



# **New Producer Assistance Program (NPAP) 2022 Program Guidelines**

## **Conventional Dairy Farms**

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## **New Producer Assistance Program (NPAP)**

The Alberta Milk board has launched a New Producer Program based on producer and industry feedback. The New Producer Program has two components namely the New Producer Assistance Program (for conventional and organic dairy farms) and the Mentorship and Training Support Program.

The goal of Alberta Milk's New Producer Assistance Program (NPAP) is to assist passionate, knowledgeable individuals and families to enter the dairy industry. This program provides successful applicants with non-saleable board-loaned new producer quota to assist them in establishing a viable and sustainable dairy farm.

### **Application and Selection Criteria**

The application will include a two-step process. An initial screening for eligibility step and then a full application step. The initial screening will be conducted by Alberta Milk upon receipt of an expression of interest application, and then successful applicants from the initial screening step will be invited by Alberta Milk to submit a full application for review and interview by the NPAP Selection Committee.

To be considered complete, a full 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. **See the attached "NPAP Application Requirements and Forms" document for more details.**

The criteria for being accepted into this program includes a combination of need for assistance and the likelihood that the applicant farm will be a successful, long-term participant in the dairy industry. There will be two application periods for the NPAP per year. The first application period will be open from January 1<sup>st</sup> to March 31<sup>st</sup> and the second from August 1<sup>st</sup> to October 31<sup>st</sup> each year.

### **How to submit your application**

1. Completed applications can be submitted via E-mail (preferred) as attachment(s) in Portable Document Format (PDF) to [NewProducer@albertamilk.com](mailto:NewProducer@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. Applications sent via the mail must be addressed as follows:

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

## **The New Producer Assistance Program (NPAP) Guidelines for conventional dairy farms are as follows:**

1. Applicants(s) to the NPAP are deemed to be an applicant farm rather than applicant individual(s). Thus, the licence issued to the applicant farm is not transferable and any change to the applicant farm's registered name or ownership structure requires a licence renewal application subject to Alberta Milk's approval.
2. Only applicants with a maximum of \$3 million in equity are eligible to apply.
3. Once an applicant is accepted into the NPAP, the successful applicant has up to two years to become a licensed dairy producer in Alberta, to purchase quota, and to begin shipping milk. If the successful applicant does not achieve these milestones within two years, they will cease to be a part of this program, and thus will cease to be eligible for the benefits that the NPAP confers. If the successful applicant(s) achieves these milestones within two years, they will be referred to as a New Producer.
4. New Producers are permitted to purchase quota either through the Alberta Milk Quota Exchange, Going Concern / New Producer Establishment Transfer or the Family Transfer options. All conditions as defined in the Producer Handbook concerning the stated quota transfer options still apply.
5. A New Producer 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.
6. The non-saleable board-loaned new producer quota offered by the NPAP is referred to as New Producer Quota (NPQ) and it is considered non-saleable for life. However, the NPQ 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 NPQ:
  - a. the NPQ must be treated as a 'last resort' asset seizure, and only if all other recourses have been attempted; and
  - b. seized NPQ must be disposed of by the assignee on the Alberta Milk Quota Exchange.
7. The NPQ will be treated as owned quota for the purpose of production management. Thus, New Producers are permitted to sell underproduction credits.
8. Beginning in the month that the New Producer begins shipping milk, the New Producer will be provided NPQ by Alberta Milk. The official entry date into the program for the New Producer is the 1<sup>st</sup> day of the month in which the New Producer begins receiving the NPQ.
9. The New Producer will receive 2 kg/day of NPQ for every 1 kg/day of purchased quota, up to a maximum NPQ eligibility of 30 kg/day.
  - a. If, at any point, a New Producer decides to sell quota and their purchased quota balance drops below 15kg/day (i.e., half of the maximum NPQ eligibility), their NPQ will be reduced to be proportional (2:1) to their purchased quota holdings.

- b. If a New Producer's purchased quota holding drops below half of the maximum NPQ eligibility because of a negative global quota adjustment, their quota loan will be maintained at the level it was prior to the negative quota adjustment. In other words, negative global quota adjustments do not affect NPQ holdings, except as described in 10(e) below.
10. The maximum amount of purchased quota a New Producer may hold (i.e., NPAP purchased quota limit) is 75 kg/day in the first 5 years of the program (beginning on the 1<sup>st</sup> day of the month in which the New Producer begins shipping milk) and 120 kg/day after the first 5 years of the program.
  - a. Effective August 1, 2016, global quota increases issued by Alberta Milk will apply to a New Producer's saleable quota as well as their NPQ.
  - b. Only the original 30 kg of NPQ will be returned to the Board when participants exit the program. This implies whatever quota increases a participant receives on their NPQ automatically becomes part of their saleable quota.
  - c. All quota acquired through global increases issued by Alberta Milk, although saleable, do not count towards the NPAP purchased quota limit of 75 or 120 kg/day.
  - d. If a New Producer purchases quota and this causes their purchased quota holdings to exceed their eligible NPAP purchased quota limit of 75 or 120kg, their NPQ will be reduced proportionally (1:1), until their NPQ reaches zero. The New Producer whose NPQ reaches zero in this fashion will be considered to have exited the program at that point and cannot re-enter. This implies New Producers will exit the program once their purchased quota holdings reach either 105 kg/day (i.e., 75+30) in the first 5 years or 150 kg/day (i.e., 120+30) after the first 5 years.
  - e. If a New Producer 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 the NPAP purchased quota limit of 75 or 120 kg/day.
11. New Producers may exit the NPAP at any time by submitting a request in writing to Alberta Milk. Previously exited New Producers may re-enter the NPAP by submitting a new NPAP application.
12. New Producers are subject to all other Alberta Milk producer policies.
13. A maximum of three New Producers will be selected to enter the NPAP each year and submitted applications will be accessed on a first-come, first-serve basis.
14. All successful applicants to the NPAP will be required to attend an in-depth orientation session organized by Alberta Milk.