associates, the producer's creditors or any corporation, partnership or other business entity involved in the marketing of milk in which the producer has an interest.

15. Business Structures

(a) DFO requires that all parties on a licence:

(i) Be actively involved in the daily operation of the dairy business enterprise;

(ii) Contribute assets in addition to quota to the dairy business enterprise;

(iii) Share in the risk of profit or loss of the dairy business enterprise;

(iv) Be jointly and severally liable to DFO for compliance with all applicable policies, orders, directions or regulations made under the Milk Act, the Agricultural Products Marketing Act and the Canadian Dairy Commission Act.

(v) Provide quota ownership verification from a certified accountant or lawyer for all applications.

(vi) In an effort to ensure licencing requirements are met, family trusts are not permitted to be included as part of the licence ownership structure, whether through a corporation, partnership, or other business structure, as a family trust does not meet the policy requirements pursuant to #15. Business Structures (a). ***Rev. March 7, 2025***

(b) Corporations must have their certified accountant or lawyer provide a letter confirming the names of all common and/or voting shareholders of the company and the letter must also indicate who has the authority to bind the corporation.

(c) Where a business name is used, DFO requires a copy of the Master Business Licence as proof of registration under the Business Names Act as issued by the Ministry of Consumer and Business Services. If there are three or more partners, DFO also requires a copy of the Business Names Report.

(d) Partnerships involving non-family members must provide DFO with a copy of the partnership agreement for approval. It is also recommended that agreements for family partnerships be provided.

16. Quota Issuance for Research and Education

1. A recognized Canadian research or education institution (Institution), when its research activities support milk production, may request non-saleable Research and Education (R&E) quota from Dairy Farmers of Ontario (DFO) if the following conditions are met:
   a) It owns and operates the dairy operations or facilities for the primary purpose of doing research and not for commercial purpose.

   b) It produces milk and agrees to make saleable milk available for sale to DFO.

   c) The R&E quota will permit the Institution to market the saleable milk production generated from it research facility.

   d) It is issued a licence by DFO and agrees to comply with all terms and conditions of the licence and all DFO applicable policies, including not marketing milk from any cloning research.

   e) It agrees to sign all necessary research grant and endowment agreements, including the Scientific Research and Experimental Development (SR&ED) tax credit policy requirements.

   f) It agrees not to duplicate research that has been done at another Canadian University without notice to DFO.

   g) It will participate and will be represented on the Dairy Research cluster and take necessary reasonable steps to be aware of other Canadian dairy research.

2. All proceeds payable for milk sales will be in accordance with DFO pricing and payment policies, practices and procedures.

3. The research or education institution can apply to DFO for additional quota and DFO decide if additional quota is warranted and so advise.

4. Quota may be reduced by DFO according to provincial determination and needs or if the quota allotted is not being used.

Section B
General Quota Policies

1. Requests to Hold Quota in Abeyance

(a) When a producer's supply of milk to DFO ceases completely as a result of a production catastrophe, producer medical condition or producer death, the producer may be given permission to be out of production for a period not exceeding 12 months and still retain the quota.

(b) A producer who requires this special consideration due to a production catastrophe must make a written application to DFO within 30 days of the occurrence of the production catastrophe and provide satisfactory documentary evidence.

(c) A producer who requires this special consideration due to a medical condition must provide a signed letter or note from the producer's physician which includes:

(i) A diagnosis of the medical condition; and
(ii) Confirmation that the producer suffers from a medical condition that affects the producer's ability to perform the duties required to operate a dairy farm; and
(iii) Timeframe of the medical condition.

2. Production Catastrophes

(a) Producers who have suffered a production catastrophe may be permitted to share facilities with up to five existing producers for a period of up to six months, provided DFO is notified and approves the request within 72 hours of the production catastrophe. Through shared facilities, the appropriate milk shipments can be moved back to the licence of the producer who suffered the production catastrophe.

(b) Producers who are rebuilding and are unable to milk in their current facility following a production catastrophe and provide documentary evidence that the rebuilding is planned or there is physical evidence that the rebuilding has started can share facilities for an additional six months immediately following their initial six-month period.

(c) The period of one year can be extended to 18 months if the producer makes a written request and DFO is satisfied there has been significant progress in the building of the facility.

(d) The period of 18-months can be extended to 24-months if the producer makes a written request and DFO is satisfied there has been significant progress in the building of the facility. ***Rev. August 1, 2025***

(e) Producers using shared facilities and producers providing shared facilities services are not eligible for twice-a-month payment.

(f) Producers shut off from the milk market as a result of the application of Ontario Regulation 761 or as a result of not meeting assurance programs requirements are not eligible to use shared facilities during the month(s) in which they are shut off.

3. Producer Medical Conditions

(a) Producers with a medical condition that prevent them from producing milk may be permitted to share facilities with up to five existing producers for a period of up to twelve months, provided DFO is notified and approves the request. Through shared facilities, the appropriate milk shipments can be moved back to the licence of the producer identified in having the medical condition. ***Rev. Sept 1, 2025***

(b) To be eligible for shared facilities with a medical condition a producer must provide:

1. A signed letter or note from the producer's physician which includes:
    i) A diagnosis of the medical condition; and
    ii) Confirmation that the producer suffers from a medical condition that affects the producer's ability to perform the duties required to operate a dairy farm; and

iii) Timeframe of the medical condition.

2. A written statement from the producer stating that there is no practical alternative to shared facilities including but not limited to (a) hiring personnel or (b) receiving on-farm support from family members to carry on the proper operation of the dairy farm, while the producer is recovering from the medical condition.

(c) Following the conclusion of month twelve, at the beginning of month thirteen the Quota associated with the licence will automatically be placed into abeyance for a period of up to 12-months maximum.

Rev. Sept 1, 2025

(d) Producers using shared facilities and producers providing shared facilities services are not eligible for twice-a-month payment.

(e) Producers shut off from the milk market as a result of the application of Ontario Regulation 761 or as a result of not meeting quality assurance program requirements are not eligible to use shared facilities during the month(s) in which they are shut off.

4. Producer Death

(a) A dairy licence that experienced the death of a producer that prevents the production of milk may be permitted to share facilities with up to five existing producers for a period of up to twelve months, provided DFO is notified and approves the request. Through shared facilities, the appropriate milk shipments can be moved back to the licence of the producer identified. ***Rev. Sept 1, 2025***

(b) Following the conclusion of month twelve, at the beginning of month thirteen the Quota associated with the licence will automatically be placed into abeyance for a period of up to 12-months maximum.

Rev. Sept 1, 2025

(c) Producers using shared facilities and producers providing shared facilities services are not eligible for twice-a-month payment.

(d) Producers shut off from the milk market as a result of the application of Ontario Regulation 761 or as a result of not meeting quality assurance program requirements are not eligible to use shared facilities during the month(s) in which they are shut off.

5. When Production Levels Are Low

(a) The amount of milk on the first milking should be approximately 10 per cent of the capacity of the bulk tank.

(b) When production is not of sufficient volume for satisfactory cooling or agitation after the first milking is completed or for sampling or measurement at the time of milk pickup, DFO may refuse to market such milk and may cancel or suspend the licence or the quota allotted to the producer.

6. Shared Facilities Fee Schedule

Effective January 1, 2026, to facilitate the administration of the shared facilities program, producers using shared facilities for the reasons of construction or renovations only will be subject to the following fee schedule:

(a) Upon commencement of shared facilities, an initial set-up fee of $25.00 per host will be applied;

(b) Should a producer change host(s), whether adding a new host(s) or a host from a previous month, a $25.00 change fee will be applied per host;

(c) A tiered-fee based on volume will be applied monthly to producers beginning month 7 per the following fee schedule:

- Months 7 to12: $1.00/hL
- Months 13 to18: $2.00/hL

- Months 19 to 24: $3.00/hL
- Months >24: $5.00/hL;

(d) If the monthly shared facilities milk allocation form is not submitted by noon on the third calendar day of the month, and/or if a producer requests to revise the milk allocation form, an administration fee of $150.00 will be applied. ***Rev. August 1, 2025***

7.1 Renovations and Construction of New Facilities

Construction of New Facilities

(a) Producers who are a constructing new facility and are unable to milk in their current dairy facility due to the construction of the new facility and provide stamped engineer's building plans and a start construction date can share facilities with up to five existing producers for a period of up to six months on the condition that the producer provides written confirmation that the cows being milked, and whose milk is being assigned, are owned by the producer who is constructing the new facilities.

(b) Producers are allowed to begin the use of shared facilities within one month of their stated construction project start date, for a total of six months.

(c) The period of six months can be extended to one year if the producer makes a written request and DFO is satisfied there has been significant progress in the building of the facility.

(d) The period of one year can be extended to 18 months if the producer makes a written request and DFO is satisfied there has been significant progress in the building of the facility.

(e) Producers who have renovated facilities or built a new facility must have a Grade A inspection of the facility and be classified Grade A before milk can be stored in the bulk tank to be offered for sale.

(f) Producers shut off from the milk market as a result of the application of Ontario Regulation 761 or as a result of not meeting assurance programs requirements are not eligible to use shared facilities during the month(s) in which they are shut off.

7.2 Renovations of Current Facilities

(a) Producers who have started renovations can share facilities with up to five existing producers for a period of up to six months on the condition that the producer provides written confirmation that the cows being milked, and whose milk is being assigned, are owned by the producer who is renovating their facilities. ***Rev. May 12, 2023***

(b) Prior to the start of using shared facilities, the producer must provide a signed contract with a contractor, and show proof that a minimum 10 percent deposit has been made, or if a producer is doing the renovation him/herself, he/she must show proof of ordering the material and proof of the shipping date and the producer must provide a project timeline.

(c) Producers would be granted the use of shared facilities for a maximum of six months provided that at the three-month mark, they provide proof of significant progress such as proof of framing, or poured concrete.

(d) Producers are allowed to begin the use of shared facilities within one month of their stated renovation project start date, for a total of six months.

(e) Beginning January 1, 2026, the period of six months can be extended to a maximum of one year if the producer makes a written request and DFO is satisfied there has been significant progress in the renovations of the facility. ***Rev. August 1, 2025***

(f) Producers using shared facilities for reason of renovations prior to January 1, 2026 are grandfathered and the period of one year can be extended to 18 months if the producer makes a written request and DFO is satisfied there has been significant progress in the renovations of the facility. ***Rev. August 1, 2025***

(g) Producers who have renovated facilities must have a Grade A inspection of the facility and be classified Grade A before milk can be stored in the bulk tank to be offered for sale.

(h) Producers shut off from the milk market as a result of the application of Ontario Regulation 761 or whose licence and milk pickups have been suspended as a result of not meeting assurance program requirements, are not eligible to use shared facilities during the month(s) in which they are shut off or suspended, respectively.

7.3. Shared Facilities Revoked

Shared facilities that appear to contravene the intent of DFO's policies will be revoked immediately and previous payment transactions related to the shared facilities may be reversed.

7.4. Shared Facilities Provider

A producer can be the host provider of shared facilities to no more than two additional licences at one time.

Rev. February 1, 2022

8. Linked Dairy Facility

(a) Effective August 1, 2011, each dairy facility must have its own licence and quota to produce and market milk.

(b) Prior to August 1, 2011, producers could set up additional or linked dairy facilities to fill the quota on the primary dairy facility. Producers who had linked dairy facilities in operation prior to August 1, 2011 are permitted to continue at their current farm location until continuous production ceases at that dairy facility. The following policies remain in effect for "grandfathered" producers.

- Each dairy facility will have a separate licence number under the same producer name.
- All of the quota is allotted to one dairy facility and licence.
- Quota utilization is based on the combined production from all dairy facilities licensed to the producer.
- There is one monthly payment for the combined shipments from all of the dairy facilities licensed to the producer.
- A statement showing milk shipped and test results will be provided for the secondary facilities.
- Shipments and test results are distinct for each dairy facility.
- The weighted average composition tests and associated component yields are used for payment.
- Quality penalties, if applicable, are applied on the volume of milk shipped by the dairy facility incurring the penalty level test result.

