



Organic Entrant Assistance Program (OEAP) Program Guidelines

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Organic Entrant Assistance Program (OEAP)

The goal of Alberta Milk's Organic Entrant Assistance Program (OEAP) is to assist passionate, knowledgeable individuals and families to enter the organic dairy industry. This program provides successful applicants with loaned quota for a specified period to assist them in establishing a viable and sustainable organic dairy farm.

The criteria for being accepted into this program includes a combination of need for assistance and the likelihood that the applicant will be a successful, long-term participant in the dairy industry after the assistance provided by this program has expired.

Application period for the OEAP is open immediately and will remain open until an adequate number of new organic producers have been accepted into the program. The following are the Guidelines for Alberta Milk's OEAP:

1. Once an applicant is accepted into the OEAP, the successful applicant has up to one year to become a licensed dairy producer in Alberta, to purchase quota, and to begin shipping milk. The applicant must also demonstrate that they are working with an Organic Certifying agency to attain organic certification. If the successful applicant does not achieve these milestones within one year, they will cease to be a part of this program, and thus will cease to be eligible for the benefits that the OEAP confers. If the successful applicant achieves these milestones within one year, they will be referred to as an Organic Entrant.
2. Organic Entrants are required to purchase quota either through the Alberta Milk Quota Exchange or the Going Concern / New Producer Establishment Transfer options. Going Concern / New Producer Establishment transfers from Family members are not allowed. All other conditions as defined in the Producer Policy Handbook concerning the Going Concern / New Producer Establishment Transfer still apply.
3. An Organic Entrant who wishes to use the Going Concern / New Producer Establishment Transfer option to acquire quota must satisfactorily demonstrate to Alberta Milk that there is full separation of ownership of the quota from the current owner(s) of the quota.
4. The non-saleable OEAP loaned quota is assignable to financial institutions for the purpose of security, subject to approval by Alberta Milk, with the following specific conditions to apply to the assignee's ownership and disposal of the non-saleable quota:
 - a. the non-saleable OEAP loaned quota must be treated as a 'last resort' asset seizure, and only if all other recourses have been attempted; and
 - b. Seized non-saleable OEAP loaned quota must be disposed of by the assignee on the Alberta Milk Quota Exchange.
5. The OEAP non-saleable quota will be treated as owned quota for the purpose of production management.

6. Beginning in the month that the Organic Entrant begins shipping milk, the Organic Entrant will be provided a quota loan by Alberta Milk. The official entry date into the program for the Organic Entrant is the 1st day of the month in which the Organic Entrant begins receiving the quota loan.
7. The Organic Entrant will be eligible for a transition premium of \$0.10 per litre of their milk for up to 3 years, the time it takes to attain organic certification. OEAP participants will have up to 3 years to attain their organic certification. Failure to do so will result in being expelled from the program and losing all the benefits of the OEAP.
8. The Organic Entrant will receive 3 kg/day of loaned quota for every 1kg/day of quota they own, up to a maximum quota loan of 25 kg/day. If, at any point, an Organic Entrant decides to sell quota and the quota they own drops below one-third of their maximum quota loan eligibility, the quota loan will be reduced to be proportional to their quota holdings. If an Organic Entrant's owned quota drops below one-third of their maximum loan eligibility because of a negative quota adjustment, their quota loan will be maintained at the level it was prior to the negative quota adjustment.
9. The maximum quota loan will be 25 kg/day for the first ten years. Beginning in the eleventh year, the maximum quota loan will be reduced at a rate of 10% per year. At the end of the nineteenth year, the quota loan ends, marking the end of participation in the OEAP for the Organic Entrant. The first year begins on the official entry date of the Organic Entrant.

Beginning of OEAP Year	Percent of the 25kg max OEAP loan allowed	Max OEAP loan (kg/day)
1 to10	100%	25.00
11	90%	22.50
12	80%	20.00
13	70%	17.50
14	60%	15.00
15	50%	12.50
16	40%	10.00
17	30%	7.50
18	20%	5.00
19	10%	2.50
20	0%	0.00

10. The maximum amount of total quota an Organic Entrant may hold while receiving a quota loan from the OEAP is 100 kg/day.
 - a. Global quota increases issued by the Alberta Milk Board will apply to an Organic Entrant's owned quota as well as their loaned quota.

