

## NEW PROCESSOR

Support, Funding & Innovation



January 2019

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BRITISH COLUMBIA MILK MARKETING  
BOARD SUPPORT AND FUNDING  
AVAILABLE FOR NEW PROCESSORS AND  
INNOVATION  
JANUARY 2019

*This document will provide an outline of actions for individuals who are interested in starting their own dairy processing facility in British Columbia or seeking assistance in launching an innovative dairy product. This document is meant as a reference and anything in this document is superseded by the original document or Consolidated Order. If you are interested in a particular program it is advised you seek the exact program guidelines from the program administrator.*

If you have any questions or need to further discuss any of the material found in this document, please contact Woody Siemens at [wsiemens@bcmilk.com](mailto:wsiemens@bcmilk.com) or 604-854-4476

## 1) NEW PROCESSORS

The first step in starting a new dairy processing facility in BC is putting together a business plan for presentation to the Board. It is important to first review the Business Plan with BCMMB management prior to presenting to the Board. This can be done in person in a meeting or over the phone. There are no strict requirements for your business plan but it should consider the following:

### A. Business Planning

- a. Define the market you are targeting.
- b. Develop a detailed Business Plan
- c. How are you going to access the defined market (broker, distribution), this is the area that usually brings the biggest challenge. You can often produce the product but it can be hard to get it to the market place. How will the markets be accessed- finding a broker, retailer, the shipping, and the delivery schedules need to be defined.
- d. Projections of volume of raw milk required
- e. Timelines of estimated production and growth
- f. A financial understanding of the products you will be making and selling.
- g. Financial viability of your business plan.
- h. Location of your facility. Our transporters must be able to deliver safely to your milk holding silos.
- i. Any other information that can help visualize your business plan.

### B. Licensing

A processor must be inspected and approved by the BC Centre of Disease Control (BCCDC) to receive a license. An interested party should contact Sion Shyng at the BCCDC

for more information on licensing requirements (1 800 663 7867). The BC Centre of Disease Control can provide you with the information you require on what the necessary steps are to opening a plant, as this is not a function of the BC Milk Marketing Board.

Or if a processor wishes to market their product nationally and internationally, the facility must be inspected by the Canadian Food Inspection Agency (CFIA).

The BCMMB will determine whether to issue a license based on your business plan as well as appropriate licensing and inspections by the BC Centre of Disease Control or CFIA.

Dairy Plant Workers License: All dairies are required to have licensed dairy plant workers. BCIT hosts the course available here:

[BCIT - food 1151](#)

[BCIT - food 2151](#)

#### C. Allocation of Milk & Testing

All milk is directed by the BCMMB and a processor cannot contract directly with a producer. Processors are invoiced by the BCMMB based on the products and usage of the milk. Milk price is defined by Class and updated monthly on our website.

Harmonized Milk Classification System: [Harmonized Milk Classification System](#)

Minimum Prices for Classes of Milk: [Schedule 4 - Pricing](#)

As a processor you must be able to test raw milk received for inhibitors. Each delivery must be tested.

## 2) BC & WESTERN SPECIFIC INNOVATION AND FUNDING PROGRAMS

### A) **Class 1(c)4(c) Program**: WMP Program for the development of new dairy market opportunities

*Please note, that if a product is potentially eligible for the DIP program, the DIP program should be applied to first.*

#### **Description of the Program**

The objective of the program is to increase the demand for dairy products in WMP provinces by providing a financial incentive to processors that are seeking to develop new market opportunities. The product must introduce one or a combination of significantly new or innovative factors not currently available in Western Canada unless the Selection Committee considers the application acceptable based on exceptional factors.

A successful dairy product will receive a three year, tiered discount. A discount of 25% will be given for the first 12 months of production, a 15% discount will be given for production months 13-24, and 10% discount is given for production months 25-36. The discount will be applied on each of the three components based on the relevant WMP pooled prices of the final end-use class for the dairy product for a period of 36 months.

*The Class 4(c) discount may be provided for products eligible for the Dairy Innovation Program (DIP) offered by the Canadian Dairy Commission for industrial milk and for other new products outside of DIP. The benefit available under Class 4(c) may be applied on a component basis to another industrial class if appropriate.*

Dairy product eligibility is subject to the milk classification definitions established for Class 1(c) for fluid products and Class 4(c) for industrial products.