(c) Effective August 1, 2015, a producer with a single licenced dairy facility, referred to as a primary dairy facility, is permitted to set up one linked dairy facility to fill the quota on the primary dairy facility, under the following conditions:

1. the linked dairy facility must be within 10 km, measured in a straight line between the two locations, of the primary dairy facility.
2. A producer can only have one linked dairy facility at a time.
3. The maximum period of time a producer can have a linked dairy facility is five consecutive years from the date milk was produced and marketed from a linked dairy facility.
4. The primary and linked dairy facility will each have a separate licence number under the same ownership or control.
5. All the quota will continue to be allotted to the primary dairy licence.
6. Quota utilization is based on the combined production and marketing from both the primary and linked dairy facilities.
7. There is one monthly payment for the combined shipments from all the dairy facilities licensed to the producer.
8. Statements showing the milk shipped and test results will be provided for both the primary and linked facilities.
9. Shipments and test results are measured separately for each dairy facility.
10. The weighted average composition tests and associated component yields from both the primary and linked dairy facilities are used for payment on the primary or quota holding licence.

11. Quality penalties, if applicable, are applied on the volume of milk shipped by the dairy facility incurring the penalty level test result.

9. Multiple Farm Operations

(a) Producers can be licensed at more than one dairy facility that holds quota providing the ownership is the same on all dairy facilities. If different corporate names are used, the common or voting shareholdings must be the same. All dairy facilities are treated as separate dairy facilities for reporting and payment purposes.

(b) For multiple farm ownership with parents and children only, the following is permitted:
1. Parents may hold all of the ownership of the licence(s); and/or
2. Parents and children may be on multiple licences in different combinations of ownership and different percentages of ownership.

Note: A child's spouse would be permitted to be on the licence provided the spouse does not hold more voting shares than the child.

(c) Effective February 24, 2016, a producer is not permitted to set up a second licenced dairy facility on the same parcel of land. Existing producers with two licenced dairy facilities on one parcel of land would be grandfathered and permitted to transfer both licences within family only.

10. Producers Changing Locations

A DFO licence is issued to a producer at the dairy facility specified on the application. Producers who are relocating and/or want to move their primary licence to a different dairy facility must reside within 20 km of the primary dairy facility and must obtain prior approval from DFO for the change of location and have the new premises approved as Grade A before milk production can commence.

Section C
Policies for Acquiring, Selling or Transferring Quota

Producers must advise DFO of any intent to transfer quota prior to the transfer being conducted by providing a letter of intent or intent form and, if authorization to transfer quota is granted, must make application to DFO to transfer quota.

1. Sales or purchases of quota may be made:

(a) On the monthly quota exchange. Refer to Section D.

(b) Through a transfer of quota from a parent to a child. Refer to Section C-3.

(c) Through a quota ownership update. Refer to Section C-4.

(d) Through an ongoing operation purchase. Refer to Section C-5.

(e) Through dissolving a partnership or corporation. Refer to Section C-6.

2. Minimum Quota Transactions

(a) The minimum amount of quota which can be purchased, is 0.1 kg of quota.

(b) The minimum amount of quota which can be sold or transferred is 0.5 kg of quota.

(c) Quota transfers are not permitted to a new licensee who will hold less than 10 kg of quota.

3. Parent to Child Transfer

1. A parent can transfer quota to a child who does not hold any quota on the condition that the child agrees to ship milk on a continuous basis for five years from the effective date of the transfer before being able to transfer the quota.

   Note: The parent to child quota top-up policy also permits a grandparent to top-up the quota of a grandchild.

2. A child or children who hold quota are eligible to receive a quota transfer from a parent under the following conditions:

(a) At the time of transfer, the parent must have been licenced and continuously produced and marketed milk for a minimum period of 10 years;

(b) The parent can transfer quota to more than one child on separate licences or to a licence held by one or more of their child(ren);

(c) The parent can transfer up to 50 per cent of the parent's quota, the eligible amount based on the parent's quota holdings at the time of their first transfer;

(i) Where quota is held with a licence in the name of a corporation, the maximum percentage of a parent's quota eligible for transfer shall be determined by calculating 50 per cent of the parent's total common and/or voting beneficial interest in the corporation held at the time of the first transfer and for a minimum period of five years immediately prior to the first transfer.

(ii) Where quota is held with a licence in the name of a partnership, the maximum percentage of parent's quota eligible for transfer shall be determined by calculating 50 per cent of the parent's total equity partnership interest at the time of their first transfer and for a minimum period of five years immediately prior to the first transfer.

(d) The parent can transfer quota to the same licence held by a child or children up to three times;

(e) The parent must have started to produce and market milk prior to the child;

(f) The child ships milk on a continuous basis for a minimum period of five years from the effective date of the transfer to be eligible to transfer quota transferred from the parent as part of an on-going farm operation or to their child; and

(g) The child, or children if the license is held by two or more children, must hold at least 50 per cent of the quota prior to the first transfer and maintain the same level of quota ownership after the first or subsequent transfers for at least five years from the effective date of the transfer or the quota must be sold on the quota exchange.

Note: For the purposes of the policy requirement in section C, 3, 2(g), the combined ownership of the child and their spouse will be accepted towards the total ownership percentage requirement of the child. ***Rev. June 1, 2021***

(h) Starting with the 2021 NEQAP applicants, new entrants are not eligible to receive a parent to child top-up.

3. If any of the conditions in item 2 are not met, the transfer may be denied and/or previous transfers reversed and/or the Board may issue an order to sell, on the quota exchange, the quota acquired from a transfer.

4. If the parent began shipping milk using shared facilities or leased quota out for a period of time following acquisition after acquiring their quota as part of an on-going farm operation, the 10 year requirement to produce and market milk begins from the point in time that the quota holder began to produce and market milk.

5. A child cannot transfer quota from their licence back to the licence of a parent.

6. DFO may require verification and a sworn affidavit by legal counsel or accountant regarding the parent to child relationship.

7. Parents who transfer quota to a child cannot at any time:
(a) be added to the licence of the child; and
(b) take over the licence of the child or their successors.

8. A child who received quota through a transfer is not permitted to link their licensed dairy facility to the licensed dairy facility from which the quota was transferred.

4. Licence Update Involving Members of the Immediate Family

The quota ownership update is used when there is a change in the family members on a licence. Production must continue on an uninterrupted basis at the same location. With a quota ownership update, the licence number is not changed, just the names of the owners of the licence who are registered with DFO.

5. Ongoing Operation and Sale

5.1 Sellers

(a) The seller must own the dairy facilities and associated land base to be eligible to transfer the quota as part of the sale of an ongoing operation.

(b) The seller must have produced milk continuously at the farm location for a period of five years unless the quota was acquired as part of an ongoing operation.

(c) The ownership of the dairy facilities and associated land base must be unchanged for a period of five years prior to the effective date of the ongoing operation sale unless the quota was acquired as part of an ongoing operation.

(d) DFO does not require that the dairy animals or farm machinery be transferred with the sale of the ongoing operation. The sale of these assets is optional.

(e) A producer who is leasing a dairy facility is not eligible to transfer quota as part of an ongoing operation.

(f) If purchasers of an ongoing operation are former or existing quota holders or are spouses of existing or former quota holders, the quota acquired through the purchase of the ongoing operation can be relocated provided all the following conditions are met:
    (i) The purchaser must have produced milk continuously at the farm location for a period of five years; and
    (ii) The relocation is within the same Board region or no more than 100 km from the original location; and
    (iii) Only one relocation per licence permitted.

(g)
    (i) DFO requires 10% of the quota held at the time of application to transfer total quota as part of an on-going farm operation be offered for sale on the quota exchange by the deadline to submit the on-going operation transfer forms or one month prior to the effective date of the transfer.

    (ii) If a quota transfer as part of an on-going farm operation is cancelled after 10% of the quota holdings is sold on the quota exchange and if the farm is sold as an on-going operation within one year, the seller will be required to sell the difference between 10% of quota held at the time of an application to transfer quota and the amount of quota previously sold on the quota exchange.

    (iii) For on-going farm sales transferring a partial amount of quota to a non-related party, at the time of the initial quota transfer and each transfer thereafter, 10% of the quota being transferred must be sold on the quota exchange.

(h) a producer who provides the following documentation on or before October 1, 2015 may, subject to Board approval, be exempt from item (g):
    (i) A copy of the accepted and witnessed offer to purchase dated prior to July 9, 2015; and
    (ii) A sworn affidavit by legal counsel or accountant for the seller and buyer confirming item 1.

(i) If there is a transfer of quota as part of an on-going farm operation that was not approved by DFO, DFO's Board may require a minimum of 10% of the quota transferred be sold on the exchange (refer to section A item {s}).

(j) Producers whose intent is to transfer quota as part of an on-going farm operation, approved by DFO administrative staff as a result of completing an offer to purchase and sell prior to 1:00 p.m. on July 10, 2015, are not subject to items (g) and (h).

5.2 Purchasers

When all the dairy facilities and associated land base of a licensed farm are purchased from a licensed producer, the purchaser can also acquire all or part of the quota (minimum 10 kg) at that farm, subject to the following terms:

(a) Quota purchased with an ongoing operation cannot be merged with other quota holdings or vice versa.

(b) The purchaser agrees to ship milk on a continuous basis for five years from the effective date of the ongoing operation purchase from the same dairy facility or a new dairy facility located on a parcel of land acquired as part of the on-going farm operation and within five kilometers of the original dairy facility before being able to transfer quota from a parent to a child on another farm site, dissolve the operation into two or more operations, or relocate the quota acquired with the ongoing operation purchase.

(c) Producers can build new milk facilities on the parcel or parcels of land acquired with the ongoing operation provided the new facilities are within five kilometres of the original milking facilities and the milking facilities acquired with the ongoing operation are no longer licensed.

(d) If the ownership of the dairy facilities and associated land base are not maintained while milk is being produced and marketed under the quota acquired as part of the ongoing farm operation, DFO may by order, require the quota purchased with the dairy facilities and associated land base be sold on the quota exchange.

(e) If a producer is purchasing a share of the quota on a licence, a prorated share of the dairy facilities and associated land base must also be purchased and the original share cannot be changed for a period of five years.

(f) If purchasers of an ongoing operation are former or existing quota holders or are spouses of existing or former quota holders, the quota acquired through the purchase of the ongoing operation can be relocated provided all the following conditions are met:
   (i) The purchaser must have produced milk continuously at the farm location for a period of five years; and
   (ii) The relocation is within the same Board region or no more than 100 km from the original location; and
   (iii) Only one relocation per licence permitted.

(g) Purchasers must follow all quota and milk transportation policies. A continually updated version of the policy book is included on DFO's website and is to be used as the official reference document.

(h) Farm premises and farm yards and lanes must be approved by DFO's Field Services Representatives prior to commencing shipments.

6. Dissolving a Partnership or Corporation

When dissolving a partnership or corporation, quota can be transferred to a partner or shareholder that was on the dissolving licence starting milking premises at a new "green" site. The producer at the new "green" site agrees that they will ship milk on a continuous basis for five years from the effective date of the quota transfer before being able to sell as an ongoing operation.

7. Changes in Membership in a Partnership or Shareholders of a Corporation

If there is any change in the partners in a partnership or a change in shareholders in a corporation, the producers must notify DFO of the change, in writing. DFO will require that the producers complete DFO forms. DFO approval of the change is required before the quota will be transferred.

8. Transfer from an Estate

To transfer from an estate, the following documents are required.

(a) An application to update quota ownership.

In addition, (b) or (c) is required.

(b) With a Will:
   (i) A notarial copy of the last Will and Testament; or,
   (ii) A copy of the Certificate of Appointment of Estate Trustee with a Will or Letters of Probate; or,
   (iii) A letter from the Estate Lawyer unequivocally confirming that it is the last Will and he/she is acting for the Estate and clearly names the executor/trustee.

OR

(c) No Will:
   (i) Copy of the Certificate of Appointment of Estate Trustee without a Will or Letters of Probate; or
   (ii) Direction and indemnification from all the beneficiaries authorizing the transfer and indemnifying DFO, together with a lawyer's letter of explanation.

Note: In cases where a lawyer's letter is referring to a specific document, a notarial copy of the document must also be provided.

9. Interprovincial Transfers

DFO permits the interprovincial transfer of quota subject to the conditions that follow:

(a) The transfer of a producer's total quota will be permitted where the farmer is moving from Ontario to a new farm in another province providing there is a reciprocal quota movement agreement with the other province;

(b) Ontario quota cannot be moved if it is being merged with the quota allotted to a milk licence in another province;

(c) Quota transfers to a licensed shipper in another province are not permitted;

(d) Any quota that is sold within five years of moving to the new farm in another province is to be sold on the quota exchange in the province the quota originated;

(e) Dairy producers who sell their total quota in one province and move to another province and buy quota, are subject to the quota policies of the province they are relocating to, unless section (d) above applies;

(f) The quota holdings of producers who move to other provinces are to be reported to the Board of the province the producer came from, one year after moving and again after two years; and

(g) In the case of Quebec, the agreement to supply milk to the province that quota is moving from will be adjusted to reflect the kilograms of quota transferred.