- b. Only the original 25 kg of loaned quota will be returned to the Board when participants exit the OEAP. This implies whatever quota increases a participant receives on their loaned quota automatically becomes part of their owned quota.
 - c. The 100 kg upper limit will be waived if an Organic Entrant's Total Quota holdings (i.e., loaned + owned quota) exceed 100 kg/day as a result of a global quota increase.
 - d. If an Organic Entrant purchases quota and this causes their Total Quota holdings to exceed their eligible upper limit, their loaned quota will be reduced such that their Total Quota holdings is equal to their eligible upper limit, until the quota loan reaches zero.
 - e. If an Organic Entrant is receiving a quota loan less than their full quota loan eligibility due to a prior quota purchase, their full quota loan can be restored if a negative quota adjustment or quota sale would cause the farm to drop below 100 kg/day.
11. The following restrictions are placed on Organic Entrants as long as they are participating in the OEAP:
 - a. Organic Entrants are not permitted to sell underproduction credits.
 - b. Organic Entrants are not permitted to transfer quota using the Family Transfer option.
 - c. Organic Entrants are not permitted to form a partnership of any type, and the quota loan is non-transferrable. The only exceptions to this restriction are that the Organic Entrants may incorporate their farm, as long as the shares continue to be held exclusively by the original applicants; and that the Organic Entrants may include their spouse as a joint owner or signing authority on either an incorporated or unincorporated farm.
 12. Organic Entrants have the option of exiting the OEAP at any time by submitting a request in writing to Alberta Milk. Organic Entrants are not permitted to re-enter the OEAP after they have exited.
 13. Organic Entrants must remain in good standing with Alberta Milk in order to remain eligible for the OEAP quota loan.
 14. Organic Entrants must remain in good standing with a Certifying Organic agency and provide copies of their organic certification to Alberta Milk annually.
 15. The application period is open and will remain open at the discretion of the Board until an adequate number of new organic producers have been accepted into the program.

Application Requirements

1. The applicant(s) must each be a Canadian citizen or permanent resident.
2. The applicant(s) must each have been a resident of Alberta for at least one year prior to the application deadline, and must have each filed at least one personal Alberta tax return.
3. The applicant(s) must each be 18 years of age or older.
4. The applicant(s) cannot have been licensed dairy farmers or owned a dairy farm at any location in Canada, at any time.
5. The applicant(s) must provide a Description of Operations, which outlines who the applicant(s) are, what their vision for their dairy farm is, what their management plan is, and who their mentor(s) will be.
6. The applicant(s) must provide a Description of Facilities, which outlines the ownership of, or lease agreement with a minimum eight-year duration for, a location for the dairy farm, and a detailed plan for dairy facilities.
7. The applicant(s) must provide a detailed Two-Year Business Plan for the dairy farm, including projected cash flow statements and projected financial statements, to demonstrate that the farm will be viable in the short-term. It is recommended, but not required, that the business plan be verified or prepared by an accountant or agricultural business consultant to confirm that the business plan is viable and that the dairy farm has the ability to be profitable.
8. The applicant(s) must provide a basic Ten-Year Business Plan for the dairy farm, to set targets and milestones, and to provide financial projections that demonstrate that the dairy farm will be viable in the long-term. The applicant(s) fully understand(s) that their long-term plan must accommodate the purchase of quota to replace the loan as it is clawed back starting in year eleven.
9. The applicant(s) must provide a detailed Risk Mitigation Plan, including a list of expected risks to the dairy farm, and the strategies that will be applied to mitigate each risk.
10. The applicant(s) must provide a signed Conditional Letter of Approval from a Financial Institution indicating that the financial institution is satisfied with the business plan, and agrees to finance the dairy farm as described in the business plan upon acceptance into the program.
11. The applicants(s) must complete and sign the Application Form.

12. The applicant(s) must provide proof that they have an organic certification plan that has been endorsed by an Organic Certifying agency.
13. The application period is open effective May 2018 and will remain open at the discretion of the Board and will not accept more than two (2) new organic producers into the program.
14. Submitted applications will be assessed on a first-come, first-served basis.

Application and Selection Criteria

To be considered complete, an application must contain the following: a completed Application Form, a Description of Operations, a Description of Facilities, a detailed Two-Year Business Plan, a basic Ten-Year Business Plan, a Risk Mitigation Plan, and a Signed Conditional Letter of Approval from a Financial Institution.

The Description of Operations must answer the following questions:

- Who are you?
- Why do you want to be an organic dairy farmer?
- What is your long-term vision for your dairy farm and the organic dairy sector?
- What relevant experience, education, or expertise do you possess?
- Who will mentor you in the dairy industry?
- Who will be involved in the day-to-day operations of your dairy farm, and what will they be doing?
- Who will be involved in your dairy farm to help to enhance your management practices?
- Which information management systems will you employ to improve your management practices (CanWest DHI, Alberta Dairy Cost Study, etc.)?
- Do you participate in any agricultural or non-agricultural enterprises that are likely to make it easier to enter, or prosper in, the dairy industry?
- Will you have any other income sources while you are starting your dairy farm?