Section D
Quota Exchange Policies

1. Exchange Operations

(a) Quota purchases or sales on the exchange are effective on the first day of the month following the exchange month.

(b) All offers to sell and bids to purchase quota must be made through the DFO website (www.milk.org) by one of two methods:
- producer self-service; or
- assisted service through a customer service representative.

Offers to sell or bids to buy quota which are delivered to DFO by any other means will not be accepted. Producers not being able to bid due to a problem with DFO's website will have until noon on the business day following the close of the exchange to call 905-821-8970 and place or change their bid or offer. Guidelines on how to send a bid or offer to the quota exchange are provided in Section "D", #2.

(c) All bids or offers must include:
- the amount of quota to be sold or purchased to be listed in kilograms of quota (the saleable and non-saleable proportions will be calculated administratively by DFO); and
- the price for one kilogram of quota.

(d) Quota must be offered for sale, or bid to purchase, in dollars. For example, buy five (5) kg of quota at $24,000 per kg. Producers bidding for a fraction of a kilogram (for example, 0.5 kg) must also price their bid on a one (1) kilogram basis such as $24,000 per kg.

(e) All offers to sell and bids to purchase quota through the quota exchange must be made from 12:00:01 a.m. on the 20th of a month to 11:59:59 p.m. on the first of the following month (for example, from September 20 to October 1 to participate on the October exchange). If you are using the customer service representative method, please refer to the times of operation in Section "D" #2. DFO recommends that offers and bids be placed on the exchange in advance of the deadline date to ensure adequate time for staff to contact producers should corrections be necessary. Any bid or offer sent to DFO before the 20th or after the 1st will not be accepted. It is the responsibility of the producer to enter the bid or offer within the dates the exchange is open.

(f) A producer who wishes to cancel an offer or bid or change the volume or price of an offer or bid can do so on DFO's website or through a customer service representative. All changes or cancellations must be made from the 20th to the first of the following month.

(g) There is a service charge of $5.00 plus HST for listing an offer to sell or a bid to buy quota through the producer self-entry method. There will be no additional charge for changing or cancelling a bid or offer on the same exchange through the producer self-service method. The service charge for using the customer service representative method is $17.00 plus HST. There will be an additional charge of $17.00 plus HST for changing or cancelling a bid or offer on the same exchange by the customer service representative method.

Rev. December 20, 2025

(h) All producers will be advised of the results of the quota exchange through a cheque stuffer received with their milk statement. In addition, producers who listed offers to sell or bids to buy quota on the exchange will be advised by mail whether or not their offer or bid was successful. Invoices for quota purchases and statements for quota sales are also available in the password protected area on the DFO website. Details of an exchange are posted on the DFO website at the time the exchange price is released.

(i) Bids to purchase or offers to sell at a price exceeding the price cap of $24,000, unless notified otherwise by DFO, for the month in which the producer wishes to buy or sell quota, will be adjusted to the quota

price cap by DFO.

(j) A producer may not make more than one offer to sell or one bid to purchase in the same month.

(k) A producer cannot offer to sell and bid to purchase quota on the same exchange.

(l) The minimum bid that a licensee can enter on a quota exchange is 0.10 kg of quota. The minimum offer that a licensee can enter on a quota exchange is 0.50 of quota.

(m) The maximum bid to purchase quota that may be entered on a quota exchange is 10 per cent of the licensee's quota as of the closing day of the quota exchange.

(n) If the calculated Exchange Clearing Price (ECP) for a quota exchange is lower than the quota price cap, the ECP will apply.

(o) When the quota price cap is in effect for a quota exchange and demand for quota is greater than supply, the order of allocation on the quota exchange to the extent possible will be:

i) currently licensed producers with successful bids will receive 0.01 kg of quota; ***Rev. October 1, 2026***
ii) one new entrant with assistance will be next in line for 20 to 30 kg of quota; ***Rev. March 1, 2021***
iii) one new producer without assistance will be next in line for up to 35 kg of quota;
iv) any balance will be distributed through allocation and proration policies as follows: quota will be issued in allotment rounds of 0.01 kg to all successful buyers until a minimum of 50 per cent of the original volume of quota offered for sale, less the NEQAP and NPP bids, is issued; and, after quota is issued to successful buyers in allotment rounds, the balance of the available quota on a quota exchange will be prorated across the unfilled balance of successful bids. ***Rev. October 1, 2026***

Note: If there is insufficient volume to meet step (ii) and/or step (iii), any unallocated balance will be carried forward to the next quota exchange.

(p) When the supply of quota is greater than demand at the quota price cap or the exchange clearing price, DFO will prorate the successful offers listed at the ECP or the offers listed at the quota price cap to bring the volume of quota purchased, the quota sold and the DFO quota inventory as close to a zero balance as possible.

(q) Producers will be paid by DFO for quota sold on the exchange on or about the 20th of the month following the exchange month.

(r) Producers must pay for quota as per the terms of the invoice if their bid, or a prorated portion thereof, is successful.

(s) Payment for all quota purchased on the quota exchange must be received by DFO on or before the last business day of the month prior to the effective date of the quota purchase; and if not received at DFO by this date, the greater of a $100 service fee or late payment charges applied at a rate of two per cent per month, calculated daily, will be charged.

(t) Cheques for quota payment can be postdated to the last business day of the month.

(u) If payment is not received by DFO by the eighth day of the month, or next business day if the eighth falls on a weekend or holiday and there are insufficient funds to collect all of the funds owing by a milk cheque deduction, the proceeds of all subsequent milk and/or quota proceeds will be withheld until the balance owing is fully paid. The producer will also not be able to bid on the exchange for a period of 12 months after the first payment for quota has been deducted. For the next five years, after the producer is permitted to use the quota exchange again, all bids to purchase quota must be prepaid by a certified cheque or Letter of Credit before the bids will be accepted.

(v) DFO reserves the right to request a Letter of Credit, wire transfer, or certified cheque to cover any bid from a producer where it is deemed appropriate.

(w) When a producer's quota transactions do not appear to be related to the production of the dairy facility, DFO reserves the right to reject a bid or offer on the quota exchange, and may require that the producer have permission from DFO prior to using the exchange again.

(x) The quota exchange is operated for the convenience of producers, and DFO accepts no liability or obligation whatsoever in the event that an exchange is cancelled for whatever reason.

(y) For general rules regarding NEQAP and new producer applicants, please see Sections F and G.

2. To Send a Bid or Offer to the Quota Exchange

Producer Self-Service

(a) To reach the quota exchange through the Internet (www.milk.org) select the Login link, enter your Username (licence number) and primary password, when prompted. Select Quota Exchange and then Buy or Sell Quota. Follow the instructions for submitting your bid or offer. Bids and offers are accepted from 12:00:01 a.m. on the 20th of a month to 11:59:59 p.m. on the first of the following month.

(b) Submit your bid or offer a few days prior to the deadline, the first of each month, to allow adequate time for corrections, if necessary.

(c) The minimum purchase is 0.10 kilogram of quota. The minimum sale is 0.50 kilogram of quota.

(d) If selling your total quota, select YES for this option and your total quota will be offered for sale.

Customer Service Representative

Have your most recent milk statement available so that the CSR can verify the caller is the licence holder or licence holder's representative.

(a) Bids and offers are accepted from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding holidays, from the 20th of the month to the first of the following month.

(b) Write down your bid or offer in the space below before making your call.

Buy _____ kg of quota at _____ dollars per kilogram. (Note: You can ask the CSR to put 10% in the kg section and the kg will automatically be calculated.)

OR

Sell _____ kg of quota at _____ dollars per kilogram. (Note: You can ask the CSR to put **ALL** in the kg section if you are selling your total quota.)

(c) Call **1-866-518-2525** and a CSR will take your buy or sell information. Record the confirmation number provided by the CSR at the end of your call with your written bid or offer information.

3. Producers That Cease Production ***Rev. July 1, 2021***

(a) Producers who have ceased to supply milk to DFO must resume shipments within 90 days.

(b) Producers who cease production for a period in excess of 30 days and intend to recommence within the 90-day period must contact the local DFO Field Services Representative to arrange to have their farm inspected. The dairy facility must be classified as Grade A by the FSR prior to milk shipments resuming.

(c) Producers who do not resume shipments within the 90-day period must sell their quota on the first exchange following the 90th day.

Example: a producer who permanently ceases shipments during the month of September can offer the total quota for sale on the October exchange (offer sent between September 20th and October 1st), or the November or December exchanges. The January exchange (offer sent between December 20th and January 1st) would be the final deadline.
For transfers to a child or children, the same deadlines apply.

(d) Producers are permitted to sell their total quota on the exchange held during their last month of shipment. If the quota is sold, the producer continues to have the use of the quota until the end of the exchange month. Milk pickup will be stopped after the last regularly scheduled pickup for that month.

(e) Producers are not permitted to sell an amount of quota that would reduce their quota allotment to greater than zero and less than 10 kg.

(f) A producer who has not sold all quota due to proration on an exchange is not permitted to continue shipping if they hold less than 10 kg of quota.

(g) Unless quota is being held in abeyance, producers who have been out of production for a period exceeding 90 consecutive days and have not sold their quota on the first exchange following the 90th day will have their quota allotment cancelled by an Order of DFO.

(h) Producers who have no milk shipments due to a suspension under proAction policy may receive an extension of 30 days to the policy in section D, 3(g), provided DFO is satisfied that they have made progress towards meeting proAction reinstatement requirements. Producers must submit a written request to DFO describing the progress they have made towards meeting reinstatement requirements and requesting the 30-day extension.

(i) Unless quota is being held in abeyance, producers must ship milk for at least 150 days in any 365-day period or they may have their quota allotment cancelled by an Order of DFO.

(j) Producers who are shut-off from the milk market as a result of the application of Ontario Regulation 761 or as a result of not meeting assurance programs requirements are not permitted to:
   (i) receive quota days for the shut-off period, pay back overproduction credits and/or accumulate underproduction credits during the shut-off period; or
   (ii) share facilities; or
   (iii) set up linked facilities; or
   (iv) sell as an ongoing operation.

Section E
Quota and Payment

Introduction
Quota is administered on a monthly basis and production is applied to monthly quota, incentives and credits in the order listed as follows:

1. Monthly quota;
2. Production incentives;
3. Underproduction credits;
4. Overproduction credits; and
5. Over-quota milk.

1. Monthly Quota
Quota is issued on a daily basis but is administered on a monthly basis. Daily quota is multiplied by quota days to determine monthly quota.

Quota days are the difference in the number of days from the last pickup in the previous month to the last pickup in the current month.

However, if milk was not shipped on the last pickup or pickups in a month, the following procedures apply. If quota days are less than the current month's calendar days minus one, then quota days are the difference in the number of days from the last pickup in the previous month to the last calendar day in the current month. When calendar days are used, the last day of the month is deemed to be the last pickup date for the month for the next month's quota day calculations.

If a producer does not ship on the last scheduled pickup in a month and provided the calendar day provision is not triggered, the quota days are available in the next month. It is recommended that you not dump the last scheduled milk pickup in a month.

In the case of two farm bulk tanks, the last pickup on either of the two tanks will be used to calculate monthly quota days. ***Rev. May 6, 2022***

Producers may be either slightly above or slightly under their quota on a monthly basis. The overproduction and underproduction credit system is meant to accommodate fluctuations in production.

2. Production Incentives
To encourage increased production, normally in the fall months, and other times when needed, all producers may be given additional incentive credits based on their daily quota allotment. The level of fall incentive credits is usually announced early in the calendar year.

(a) Incentive credits are available only for the month in which they are allotted, and cannot be carried forward in part or whole.

(b) Incentive credits are utilized after the monthly quota and before underproduction and overproduction credits.

3. Underproduction Credits
Producers who ship slightly under their monthly quota are permitted to carry the unused monthly quota forward to future months to offset shipments over the monthly quota, subject to limitations the Board may place on credit use. This unused quota is referred to as an underproduction credit, and, when needed, is available for use in addition to the regular monthly quota.

(a) The maximum number of underproduction credits that can be accumulated and carried forward indefinitely is equivalent to quota holdings multiplied by15 days. ***Rev. August 1, 2022***

(b) If there are no overproduction credits owing, underproduction credits are earned when production in the month is below the monthly quota.

(c) When a producer's quota is reduced or the producer sells or transfers any or all quota, the maximum underproduction credits, if applicable, will be reduced to a maximum of the new quota multiplied by 15 days. ***Rev. August 1, 2022***

(d) Underproduction credits can be transferred with the quota for a quota ownership update, ongoing operation purchase or parent to child quota transfer.

(e) Producers shut off from the milk market are not eligible to earn underproduction credits and/or pay back over production credits during the period in which they are shut off.

(f) Producers transferring partial quota are not permitted to have more than the maximum of 15 days of underproduction credits, on the effective date of the transfer. ***Rev. August 1, 2022***

4. Overproduction Credits

Overproduction credits allow producers to occasionally ship slightly above their monthly quota at domestic prices, with the intent that overproduction credits will be paid back by under-quota production in future months, subject to limitations the Board may place on credit use. Overproduction credits are a loan of quota. The producer incurs a "debt" of the difference between domestic and over-quota prices on the kilograms of overproduction credits borrowed. Borrowed overproduction credits and the associated debt are carried forward and the producer is obligated to pay back the overproduction credits. Borrowed overproduction credits can be paid back through underproduction of monthly quota or, if quota is reduced due to a sale, transfer, or quota decrease the debt owing is deducted from milk and-or quota proceeds and are again available for use if the producer remains in production.

(a) The maximum overproduction credits that producers may borrow is 10 days.

(b) Overproduction credits are utilized when production in the month exceeds monthly quota plus, if applicable, production incentive credits and underproduction credits.

(c) Borrowed overproduction credits can be paid back through underproduction of monthly quota (all utilized overproduction credits must be paid back before underproduction credits can be earned).

(d) Producers who have borrowed some of their available overproduction credits and sell quota or have their quota reduced, may be in a position of having borrowed more overproduction credits than the new maximum available after the sale. In these cases, any overproduction credits borrowed that are greater than the number available are paid back through a deduction equivalent to the difference between within-quota milk prices and over-quota prices.

(e) If a producer sells all quota, all overproduction credits owing must be paid back. The deduction will be made on the milk statement for the month the quota is last available for use.

(f) Overproduction credits are transferable with the quota for a quota ownership update involving family members where the licence number remains the same.

(g) Overproduction credits are transferable with the quota through an ongoing operation purchase if both the seller and purchaser agree in writing.

(h) Producers who are shut off from the milk market cannot pay back any borrowed overproduction credits during the period in which they are shut off.

(i) Producers receiving or transferring partial quota are not permitted to have more than the maximum of 10 days of overproduction credits, on the effective date of the transfer.

5. Over-Quota Milk

(a) Milk marketed in a month by a producer that exceeds the total quota and available incentive and credit days to that producer for the month is over-quota.

(b) For milk marketed above 100 per cent of a producer's quota and available credit and incentive days, or above such level as determined appropriate by the Board, the producer will receive an over quota penalty of $20 per hectolitre (hl) and will be subject to the normal deductions.

6. Irregular Shipments

Producers who attempt to divert shipments from one month to the next to avoid over-quota production, or for other reasons, affect milk transporter and milk processor efficiencies as well as create inequities in the quota and payment systems. Producers will not be paid for the milk that is held back one month and shipped in the next month. Normal deductions will also apply.

7. Volume Adjustments

All milk volume and component adjustments and associated quota utilization adjustments will not be a separate adjustment but will occur in the next producer payment cycle.

8. Registration of Letters of Direction of Proceeds from the Sale of Quota

Quota belongs to and is administered by DFO for supply management purposes.

Letters of Direction (LOD) will not be registered for non-saleable quota or for quota loaned in assistance.

DFO recognizes that producers may ask DFO to remit, on their behalf, proceeds from the sale of quota to a lender that provided funding for a quota acquisition. DFO will send the proceeds (saleable portion only) from the sale of quota on the DFO quota exchange to lenders. This service is provided on a fee-for-service basis.

The following describes the circumstances under which DFO will administer and manage the registration of the Letters of Direction of proceeds from the sale of quota.

(a) It is the responsibility of the producer to offer quota for sale. In the event of the sale of quota, it is the responsibility of the lender to pay any funds in excess of the loan amount to the producer. The saleable and non-saleable proportions will be calculated administratively by DFO at the time of a quota sale. The lender will receive proceeds for the saleable portion only.

(b) DFO will register Letters of Direction signed by producers for lenders. The expiry date is not to exceed 20 years from the start date. Dairy producers who are dealing with one lender can provide a single standing Letter of Direction. The expiry date will be reset to 20 years each time quota is purchased.

(c) Producers can make application for Letters of Direction registration service by providing DFO with the properly completed DFO forms.

(d) It is the responsibility of the producer to resolve any disputes between the producer and lender or lenders regarding the registration of a Letter of Direction or Letters of Direction.

(e) A Letter of Direction can be released by the lender, but an existing direction cannot be transferred.

(f) If saleable quota is reduced through a general provincial quota reduction, resulting in the saleable quota held by the producer being less than the amount of quota secured by the Letter of Direction, the amount of quota secured will be reduced by a corresponding amount and, if there is more than one lender with a Letter of Direction, the quota registered by the Letters of Direction will be reduced by a prorated share for each of the lenders.

(g) If there is more than one Letter of Direction on file at DFO and there is a partial sale of quota, the payment will be made according to the date the Letters of Direction were first registered with DFO.

(h) In the event of a quota sale, where there is both encumbered and unencumbered quota, quota proceeds will be applied to the Letter or Letters of Direction on file before being paid to the producer.

(i) In the event of a pending quota transfer, if a lender has a Letter of Direction for any of the quota that is being transferred, the lender will be notified of the pending transaction in advance of the effective date of the transfer.

(j) Letters of Direction are administered on a per licence basis. It is the responsibility of the licence holder to administer agreements between the partners, shareholders, or parties of the business entity.

(k) DFO is not responsible for any fees or charges associated with a delay in the payment of quota proceeds to the producer or designate.

(l) A Letter of Direction can only apply to unencumbered quota and/or quota that does not currently have a Letter of Direction registered with DFO.

9. Assignment of Monthly Milk Proceeds

Producers can assign a portion or all of their monthly milk proceeds. Assignments are paid once a month on the 15th or next business day. Assignments are offered on a fee-for-service basis to producers as follows:

(a) The assignment of milk proceeds is for milk revenue net of DFO deductions, amounts due DFO and, if applicable, milk quality penalties.

(b) The assignment of milk proceeds to a lender is for milk proceeds only and does not include the payment of quota proceeds if the lender does not have a Letter of Direction.

(c) New assignments, effective January 2012, will be paid by direct deposit. Assignees must submit a void cheque for a bank account in which the funds are to be deposited.

(d) Assignments can either be revocable or non-revocable and, if non-revocable, both the producer and the assignee must provide DFO with a jointly signed request asking DFO to cancel the assignment. If revocable, the producer can make a written request to cancel the assignment.

(e) Assignments are paid out on the basis of when they were first registered with DFO.

(f) DFO will post the assignment priority number according to the date the assignment was first registered with DFO.

(g) DFO in no way guarantees that there will be sufficient funds to pay the assignee or assignees.

(h) If there are insufficient funds to pay all assignees from the monthly proceeds, the shortfall will not be paid out through the assignment process in future months.

(i) Any instruction of the court or Revenue Canada takes priority over an assignment or assignments.

(j) DFO is not responsible for any fees or charges associated with a delay in the payment of milk to the producer or designate.

10. SNF/BF Ratios

Payments for within-quota shipments to DFO will be made based on the butterfat composition of the milk and a two-tier level of payment for the solids-not-fat (SNF) to butterfat content below the ratio cap in the milk, as determined appropriate by DFO, and described in Section E, 12f . Refer to the explanation of milk cheque statement for further details.

11. Explanation of the Interim Milk Cheque Statement

(a) Payment is made on the 1st of the month, or the next business day, for milk shipments reported for the first fifteen days in the previous month, minus any food bank donations.

(b) Payment will be based on the producer's individual gross milk return price from the month prior to the shipments. The gross milk return price includes within-quota shipments based on the butterfat composition of the milk and the two-tier level of the ratio cap of solids-not-fat (SNF) to butterfat content in the milk as determined appropriate by DFO. If a producer is new to the industry, the first interim payment will be based on the provincial average blend price of the month prior to the shipments. Interim payment uses a 90 per cent factor.

(c) Usual deductions based on volume will be held back from the interim payment.

(d) Where a producer has assigned a fixed portion of milk proceeds to third parties, 50 per cent of the fixed amount will be held back. Assignments based on a percentage of the milk proceeds will have a weighted amount held back.

(e) Producers will not receive an interim milk payment if:
- (i) using or providing shared facilities services;
- (ii) through a total quota transfer or total quota sale, their quota holdings will be zero on the first of the next month; or
- (iii) monthly assignments for milk proceeds are 100 per cent.

12. Explanation of the Milk Cheque Statement

(a) Monthly Quotas (also see Section E-1)

Monthly quota is calculated by multiplying quota by the difference in the number of pickup days between the last pickup in the previous month and the last pickup this month,
e.g. Dec. 30 to Jan. 31 = 32 days (50 kg x 32 days = 1,600 kg for a 16-pickup month).

If a producer stops partway through a month, resulting in calendar days minus one being greater than the difference in the number of days between the last pickup in the previous month and the last pickup this month, then quota days are the difference in the number of days from the last pickup in the previous month to the last calendar day this month.
Dec. 30 to Jan. 13 = 14 days. Calendar days 31 minus 1 = 30 days.
Quota days of 32 are used in this example.

To calculate component yield, the volume of milk for a pickup is multiplied by the component test results for the sample taken on the same pickup day, eg. 3,850 litres divided by 100 = 38.50 hL x 3.92 kg of BF/hL = 150.92 kg of BF.

(b) Incentive Days

Incentive days are multiplied by the quota, e.g. 50 kg x 1 day = 50 kg. (The 50 kg is added to the monthly quota.) Incentive days that are not used cannot be carried forward to the next month.

(c) Maximum Underproduction Credits

The maximum number of underproduction credits that can be carried forward is quota multiplied by 15 days. e.g. 50 kg x 15 days = 750 kg. ***Rev. August 1, 2022***

If quota is sold, the maximum underproduction credits are also reduced on the effective date of the sale

50 kg - 25 kg = 25 kg x 15 days = 375 kg. Underproduction credits greater than 375 kg would be clawed back. ***Rev. August 1, 2022***

(d) Maximum Overproduction Credits
The maximum number of overproduction credits that can be carried forward is quota multiplied by 10 days. e.g. 50 kg x 10 days = 500 kg. If quota is sold, the maximum is also reduced on the effective date of the sale 50 kg – 25 kg = 25 kg x 10 days = 250 kg. Overproduction credits greater than 250 kg would be clawed back.

(e) Production Potential
To determine daily production potential, a producer must divide quota by the estimated butterfat test to determine hectolitres. When incentive days are issued, the quota equivalency must be added to the daily quota before dividing by the estimated butterfat test. Hectolitres multiplied by 100 determines litres.

For example: A producer with a daily quota of 50 kg and an average butterfat test of 4.0 kg/hl could ship 1,250 litres/day as calculated below.
50 kg daily quota ÷ 4.0 kg/hl BF test = 12.5 hl
12.5 hl x 100 = 1,250 litres/day
Note: one (1) hl = 100 litres

(f) SNF to BF Ratio
(i) The two-tier level of ratios are administered on a monthly basis.
(ii) A producer is paid the within-quota rates for SNF less than or equal to 2.50 kg for every one kilogram of within-quota butterfat. There are within-quota rates for SNF less than 2.20 and market rate for SNF between 2.20 and 2.50.
(iii) There is zero payment for SNF above the ratio of 2.50.
(iv) There is zero pay for overquota SNF and butterfat. ***Rev. June 1, 2026***

(g) Any payment made at interim on the first of the month will be deducted from the final payment on the 15th, or the next business day, to arrive at a net milk payment.

(h) Producers will not receive payment if there is no direct deposit information on file at DFO.

Section F
New Entrant Quota Assistance Program (NEQAP)

The following terms and conditions apply to the NEQAP:

1. The P5 makes available up to 160 kg of quota per year for the NEQAP in Ontario.

2. Applicants must be 18 or more years of age and shall not be an undischarged bankrupt at the time of application.

3. Applicants cannot have been previously licensed to produce and market milk in Canada.

4. Applicants can only submit one application and can only be listed on one application.

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

6. Applicants must provide the location of the farm facility they will be producing milk from and can only submit one application per farm facility.