The Description of Facilities must provide the following information:

- A description of the dairy farm, dairy infrastructure, dairy equipment, and a detailed diagram of the barn, milk house, and all other required facilities
- If you own a location for your dairy farm, include documentation of the ownership of that location
- If you will be leasing a location for your dairy farm, include a minimum of eight-year lease agreement for the proposed dairy farm location
- Reasonable assurance that the farm will meet National Resource Conservation Board (NRCB) guidelines and will not be at odds with any municipal development plans or other development restrictions
- Assurance that you have a plan to become certified organic in no more than three years and the assurance is endorsed by a Certifying Body.

The Two-Year Business Plan must provide the following information:

- The expected start date of production
- The balance sheet at the start date, indicating initial assets and liabilities
- A breakdown of the projected operating costs for the first two years of operation
- A breakdown of the projected capital costs for the first two years of operation
- Projected monthly cash flow statements for the first two years of operation
- Projected annual income statements for the first two years of operation

The Ten-Year Business Plan must provide the following information:

- Long-term farm size projections, expected major capital expenditures, planned quota purchase timelines, and a long-term vision for the farm
- Long-term projections of costs and revenues

The Risk Mitigation Plan must provide the following information:

- A list of potential risks to the viability or stability of the farm
- A rating of the magnitude each risk, the probability of each risk, and potential impact to the dairy farm of each risk
- A plan and/or procedure that will be implemented to minimize the probability of, and/or impact of, each identified risk
- A plan to minimize the risk of losing your organic certification

The Signed Conditional Letter of Approval from a Financial Institution must provide the following information:

- It must indicate that the lender has read the business plan that is being submitted in its entirety and indicate that the lender agrees to finance the proposed dairy farm as outlined in the business plan, upon the applicant's acceptance into the OEAP.

As the organic market is a niche marketing opportunity, it is essential that milk pickup and deliveries are coordinated within the current specialized organic routes. Therefore, the geographic location of the proposed farm will be part of the selection criteria, with the goal to minimize transportation costs.

Application Review Procedure

1. All applications submitted will be reviewed by Alberta Milk staff to ensure that each of the applicants, and their applications, meet the requirements of the OEAP.
2. An evaluation process to assess the applications may take place, at the discretion of the General Manager of Alberta Milk, to determine which applications will be provided to the Selection Committee. If this evaluation process is required, only the applicants deemed to be the most likely to be accepted into the OEAP will be invited to meet with the Selection Committee. The outcomes of this evaluation process are final and cannot be appealed.
3. The Selection Committee will review the applications provided to them and will interview the associated applicants. These applicants should be prepared to answer questions about themselves and their applications, and should be prepared to provide additional information about their proposed farms.
4. After interviewing the applicants, the Selection Committee will make decisions as to which applicants are accepted into this program (if any) and which applicants are not (if any). The decisions of the Selection Committee are final and cannot be appealed.
5. Once the successful applicants are determined, they will be contacted by phone by Alberta Milk staff regarding the outcome of their application. A formal letter will also be sent to all applicants regarding the outcome of their application. The letter to the successful applicants will outline the next steps to take towards becoming a licensed dairy producer in Alberta, and who the successful applicant will need to contact to do so.

Application Form

Name of the Applicant(s) Farm and/or Corporation

Name(s) of the Applicant(s)

Address

Municipality

Province

Postal Code

Contact Phone Number(s)

Fax Number

E-Mail Address(es)

Provide detail on any family relationships between any of the applicant(s) and any owners of, or signing authorities of, operating dairy farms in Alberta or any other jurisdictions:

Application Form (continued)

Please confirm that your application meets the application requirements:

	Yes	No
Are all of the applicants Canadian citizens or permanent residents?	<input type="checkbox"/>	<input type="checkbox"/>
Have all of the applicants been residents of Alberta for at least one year prior to the application deadline, and have they each filed at least one Alberta personal tax return?	<input type="checkbox"/>	<input type="checkbox"/>
Are all of the applicants at least 18 years of age?	<input type="checkbox"/>	<input type="checkbox"/>
Have any of the applicants ever been a licensed dairy farmer in Canada or have any of the applicants ever owned a dairy farm?	<input type="checkbox"/>	<input type="checkbox"/>
Have the applicant(s) included a detailed Description of Operations?	<input type="checkbox"/>	<input type="checkbox"/>
Have the applicant(s) included a detailed Description of Facilities?	<input type="checkbox"/>	<input type="checkbox"/>
Have the applicant(s) included a detailed Two-Year Business Plan to demonstrate the short-term viability of the business?	<input type="checkbox"/>	<input type="checkbox"/>
Have the applicant(s) included a basic Ten-Year Business Plan to demonstrate the long-term viability of the business?	<input type="checkbox"/>	<input type="checkbox"/>
Have the applicant(s) included a Risk Mitigation Plan?	<input type="checkbox"/>	<input type="checkbox"/>
Have the applicant(s) included an organic certification plan?	<input type="checkbox"/>	<input type="checkbox"/>
Have the applicant(s) included a Signed Conditional Letter of Approval from A Financial Institution indicating their satisfaction with the business plan and their willingness to finance this dairy farm upon acceptance in the program?	<input type="checkbox"/>	<input type="checkbox"/>
Have the applicant(s) declared all of their family relationships with any owners of, or signing authorities of, operating dairy farms in Alberta:	<input type="checkbox"/>	<input type="checkbox"/>

Declaration:

The undersigned certify the information contained in this application is complete, true, and correct in all respects.