7. If multiple applications are received for the same farm facility, all applications for the same farm facility will be cancelled.

8. Applicants who use a non-registered business name will not be eligible for the program.

9. When the necessary ownership and farm location information has not been provided or the ownership structure does not meet DFO policy requirements, the application will be cancelled.

10. Applicants cannot be spouses of current or previously licensed milk producers in Canada. ***Rev. June 1, 2021***

11. Applicants cannot be DFO staff members or contract employees, their spouses, their children or their children's spouses.

12. Applicants 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.

13. Applicants must produce and market milk from their own separately licensed dairy facility and can therefore not share facilities.

Application Process

14. DFO will provide applications for the NEQAP each year on DFO's website during the application period.

15. The application period for the NEQAP is from July 1 to October 31 of each year , and beginning with the 2027 NEQAP, application and selection will occur 2-years in advance. ***Rev. July 1, 2025***

16. Applicants are to send by registered mail, on or before October 31 of each year, in a single package:
    (a) an application form;
    (b) a 10-year business financial plan verified and signed by a certified accountant. The certified accountant is required to verify, in writing, that the business financial plan is legitimate and indicate per the assumptions made, that the business has the ability to generate profit.
    The business financial plan is a distinct document and 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 (eg. family and/or friends);
vii) the highest education achieved by the applicant(s); and
viii) dairy and agricultural experience.

Note: The business financial plan and agreement to providing financing cannot contain any contingencies such as, “based on property appraisals.”

(c) A cover letter signed by the lender(s) indicating:
i) that they have been provided with a copy of and reviewed the business financial plan;
ii) agreement to provide the financing that is required in the business financial plan; and
iii) state the principal amount and term of the loan(s). This applies to both financial institutions and private lenders.

Selection Process

17. Only complete application packages as described in Section 16 will be considered for selection for the NEQAP.

17(a). Application packages must contain all required DFO approvals, other than with respect to NEQAP. Applications will not be accepted if they are contingent on any additional DFO approval(s).

18. An independent third party will determine which applications meet the established criteria. Selection priority will be given to applicants if they or their spouse have not currently or in the past held a licence in another supply-managed sector in Canada. If there are more applicants who qualify than positions available, the third party will use a lottery system to select the successful applicants and will advise DFO of those who have been selected. The third party’s decision is final with no appeal or explanation required. DFO staff will do an initial review of all selected application packages to ensure the application meets DFO policy requirements.
Rev. March 1, 2022

19. Successful applicants will be notified in late December that they have been selected to participate in NEQAP.

Acquiring Quota

20. New entrants will have priority access of 20 kg to 30 kg of quota on the assigned exchange month.

21. Successful applicants must submit a letter signed by their lender(s) 60 days prior to their assigned exchange month, indicating agreement to provide the financing that is required. This applies to both financial institutions and private lenders. Payment for their initial quota purchase is required by the 15th of their assigned exchange month. ***Rev. June 1, 2021***

22. Starting with the May quota exchange month the new entrant will be given an assigned exchange month based on the order their application is selected in the lottery system. The new entrant is permitted to change their assigned exchange month with another new entrant on the condition that a signed letter by both parties is submitted to DFO. ***Rev. July 1, 2025***

23. Successful applicants must obtain their required quota on the assigned quota exchange month. If successful applicants bidding on the exchange do not acquire a mimimum of 20 kilograms of quota on the assigned exchange month due to their decision, they will no longer be eligible for quota under NEQAP.

24. A new entrant’s bid will be cancelled if there is an insufficient volume available on a quota exchange to issue at least 0.1 kg of quota to all other successful buyers. The new entrant whose bid was cancelled will be notified immediately. If an exchange is cancelled, then new entrants will receive a new assigned exchange month.

25. Subject to DFO issuing a licence to produce and market milk and approving an order to issue quota, DFO will allocate 20 kg of quota to each successful applicant on the effective date of the initial acquisition of quota.

26. Once initial quota allotment has been received, new entrants are subject to general quota exchange policies.

27. Once the initial quota allotment has been received, a new entrant must commence marketing milk from their own farm location within a period of six months. ***Rev. February 1, 2022***

28. The allotment of quota through the NEQAP will coincide with the effective date of the acquisition of the required 20 kg to 30 kg of quota by the successful applicant.

29. For the application periods 2010 to 2015, DFO may provide quota to a new entrant for a period not exceeding seventeen years. Starting on the anniversary date at the beginning of the sixth 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. The repayment schedule is deferred if the new entrant has had quota taken back prior to their scheduled repayment start date. Repayment will be deferred by one month for each 0.1 kg previously taken back to a maximum of 1 kg per 12 month period.

30. Starting with quota allotments in 2016, DFO may provide quota to a 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. The repayment schedule is deferred if the new entrant has had quota taken back prior to their scheduled repayment start date. Repayment will be deferred by one month for each 0.1 kg previously taken back to a maximum of 1 kg per 12 month period.

31. Starting with the 2021 NEQAP applicants, DFO may provide quota to a new entrant for a period not exceeding twenty eight 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 1.2 kg per 12 month period.

32. Starting with the March 2015 exchange, there is no maximum quota holding for new entrants. Meaning, quota provided in assistance will not be taken back if quota is purchased on the quota exchange.

33. Starting with the 2021 NEQAP applicants, new entrants are not eligible to receive a parent to child top-up.

34. New entrants cannot conduct a quota transaction that would reduce their own quota below the minimum level of 12 kilograms while receiving any quota in assistance. If a new entrant conducts a quota transaction and reduces their own quota below 12 kilograms, DFO will take back all quota provided in assistance.

35. Starting with the 2021 NEQAP applicants, new entrants cannot conduct a quota transaction that would reduce their own quota below the minimum level of 20 kilograms while receiving any quota in assistance. If a new entrant conducts a quota transaction and reduces their own quota below 20 kilograms, DFO will take back all quota provided in assistance.

36. New entrants are not required to replace their own quota that is reduced through a general quota decrease that applies to all producers.

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

38. Quota provided in assistance to a new entrant is not transferrable and cannot be encumbered.

39. Within the first five years of producing and marketing milk, new entrants cannot transfer quota to any other party, with the exception that a new entrant who receives assistance can add their spouse to the licence.

40. A new entrant must have produced and marketed milk continuously for a period of five years before being able to complete a within family transfer, i.e. addition of a child.

41. A new entrant must have produced and marketed milk continuously for a period of five years before being able to transfer quota as part of an on-going operation and any loaned quota held at the time of the transfer will be taken back by DFO.

Section G
New Producer Applicant Requirements

The New Producer Program has been eliminated, effective May 1, 2027. ***Rev. August 1, 2025***

1. New Producer Program (NPP)

(a) A new producer applicant must be at least 18 years of age at the time of application.

(b) From their estimated exchange month at the time of application, a new producer applicant is not eligible for the quota exchange proration exemption if they or their spouse held a licence to produce and market milk in Canada in the previous five years.

(c) From their estimated exchange month at the time of application, a new producer applicant is not eligible for the quota exchange proration exemption if they are starting on a farm on which a parent or parent-in-law held a licence to produce and market milk in the previous five years.

(d) A new producer applicant is not eligible for the quota exchange proration exemption if they and/or their spouse hold quota.

(e) A new producer applicant can only submit one application or be listed on one application.

(f) A new producer applicant must produce and market milk from their own separately licensed dairy facility and cannot share facilities with a licensed dairy farmer.

(g) A new producer applicant must submit an application form and non-refundable application fee of $1,000 to Dairy Farmers of Ontario by mail. The cheque is to be made payable to Dairy Farmers of Ontario.

(h) DFO will review the application and the new producer applicant will be notified by mail of their acceptance. New producer applicants will be given a NPP queue number and estimated quota exchange month based on the date their application and fee are received at DFO's head office.

(i) An advance deposit of $10,000 is to be submitted by the new producer applicant whose queue month is in the twelfth upcoming exchange position, up to and including the 2024 new producer positions. Effective with the 2025 positions, an advance deposit of $10,000 is to be submitted by the new producer applicant whose queue month is in the twenty-fourth upcoming exchange position. ***Rev. April 8, 2022***

(j) DFO will advise new producer applicants by letter when the advance deposit of $10,000 is to be submitted.

(k) If the advance deposit is not received within 15 days of notice, the new producer applicant will be removed from the NPP queue.

(l) The $10,000 advance deposit will be credited to the first purchase of quota on the assigned exchange.

(m) The $10,000 advance deposit will not be returned if the new producer applicant decides to withdraw from the NPP queue, does not bid for quota on the assigned exchange, or does not produce and market milk.

(n) The $10,000 advance deposit will be held back from the payment of quota proceeds if the new producer does not produce and market milk after acquiring quota.

(o) The non-refundable application fee will be returned to those who have not yet purchased quota if DFO cancels the New Producer Program.

(p) The application fee and $10,000 advance deposit, if applicable, will be returned if the new producer applicant in the NPP queue is selected for and participates in the New Entrant Quota Assistance Program.

(q) Before placing a bid on the quota exchange, a new producer applicant will need to schedule an appointment and meet with a DFO Field Services Representative to fill out the required forms to become a producer. New producer applicants must agree to meet all DFO policies and DFO and provincial regulations.

(r) DFO will allow one new producer applicant to participate on a single quota exchange when the quota price cap is in effect. Effective January 2024, DFO will allow one new producer applicant to participate on a single quota exchange from January to April, for a total of four per year when the quota price cap is in effect. ***Rev. April 8, 2022***

(s) A new producer applicant is exempt from proration for up to a maximum of 35 kg of quota on a single quota exchange.

(t) A new producer applicant must submit a letter signed by the lender(s) 60 days prior to their assigned exchange month, indicating agreement to provide the financing that is required. This applies to both financial institutions and private lenders. Payment for their initial quota purchase is required by the 15th of their assigned exchange month. ***Rev. June 1, 2021***

(u) A new producer applicant's bid will be cancelled if there is an insufficient volume available on a quota exchange to fill the bid amount. The new producer applicant whose bid was cancelled will be notified as soon as possible after it is known a bid was cancelled.

(v) The new producer applicant whose bid was cancelled will maintain their queue order for the next quota exchange. ***Rev. October 1, 2026***

(w) If a new producer applicant does not bid in the assigned exchange month, it will not change the assigned exchange month for the next 12-month period.

(x) Once the initial quota allotment has been received, a new producer must commence marketing milk from their own farm location within a period of six months. ***Rev. February 1, 2022***

(y) A new producer applicant who purchases quota on the quota exchange and is exempt from the proration policy cannot transfer quota or conduct a quota ownership update (with the exception that they can add a spouse to the licence) or share facilities for a period of five years from the effective date of the initial quota acquisition.

(z) It is the responsibility of the new producer applicant to notify DFO of any change of address. If DFO correspondence to a new producer applicant is returned as undeliverable, the new producer applicant will be removed from the NPP queue.

2. New Producers

(a) The new producer must have a minimum quota allotment of 10 kg.

(b) All new producers must have their licensed dairy facility and farm yard and lane approved by the FSR by the 15th of the month prior to the month in which they begin marketing milk.

(c) Those planning to enter the industry and acquire quota through an ongoing operation purchase or from a parent to child quota transfer, must file the appropriate application forms with DFO.

(d) A new producer entering the industry must commence marketing milk from their own farm location within a period of three months of DFO's approval of the Order which allots quota.

(e) A new producer not commencing shipping within three months of the effective date of the initial acquisition of quota has three exchanges to sell the quota acquired.

(f) New producers must enroll on direct deposit to receive payment for milk produced within quota.

(g) i) Ontario-based producers that have been fixed and allotted quota for the marketing of milk by another province (referred to as non-DFO producers) can bring their quota with them to Ontario if there is a reciprocal quota transfer agreement with the other province.

ii) Interprovincial quota transfers must provide all relevant information that DFO may require to consider the application, including authorizing DFO to obtain any such information that it considers necessary from the province or marketing board that fixed and allotted quota to the non-DFO producer.

3. Organic Milk Standby Policy

The basic elements of the policy are:

1. No new organic milk producers will be permitted to commence marketing their milk unless the utilization of organic milk is equal to 90% of the total current production for a minimum of three consecutive months.

2. Organic producers wishing to be added to the standby list are to provide DFO with a letter of intent including, their name and/or the name of their farm, their DFO license number, their contact information and the status of their conversion (when they expect to be certified).

3. The standby list is administered on a first come basis, i.e. the first person on the list is the next person to be given the opportunity to join the organic supply pool. A producer's position on the list is based on the date that DFO receives their letter of intent.

4. A new producer (the producer at the top of the list) will be contacted and given the opportunity to commence shipping organic milk, when the demand for organic milk in Ontario represents 90% of the total organic supply, for a minimum of three consecutive months.

5. Should the producer at the top of the list not be in a position to commence shipping organic milk when the market dictates the addition of additional milk, then the next individual on the list may be contacted and given the opportunity to commence shipping. The process of moving down the list will be continued until sufficient milk is made available to meet the market requirements.

Section H
Deadline Dates, Correspondence and Appeal Procedures

1. Application Deadlines

Applications of any kind must be received at DFO's Head Office on or before the first of the month if sent by regular mail. For a producer's protection, DFO advises the use of registered mail to Producer Services when submitting applications. Applications registered on or before the first can be processed for the 1st of the following month. Registered mail gives producers an equal opportunity to meet the required dates, regardless of where they reside in the province.

2. Correspondence

Correspondence to DFO's Head Office should be addressed to:
Secretary to the Board, Dairy Farmers of Ontario, 6780 Campobello Road, Mississauga, Ontario L5N 2L8, Telephone 905-821-8970, Fax 905-821-3160.

3. Requests for Special Consideration or an Exemption

(a) If a producer requires special consideration for reasons of not being able to comply with a particular policy(s) in Part I, DFO's Quota Committee should be advised of the problem within 90 days of the problem occurring, in writing to DFO's head office, providing all of the pertinent details as to why special consideration has been requested.

(b) Medical conditions will not be accepted as the basis for any exemption requests. Producers must remain solely responsible for taking whatever steps they deem appropriate, including acquiring insurance, to protect against unforeseen circumstances, including medical challenges.

(c) The Quota Committee will consider a request and make a recommendation to DFO's Board. DFO's Board, in turn, will reach a decision on the matter and the producer will be so advised in writing.

4. Requests for Reconsideration of a Board Decision

If the producer is not satisfied with a DFO Board decision, the right is granted, under provincial legislation, to request a Hearing within 90 days of the Board's original decision and appear before DFO's Board to present the case in person. In this instance, the producer should advise DFO's Board Secretary, at DFO's head office, in writing, of their wish to "appeal" a DFO Board decision.

5 Requests to the Agriculture, Food and Rural Affairs Appeal Tribunal

A producer also has the right to appeal a DFO Board decision to the Agriculture, Food and Rural Affairs Appeal Tribunal, 1 Stone Road West, Guelph, Ontario N1G 4Y2, Telephone 519-826-3433 or 1-888-466-2372, Fax 519-826-4232.

Section I
Definitions

For the purpose of the policies outlined in this document, the following definitions apply:

1. **"Assistance"** means the quota provided by DFO to successful new entrants in the New Entrant Quota Assistance Plan.

2. **"Bid"** means the quantity of quota the producer wants to purchase and the price a producer is willing to pay for the quota bid for on an exchange.

3. **"Corporation"** means an association endorsed by law with the rights and liabilities outlined in its charter to act as an individual.

4. **"DFO"** is Dairy Farmers of Ontario.

5. **"Encumbered"** means permission granted to a third party to make a claim against the quota sales proceeds.

6. **"Fixed assets"** mean the dairy production facility and associated land base.

7. **"Green site"** means a dairy facility that does not hold a quota.

8. **"Kg"** means kilogram.

9. **"Licensed dairy facility"** means a milk production enterprise at which a producer has been licensed by DFO, has been allotted quota to produce and market milk and which has been designated as Grade A by an appointed fieldperson or is linked to primary production facility.

10. **"Licensee"** means a producer who has been issued a licence to produce and market milk by DFO.

11. **"Milk"** refers to cows' milk only.

12. **"Multiple farm operation"** means that two or more farms are licensed to produce and market milk by DFO that have the same ownership and each licence is issued a quota by DFO.

13. **"New Entrant Quota Assistance Program (NEQAP)"** means the program operated by DFO which may loan up to 12 kilograms of quota to 10 new entrants per year at no cost, provided the new entrants hold a minimum of 12 kilograms of their own quota.

14. **"New producer"** means applicants for a DFO licence to produce and market milk who have applied to purchase quota on the quota exchange and be exempt from the quota exchange proration policy or who acquire quota through an ongoing operation purchase or from a parent to child quota transfer.

15. **"New entrant"** means a producer who has not previously been on a licence to produce and market milk in Canada and is applying for quota assistance under the New Entrant Quota Assistance Program.

16. **"Non-saleable quota"** means the quota to market milk that has been issued to producers at no cost by DFO and is not saleable.

17. **"Offer"** means the quantity of quota the producer wants to sell and the price a producer is willing to accept for quota offered for sale on an exchange.

18. **“Ongoing operation”** means the dairy production facilities and the land base associated with the production facilities, that is licensed by DFO and is producing and marketing milk.

19. **“Own quota”** means quota acquired through an exchange, a transfer or with the purchase on an ongoing operation but not the quota provided by DFO in assistance to new entrants.

20. **“P5”** is a marketing pool consisting of the provinces of Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island.

21. **“Parcel of land”** means an area of land described in an instrument by which the title to an interest in land is or was established or an area of land shown on a plan and includes a public highway or any part thereof. (as defined in the *Boundaries Act, R.S.O. 1990, c. B.10)*

22. **“Parent-to-child quota transfer”** means a transfer of quota from a parent’s licence to the licence of a child operating a different dairy facility who does not hold any quota and is starting at a dairy facility at which the parent was not issued a licence to produce and market milk in the last five years.

23. **“Partnership”** is an association, embodied in a written agreement, between two or more individuals who are joint and active principals in the day-to-day operation of a dairy farm.

24. **“Plant”** means a licensed premise where milk is received for the purpose of being processed.

25. **“Primary and linked dairy facility”** means a dairy business that has two dairy facilities that are licensed by DFO to produce and market milk, the primary licence holding the quota, the linked dairy facility holding no quota, and shipments from both the primary and linked dairy facility using the quota holdings on the primary dairy facility.

26. **“Producer”** is a person, partnership, corporation or other form of business enterprise, licensed by DFO for the production and marketing of milk. In the case of a partnership, corporation or other form of business enterprise, DFO considers all parties to the business enterprise to be “producers” for purposes of the application of these policies.

27. **“Producer medical condition”** means a human health condition that has received a medical diagnosis.

28. **“Production”** means the amount of milk shipped and sold to DFO that has been produced by the producer on the farm of the producer.

29. **“Production catastrophe”** means a situation that physically prevents the marketing of milk from a licenced facility and only includes herd health problems or the loss of the milk production facility. Herd health problems include death of a significant portion of the herd or the occurrence of a disease or condition that prohibits the sale of milk from that herd. (i.e. reportable disease).

30. **“Production potential”** means the estimated amount of milk, expressed in litres, that a producer can ship on a daily basis without exceeding the allotted quota.

31. **“Prorate”** means to calculate or distribute proportionally.

32. **“Quota”** means kilograms of butterfat per day and determines a producer’s share of the national market share quota allotment, the fluid sales and milk for the Domestic Dairy Product Innovation Program of the P5 Pool and may be comprised of saleable and non-saleable quota.

33. **“Quota exchange”** means the mechanism operated by DFO on a monthly basis which provides all producers with an opportunity to sell or buy quota by matching supply and demand for quota at a bid or offer price.

34. **“Quota price cap”** means the maximum price established by DFO that a buyer can bid for or a seller can receive in relation to quota bid for or offered on a quota exchange.

35. **“Ratio cap”** means the ratio of solids-not-fat (SNF) to milk fat (butterfat) above which producers receive zero payment for SNF production.

36. **“Relocate”** means to move the licence and quota assigned to the licence to a different production facility that will continue to operate as a single business enterprise.

37. **“Saleable quota”** means the amount of quota to market milk that a producer can receive payment for if sold on the quota exchange.

38. **“Solids-not-fat (SNF)”** means the total solids of milk less the butterfat content.

39. **“Spouse”** means either of two persons who are legally recognized as being married in accordance with the applicable law of Ontario.

40. **“Transfer”** means the ownership of quota transferring from one party to another.

41. **“Transportation cost”** is the cost associated with picking-up milk on farm, transporting and delivering it to the plant.

42. **“Within family transfer”** means the addition or deletion of members of the immediate family to the DFO licence as follows: grandfather, grandmother, father, mother, husband, wife, son, daughter, brother, sister, niece, nephew, grandson, granddaughter, son-in-law, daughter-in-law, grandson-in-law and granddaughter-in-law.

43. **“Within-quota”** means the production within the available quota and credits by component for the month.

Part II: Milk Transportation Policies
Section A
General

1. What To Do If The Transporter Can't Pick Up Your Milk

If a transporter cannot make it to the producers' laneway and milk is not picked up on the producers' normal pickup day, producers can continue to add one more day of milk to their tank if there is enough capacity unless a Dairy Farmers of Ontario (DFO) Field Services Representative (FSR) instructs those producers to dispose of their milk and start fresh. Producers will only be directed, by a DFO FSR, to dispose of milk on farm if it is not possible to have the milk picked up the day after the normal pickup day due to transporter constraints. ***Rev. Sept. 6, 2024 & April 1, 2026***

2. Compensation for Milk Disposed on Farm

If a transporter cannot make it to a producer's laneway and a DFO FSR instructs that producer to dispose of their milk on farm, that producer is eligible to receive compensation for the amount of milk that was disposed of. Please note that any milk disposed of, without receiving prior instruction from a DFO FSR, that is due to the producer not having enough tank capacity to store three days-worth of milk will not be compensated.

Rev. Sept. 6, 2024 & April 1, 2026

a) For a producer to receive this compensation, they must complete and submit an application for the volume disposed of.
b) Applications must be submitted to DFO by the 2nd day of the following month.
c) Each application will be reviewed by DFO to confirm accuracy.

3. Farm Bulk Tank ***Rev. January 1, 2022***

A producer is required to advise DFO when a bulk tank or tanks are changed and must send DFO a copy of the litre chart that shows the manufacturer and serial number.

If a producer is installing a vertical bulk tank (VBT), the following conditions must be met before the producer's milk shipments can commence:

a) The VBT must comply with Regulation 761 requirements and must have approval from OMAFRA
that a representative sample can be collected from it.
b) The VBT must be calibrated by DFO, at the producer's cost.
c) Instructions for milk pickup and starting the wash cycle must be easily accessed by a BTMG.
d) The producer must provide, maintain and keep clean the equipment necessary for sampling.
e) The VBT must adhere to all applicable safety requirements under Ontario's Occupational Health and Safety Act thus allowing the BTMG to perform their duties in a safe manner.
f) The producer must complete, sign and submit the "Vertical Bulk Tank Form" agreeing to the terms and conditions set forth by DFO.
g) The farm must be inspected and classified as Grade A.

Effective September 1, 2010, all new licences, new milk house locations or newly installed tanks less than 1,000 US (3,785 litres) gallons must have, as a minimum, a 2-inch internal diameter outlet and valve. All new licences, new milk house locations or newly installed tanks of 1,000 US (3,785 litres) gallons or greater must have, as a minimum, a 3-inch internal diameter outlet and valve.

As well, all new licences, new milk house locations or newly installed tanks regardless of capacity must have only DFO-approved centre-pin butterfly valves and a tri-clamp or acme nut and thread connecting the valve to the tank.

A newly installed tank means new to that producer and applies to the installation of previously used farm bulk tanks. The farm bulk tank must be situated so that it can be picked up with a standard 7.62 metre (25 foot) hose.

In the future any farm not in compliance with the new bulk tank valve and outlet policy would have the necessary changes prescribed in writing by the DFO Field Services Representative. Producers who do not complete the requirements by the date specified in writing will not have their milk picked up until all of the requirements are completed.

4. Bulk Tank Error Policy

(a) All bulk tanks calibrated by the DFO calibration unit with a volume error in between plus or minus one per cent (1%) at the shipping level shall not have any retroactive adjustments made to their payments or quota utilization.

(b) All bulk tanks calibrated by the DFO calibration unit showing an absolute volume error of one per cent (1%) or greater at the shipping level shall have retroactive adjustments made to their payments and to their quota utilization.

(c) Retroactive adjustments, relative to section 4(b), shall be a maximum of 12 months or back to the installation date whichever is less, except in the case of proven criminal fraud where the maximum of 12 months may be exceeded.