Name _____ Signature _____ Date _____

Name _____ Signature _____ Date _____

I, _____ authorize Alberta Milk, its agents or assigns, to use my name, photographs, and general information about me upon acceptance into the OEAP. I understand that this information may be used in advertising, public relations, or marketing materials. Under no circumstances will Alberta Milk share confidential information, such as income, address, or contact information with third parties because of this authorization. I understand that I may withdraw this permission at any time by contacting Alberta Milk. If I withdraw this permission during my participation in the OEAP, it will be considered a request to exit the OEAP, and as such, I will cease to receive the benefits this program confers.

Name _____ Signature _____ Date _____

Name _____ Signature _____ Date _____

Any individuals who have a strong personal objection to having images of himself or herself taken or used in this manner, but who wish to apply for this program nonetheless, should contact Alberta Milk. In exceptional circumstances, this requirement may be waived at the discretion of Alberta Milk staff.

How to submit your application

1. Completed applications can be submitted via E-mail (preferred) as attachment in Portable Document Format (PDF) to NewEntrant@albertamilk.com
2. Alternatively, printed and bound copies could be mailed to Alberta Milk’s office at the address below or submitted in-person at the reception.

Attn: New Entrant Coordinator
 Alberta Milk
 1303-91 Street SW.
 Edmonton, AB. T6X 1H1

Application Review Scorecard

To assist the individuals evaluating the applications to determine which applicants are best suited for acceptance into the OEAP, this scorecard is provided to each person evaluating the applications. The use of this scorecard by individuals evaluating the applications is optional.

1. Based on the Description of Operations, provide a score for each of the following:

- a) The applicant(s) have a strong vision for their dairy farm and have clearly demonstrated their passion for the dairy industry.

Strongly Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Strongly Agree
0	1	2	3	4

- b) The applicant(s) level of experience with operating a dairy business appears to be:

Very Low	Low	Medium	High	Very High
0	1	2	3	4

- c) The applicant(s) have carefully outlined their plan for day-to-day operations, including which team members will be doing which tasks.

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
0	1	2	3

- d) The applicant(s) have a mentor with applicable experience.

No	Yes
0	2

- e) The applicant(s) will receive other sources of income while starting their dairy farm.

No	Yes
0	2

- f) The applicant(s) are committed to employing multiple information management systems.

No	Yes
0	2

2. Based on the Description of Facilities, provide a score for each of the following:

- a) The applicant(s) have provided an adequate description of the farm and its location.

No	Yes
0	2

- b) The applicant(s) planned facilities appear to be appropriate.

No	Yes
0	2

3. Based on the Two-Year Business Plan, provide a score for the following:

- a) Based on the applicant(s) projection of expenses and income, as well as the information provided in the balance sheets and cash flow statements, the dairy farm appears to be financially viable.

Strongly Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Strongly Agree
0	1	2	3	4

4. Based on the Ten-Year Business Plan, provide a score for each of the following:

a) The applicant(s) have set targets that appear to be achievable.

No	Yes
0	2

b) The applicant(s) have demonstrated their intention to grow their dairy farm and will be able to transition off the Organic Entrant program smoothly.

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
0	1	2	3

5. Based on the Risk Mitigation Plan, provide a score for each of the following:

a) The applicant(s) have accurately identified the risks of starting a new dairy farm (both internal and external) and have placed reasonably accurate ratings according to probability and potential impact.

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
0	1	2	3

b) The applicant(s) have provided appropriate risk mitigation strategies where applicable.

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
0	1	2	3

6. Other questions:

a) The applicant(s) applied for this program last year but were not accepted at that time.

No	Yes
0	2

b) The applicant(s) have received some applicable post-secondary education.

No	Yes
0	2

c) The applicant(s) have reviewed: The Dairy Code of Practice from the National Farm Animal Care Council; The Canadian Quality Milk Program Reference Manual from Dairy Farmers of Canada; The Alberta Milk Producer Policy Handbook; and the Environmental Manual for Livestock Producers in Alberta from Alberta Agriculture and Rural Development.

No	Yes
0	2

Total Score _____ (Maximum Score 40)