(d) For retroactive adjustments relative to section 4(b) showing an absolute volume error of negative one per cent (-1%) or greater, if the recalculation of the 12 months retroactive volumes and quotas including any over-quota penalties results in net monies owed by the producer, then the net monies owed will be reduced to zero.

5.1 Every Day Pickup Service (EDPU) ***Rev. February 27, 2023***

(a) Eligibility

Producers are eligible to receive every day pickup transportation service (EDPU) on a temporary basis if they are installing a larger or second bulk tank. In order to receive EDPU, the producer must provide DFO with a copy of the purchase order for the larger or second bulk tank complete with an expected installation date.

Producers shipping 30,000 litres of milk or more every two days are eligible for EDPU (one pick-up per day) and are exempt from the requirement of installing a larger or second bulk tank.

Producers that ship from a 7,000-gallon (26,500 litres) tank, which have run out of capacity to be picked up every two days, can receive EDPU service on a permanent basis, but must pay for the service until they reach 30,000L shipped every two days.

This transition clause does <u>not</u> allow the producer to go on and off EDPU service.

Producers that ship from two 5,000-gallon (18,930L) tanks or larger, are eligible to receive EDPU service on a permanent basis but must pay for the service until they reach 30,000L shipped every two days. This clause does not allow the producer to go on and off EDPU service. ***Rev. May 16, 2025***

To be eligible for EDPU the milk in a bulk tank used for EDPU must be cooled and its temperature thereafter maintained in accordance with the Milk Act R.R.O. 1990 Regulation 761.

Producers are eligible for EDPU once per licenced facility per tank. After the installation of a new or larger bulk tank, if the new or larger bulk tank becomes too small over time, the producer is once again eligible for EDPU.

Applications for EDPU must be submitted to DFO's Finance Division. Application forms are available on

DFO's website (www.milk.org) or through DFO's Field Services Representatives (FSR).

(b) **Fee for Every Day Pick-up**
Producers will be charged an additional transportation fee as assessed by DFO for each additional pick-up over and above the standard every other day service. Higher charges may apply if the producer's location is considered to be isolated.

Producers may be placed on EDPU for transportation convenience as determined by DFO. Producers that are on EDPU for transportation convenience will not be charged the additional fee for EDPU.

Producers shipping 30,000 litres of milk or more every two days will not be charged the additional fee for EDPU.

(c) **Timing**
A producer can stay on EDPU for the lesser of six months or until a larger or second bulk tank is installed. The producer can ask for an extension beyond six months if the installation is delayed.

EDPU service starts and stops on the 1st and 15th of each month. Producers must submit an "Application for EDPU" a minimum of 15 days prior to starting the service. For example, applications submitted between Sept 1st and Sept 15th will be effective October 1st. Applications submitted between Sept 16th and Sept 30th will be effective October 15th.

Producers that were on EDPU prior to June 1, 2018 are grandfathered under the policies that were in place prior to June 1, 2018 for a 12 month period. Commencing on June 1, 2019 all grandfathered producers will be subject to the EDPU policies implemented on June 1, 2018.

5.2 No-Sunday Shippers

(a) No-Sunday Shippers are defined as producers who, as part of their faith or religion, have beliefs and observances that prohibit the pickup of milk on Sundays.

(i) DFO will continue to accommodate No-Sunday Shippers and will not pick up milk at the farms of No-Sunday Shippers on Sundays.

(ii) Effective January 1, 2020, No-Sunday Shippers will be charged a prescribed fee, as set out in Fee Schedule 1 (below), for each consecutive day of milk pickup that must be made to accommodate their shipping patterns.

(b) Every-Other-Day Shippers are defined as producers who have been placed on a four day per week pickup schedule, to accommodate No-Sunday Shippers.

(i) Every Other Day Shippers will receive compensation, as set out in Fee Schedule 1A (below), for each consecutive day of milk pickup they incur.

(c) **Fee Schedules**

Fee Schedule 1
No-Sunday Shippers (effective Jan. 1, 2020)
Prescribed fee of $50.00 for each consecutive day of milk pickup made to accommodate shipping patterns for a monthly amount of $216.67/month.*
* Calculated as $50.00 x 52/12 (weeks/months) = $216.67/month

Fee Schedule 1A
Every-Other-Day Shippers (effective Jan. 1, 2020)
Prescribed compensation of $25.00 for each consecutive day of milk pickup they incur to accommodate No-

Sunday Shipper shipping patterns for a monthly amount of $108.33/month.*
* Calculated as $25 x 52/12 (weeks/months) = $108.33

6. Two Farm Bulk Tanks

Two farm bulk tanks can be installed in one milkhouse subject to the following requirements.

(a) The primary farm bulk tank must have a capacity of at least 3,000U.S. gallons (11,365 litres). (Refer also to Part II, Section A3)
(b) The second farm bulk tank must have the capacity to hold a minimum of 24 hours of milking volume.
(c) The capacity of both tanks together must hold a minimum of 48 hours of milking volume.
(d) The producer must be granted approval by DFO, based on installation plans that ensure bulk tank clearance and washing requirements will be met and in particular that there is a sufficient supply of hot water for the washing of all milking equipment.
(e) The producer must install a pre-cooling device or both farm bulk tanks must be designed for everyday pickup.
(f) The farm bulk tanks must be situated so that both farm bulk tanks can be picked up on one stop with a standard 7.62 metre (25 foot) hose.

7. Administrative Process for Two Bulk Tanks

The administrative process for two tanks is:

(a) An administrative licence number will be assigned to the second farm bulk tank which must be posted in the milkhouse.
(b) A separate sample will be collected from and a separate milk collection report will be completed for the second farm bulk tank.
(c) A separate statement will be issued for milk marketed from the second bulk tank showing litres shipped and tests. Payment is combined for both bulk tanks.
(d) All official quality tests from both the main licence number and the administrative number will be used for penalty determination, and if a penalty is applied, it will be applied against the total monthly volume shipped under the main and the administrative licence numbers.
(e) If the milk in one farm bulk tank cannot be offered for sale because it has been rejected by an official Bulk Tank Milk Grader (BTMG), milk from the rejected farm bulk tank cannot be offered for sale on subsequent pickups.
(f) A service fee of $85 per month will be charged to cover the additional transportation costs and additional testing service fees, unless DFO has asked the producer to install a second tank for transportation efficiency reasons.
(g) The last pickup on either licence will be used to determine the quota day calculation. ***Rev.May 6, 2022***

8. Isolation Policy

Staff are authorized to negotiate reasonable transportation charges on behalf of producers, in relation to costs, where unusual conditions exist.

If the Transportation Cost per hectoliter ($/hl) associated with picking up a New Entrant to DFO's Organic Milk Program exceeds the average provincial Transportation Cost associated with picking up organic milk, the incremental amount ($/hl) will be charged to the New Entrant.

For example, if the Transportation Cost to pick up the New Entrant to DFO's Organic Milk Program works out to be $7.75/hl and the provincial average Transportation Cost associated with picking up organic milk is $6.20, the New Entrant would be charged $1.55/hl per pick-up ($7.75-$6.20 = $1.55).

9. Responsibilities of BTMG

(a) BTMGs may, under the authority of the provincial health and safety regulations, refuse to perform duties relating to the pickup of milk if they are concerned that their safety or the safety of others is at risk. Examples of risks are electrical safety, concerns with the surface of farm yards and/or lanes, and threats.
(b) It is the responsibility of the BTMG to rinse the bulk tank after milk has been picked up and the transfer

hose has been detached. It is the responsibility of the producer to wash the bulk tank. If the producer has asked the BTMG to start the bulk tank washer and the BTMG agrees, the BTMG may start the washer on the condition that the BTMG is not to handle the cleaning or sanitizing chemicals and is in no way responsible for any failures in the cleaning, sanitizing or related processes.

(c) It is not the responsibility of the BTMG to monitor the cleanliness of the interior of the bulk tank.

10. Farm Bulk Tank Valve

It is the responsibility of the producer to ensure that the farm bulk tank outlet valve is securely attached to the farm bulk tank. A fold-over style clamp is not an acceptable means to secure a valve to a tank.

If the outlet valve on a farm bulk tank becomes free of the tank when the BTMG is in the process of picking up the milk, and milk is spilled, the producer will not be compensated for the value of that portion of milk that is spilled. The volume of milk lost will be determined based on the difference between the load volume stated on the milk collection report (MCR) and the volume received by the plant.

11. What To Do If Your Milk Is Rejected

Rejected farm bulk tanks of milk are not marketed by DFO. The decision by the Bulk Tank Milk Grader to reject and not pick up a bulk tank of milk is final. In addition, it is the responsibility of the producer to empty the rejected bulk tank of milk, dispose of the rejected milk in an environmentally approved manner, and wash the bulk tank prior to next harvesting and storing milk for the purpose of offering it for sale to DFO.

12. Milk House Roof Avalanche Stops

All roofs that slope towards the loading area or slope towards the hose port must be equipped with avalanche stops.

13. Hose Length

The bulk tank outlet valve must be able to be reached by a standard 7.62 meter (25 foot) hose with the milk truck parked in the loading area.

14. Bulk Tank Wash System Safety

A bulk tank wash system must be installed and maintained in such a manner that:

(a) it does not harm or has the potential to harm the health of any person and

(b) it does not endanger the safety of any person

15. Type of Ladder Required to Access the Bulk Tank for Grading and Sampling Milk

It is the responsibility of the producer to ensure that the type of ladder used to gain access to the bulk tank for grading and sampling purposes meets the following requirements:

(a) Ladders and platforms must be installed in such a manner that they do not harm or have the potential to harm the health of any person or endanger the safety of any person.

(b) Ladders and platforms must be securely attached to the bulk tank OR be free-standing. If free-standing, the ladder must have a built-in platform.

(c) Lean-to ladders are not a safe way of gaining access to the bulk tank for grading and sampling milk.

Bulk Tank Milk Graders may, under the authority of the provincial health and safety regulations, refuse to perform duties or provide services relating to the pickup of milk if they are concerned that their safety is at risk.

Failure to provide a safe method of gaining access for bulk tank grading and sampling may result in the producer's milk not being picked up.

Section B
Farm Yards and Lanes

1. Introduction

The accompanying provisions for farm yards and lanes were established by a joint committee of the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA), the Ontario Milk Transport Association (OMTA) and Dairy Farmers of Ontario (DFO).

The Farm Yards and Lanes Policy defines minimal conditions from the point where the milk truck leaves the travelled portion of the road* to, but not including, the area on which the truck is parked while pumping on milk at the milkhouse.

**For producers residing on unassumed roads (definition below), the Farm Yards and Lanes area is extended to that portion of the road the milk truck driver must travel to access the farm for milk pick-up.*

Unassumed roads are roads that are owned but not maintained by the municipality. These roads usually do not meet the minimum standards that the municipality considers acceptable for assumption, and the municipality absolves itself of any liability in connection to these roads, causing the resident (producer) to become responsible for maintenance. ***Rev. Sept. 1, 2025***

The purpose of these standards is to ensure greater farm safety. Dairy Farmers of Ontario, as well as individual milk producers, are responsible for ensuring that a safe and practical access to the milkhouse is provided for the milk transporter.

2. Implementation

The Farm Yards and Lanes Policy is divided into two distinct sections, Section B and Section C. Section B identifies those farm yard and lane requirements for which all milk producers must be in compliance. Section C identifies standards and guidelines that producers may be required to comply with depending on circumstances.

Producers who are asked to comply with a particular aspect under Section C will be given a specified time period to comply.

3. Administration of the Farm Yards and Lanes Policy

The following are procedures that will be followed in administering the Farm Yards and Lanes Policy.

(a) Any farm yard or lane problem which is brought to DFO's attention will be investigated by a DFO Field Services Representative (FSR). A Farm Yard and Lane Report will be completed after the FSR has discussed the matter with the producer. The report will indicate the necessary corrective action and a required completion date.

(b) A follow-up visit will be carried out by the FSR shortly after the required completion date. The FSR will record, on their copy of the original Farm Yard and Lane Report, the action that has been taken by the producer.

(c) Failure to complete the required changes may result in the producer's milk not being picked up and/or their being asked to appear before the DFO Board.

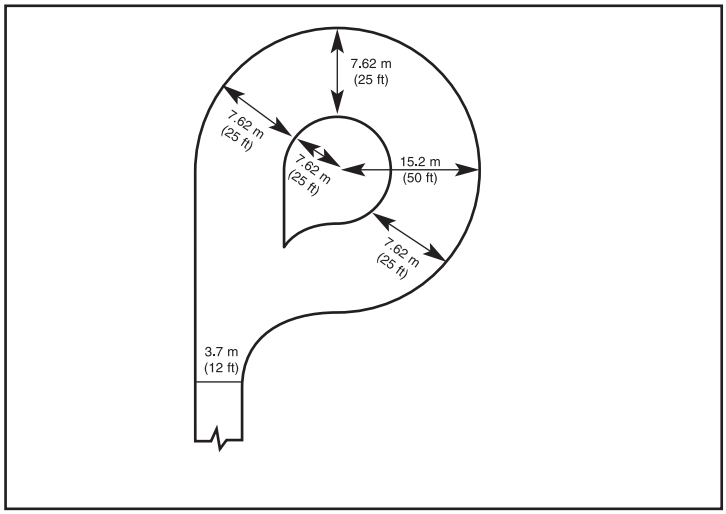
(d) Regardless of what type of milk truck will be collecting a producer's milk, all new licenses must comply with the policy requirements as set out in Sections B and C of the Farm Yards and Lanes policy.

4. Cross-Contamination

Farm yards and lanes must be kept free of an accumulation of manure. Livestock is not permitted in the truck loading area.

Livestock may be driven across, but must not have unlimited access to, that portion of the yard and lane travelled by the milk transporter. Manure that accumulates in yards and lanes must be removed prior to the arrival of the milk truck.

Manure accumulations on farm yards or lanes is considered to be a potential source of contamination as manure can adhere to the underside of bulk milk tank trucks and truck tires and be transferred from farm to farm and from farms to processing plants.



5. Backing In or Out of Lanes

DFO does not permit a milk truck driver to back in or out of farm yards or lanes.

An adequate truck turnaround area or other such arrangement must be provided on the farm, as close to the milkhouse as possible to minimize the distance the truck has to back up. The following figures give two types of acceptable turnarounds.

Figure A Circular Turnaround

A circular turnaround area (Figure A) is thesafest type of turnaround in that it allows a milk truck to turn, in the yard, without backing up the vehicle.

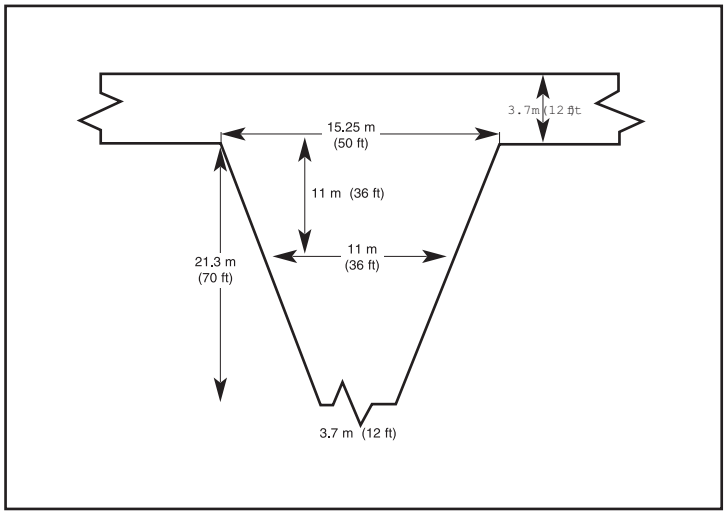


Figure B
Three-Point Turnaround

If a circular driveway is not provided, a yard in which a milk truck can be turned around by means of a three-point turn is permissible. An example of this type of turnaround area is shown in Figure B.

6. Farm Gates

Only texas-style gates are permitted.

Section C
Lanes

1. Lane Entrance

The lane entrance must be such that it provides a safe and reasonable access for the type of vehicle operating in the area. If the type of vehicle used to pick up a producer's milk changes, then the producer must ensure that the lane entrance can accommodate the new vehicle type.

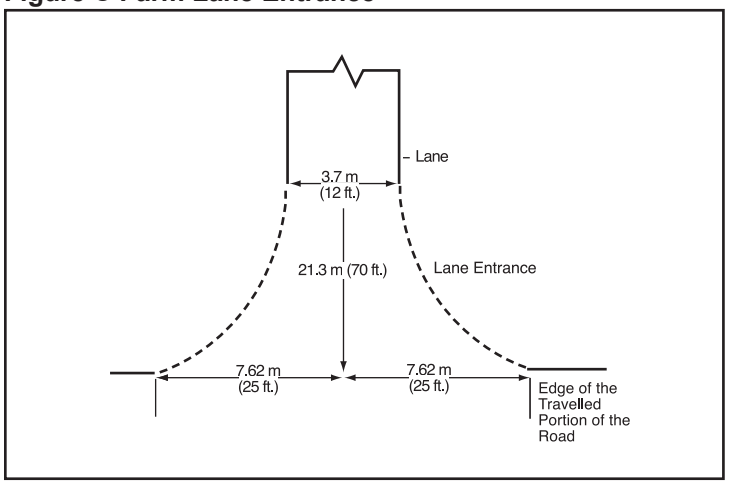
The following identifies the standard lane entrance that DFO may require a producer to comply with in order to provide a safe and reasonable access.

(a) The standard for a lane entrance was established for rural municipalities with a road allowance of 20.3 metres (66 feet). The "travelled portion of the road" is defined as the paved portion with respect to highways and the gravelled portion with respect to non-paved roads.
(b) At a point where the lane intersects with the road, the width of the lane must be 15.2 metres (50 feet). This is required in order that the truck does not have to swing across the centre line and into oncoming traffic in order to enter the lane.
(c) The lane entrance should taper from the shoulder of the road so that, at a point 21.3 metres (70 feet) in from the edge of the travelled portion of the road, the width of the lane is a minimum of 3.7 metres (12 feet). The length of any necessary culvert will be dependent on the ditch location with respect to the lane entrance. (see Figure C)

The provided lane entrance standards generally comply with Ministry of Transportation standards as well as local County, Township and Municipal guidelines. If a producer feels that he/she cannot comply with the general standards , a letter requesting special consideration must be sent to the Transportation Manager.

Prior to any major alterations to the lane entrance, permission must be obtained from the local municipality.

Figure C Farm Lane Entrance



2. Lane Width

The minimum width of the lane must be 3.7 metres (12 feet) for the entire length of the lane, and greater than this at the entrance and at points where the lane direction changes.

3. Fences Along Lanes

Fences must be set back at least 2.4 metres (8 feet) from the closest edge of the lane to allow for adequate snow removal.

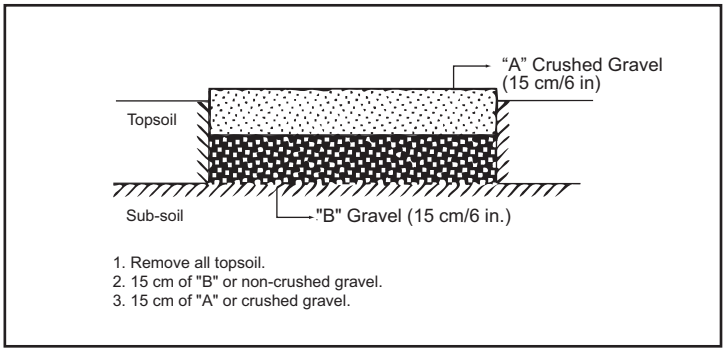
4. Lane Construction

In order to provide adequate drainage and permit winds to carry snow over the laneway, the lane surface musts be elevated with a gentle downward slope from the centre to each side of the lane. In addition, the lane shoulders must not slope at an angle greater than 45 degrees.

That portion of the yard and lane through which the milk truck travels must be constructed so as to provide adequate drainage and prevent the buildup of mud.

An example of the type of construction materials that could be used in constructing a lane or turnaround area is shown in Figure D. However, the amount of natural drainage will determine if more, or less, granular material is needed compared to the amount shown in Figure D.

Figure D Cross-Section of Lane or Turnaround Area



5. Overhead Objects

The travelled portion of the yard and lane must be free of all overhead objects such as branches and wires to a height of 4.5 metres (15 feet) from the surface of the yard and lane. Ice and snow buildup should be taken into consideration when determining branch and wire height.

6. Lane Bridges

The corners on all bridges, culverts, and texas-style gates must be clearly identified. The weight-bearing capacity of the bridge should comply with the following.

Bridge Span Distance in Metres (feet)	Minimum Weight-Bearing Capacity in Kilograms (lbs.)
1.0 to less than 2.0 (3.3 - 6.6)	19,000 (43,000)
2.0 to less than 5.0 (6.6- 16.4)	28,000 (63,000)
Over 5.0 (16.4)	35,000 (80,000)

When a new bridge or culvert is necessary, it must be constructed in accordance with an engineer's stamped plans.

7. Blocked Access

Cars, farm trucks, farm tractors and farm implements must not be parked in that portion of the yard and lane which is travelled by the milk truck in the process of picking up milk.

8. Loading Area

The area of the yard on which the milk truck is parked while pumping on the milk must be reasonably level and dry.

9. Maintenance

The yard and lane must be kept in good repair. The transporter may refuse to pick up the milk if potholes and ruts exist and/or the lane appears unsafe.

In winter, that portion of the yard and the lane through which the milk truck travels must be clear of snow when the milk is scheduled to be picked up. The yard and lane must also be clearly marked with poles and reflecting markers. The lane surface must be kept clear of ice through the use of salt and/or sand.

When DFO is made aware of a transporter's inability to pick up milk due to farmyard and lane conditions, DFO will notify the producer of the incident, in writing, and advise them to make the necessary arrangements to correct going forward.

These incidents will be tracked over a rolling twelve-month period. The first incident will not incur a financial penalty, however for each subsequent incident, the producer will be charged $100. (This would reset after completion of a twelve-month period without any incidents.)

The charge will be applied only if the transporter arrives no later than 2 hours after the producer's regular pickup time, or revised pickup time, as communicated by the transporter. A producer's regular pickup time is defined as the median pick-up time over the previous 30 days prior to the incident. (For example, if a producer's regular pickup time is 10:00 a.m. and the transporter arrives before 12:00 p.m., the producer will be charged.) ***Rev. effective Sept. 1, 2026***

Section D
Renovations and/or Construction of New Facilities

1. Notice of Renovations and/or Construction of New Facilities

A notice of Renovations and/or Construction of New Facilities must be submitted to DFO's Operations Division during the planning stages of the project prior to the finalization of the site and/or building plans.

The primary objective of the notice to DFO is to provide an opportunity for DFO to advise the producer on all related DFO policies to ensure the renovations and/or construction of new facilities complies with all requirements.

Renovations and/or Construction of New Facilities Notice forms can be downloaded from DFO's website https://www.milk.org/corporate/main.aspx and are available through DFO's Field Services Representatives (FSR).

2. Milk House Overhangs (Awnings)

If a milk house is built with an overhang and the milk truck is required to back up towards the overhang to get into position to load the milk there must be a minimum clearance of 4.57 meters (15 feet) underneath the overhang.

The milk truck must be able to stop at least 1.83 meters (6 feet) from the milk house wall to allow access to the pump compartment and still reach the tank outlet with a standard 7.62 meter (25 foot) hose.

The underside of the overhang must be finished in a manner that prevents birds and/or animals from roosting or nesting in the space underneath the overhang.

3. Milk House Roof Avalanche Stops

All roofs that slope towards the loading area or slope towards the hose port must be equipped with avalanche stops.

4. Hose Length

The bulk tank outlet valve must be able to be reached by a standard 7.62 meter (25 foot) hose with the milk truck parked in the loading area.

5. Orientation of the Bulk Tank

In all renovations and/or construction of new facilities the bulk tank outlet valve and the milk house hose port must be aligned in such a way that, when connected, the hose is in a straight line with no change in direction of the hose between the bulk tank and the hose port.

There must be sufficient room between the bulk tank outlet valve and the wall of the milk house so as not to impede the bulk tank milk grader in the performance of his or her duties.

There must be a large window aligned with the designated parking space for the truck and the bulk tank outlet so that the BTMG can observe the truck pump compartment from the milk house while the milk is being pumped.

Appendix A

Revisions to Quota and Milk Transportation Policies

All changes to the policy book will result in a revised date on the cover. Only material changes will be captured here in the index in Appendix A.

REVISION DATE	PART	SECTION	SUB-SECTION	PAGE(S)
01-Sep-10	II - Milk Transportation Policies	A - General Regulations and Policies	2. Farm Bulk Tank	30
01-Dec-10	II - Milk Transportation Policies	A - General Regulations and Policies	2. Farm Bulk Tank	30
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