The successful applicant will receive the discount at the discretion of the Selection Committee, or when the successful product has commenced manufacturing.

Successful dairy products which receive a Class 1(c) or Class 4(c) 3 year discount arrangement cannot be sold (as an ingredient) into Class 4(a)1, nor to a Special Milk Class Permit Holder in Classes 5(a), 5(b), 5(c), 5(d), and 4(m).

Note: If you believe your dairy product qualifies for a Class 4(c) discount, you may also apply to the Dairy Innovation Program (DIP). If approved, the product will likely also qualify for the Class 4(c) 3 year discount price arrangement after your application has been reviewed by the WMP Selection Committee. The WMP Class 1(c)/4(c) program will still consider your application regardless of whether or not you have applied or have been approved for the DIP program.

Applications can be sent to [wsiemens@bcmilk.com](mailto:wsiemens@bcmilk.com)

For full details on the program and application please see here:

[WMP Program for the Development of New Dairy Market Opportunities - Class 1\(c\)/4\(c\) Program Update](#)

## **B) Cottage Industry Program (CIP) from the BCMMB**

For detailed information please refer to the BCMMB Consolidated Order (CO) Schedule 2 – Cottage Industry Program Rules. *In the case of a discrepancy between this document and the Consolidated Order, the latter shall supersede this guide.*

The Cottage Industry Program (CIP) is ideal for those who wish to become a dairy producer as well as a dairy processor. A successful CIP applicant will have the ability to produce up to 27.4kg of CDQ and process into dairy products.

In order to be eligible for the CIP, an applicant:

- a. must not have at any time had any financial interest in CDQ, nor their spouse.
- b. must not own or control more than one dairy farm
- c. must not receive milk from another vendor or producer
- d. must not market fluid milk unless situated in a remote region, Breed-specific and certified organic milk and can only use purchased CDQ that was purchased through the quota exchange (Board approval pending)
- e. must not sell or ship any milk produced on the farm without written consent from the Board
- f. must not apply for participation in the program on a dairy farm where CDQ had been allotted to another producer under the Cottage Industry Program.

As well, the applicant:

- g. must operate a dairy plant on a dairy farm owned by that person
- h. must process at the dairy plant only the milk produced by that persons own cows
- i. must only process milk into specified products approved by the Board
- j. market the specified milk products only in a consumer-ready form at the time of sale
- k. must permanently install and maintain milk metering systems
- l. must pay promptly any and all amounts charged to the person by the Board for over quota production
- m. must cease production in the event of a non-compliance with Board orders
- n. must provide such securities or assurances to the Board as required

### 3) NATIONAL INNOVATION AND FUNDING PROGRAMS

#### A) Dairy Innovation Program (DIP) from the Canadian Dairy Commission

##### **Purpose**

Similar to the previous innovation program, the DIP is designed to grant dairy processors with continued access to the milk they require to produce innovative dairy products without affecting their existing provincial milk plant supply allocation. By encouraging such new development, the overall demand for milk is expected to increase. The CDC will provide an allocation credit (deducted from the Canadian requirement) to each province that supplies milk for the new DIP contracts. These credits will be allocated to the province on end-use butterfat basis with no conversion of credits into quota (crystallization).

The product must introduce to the Canadian marketplace one or a combination of innovative factors not currently available in a product made in Canada.

The product must be wholly or essentially made with milk. It can not contain any imported dairy ingredients.

Projects which receive approval under the DIP are not entitled to Special Milk Class Permit Program pricing (Class 5(a),(b),(c), Class 3(d) for the duration of period of eligibility mentioned in the eventual agreement.

The following characteristics do not constitute, by themselves, innovation recognized under the program.

- Organic
- Contains omega fatty acids
- Milk obtained from a particular breed of cow
- Made of raw milk
- Intended for certain ethnic groups (eg kosher or halal)
- Contains added ingredients or flavours (such as fruit, herbs, or spices)
- Packaged differently, innovative packaging

For full details on the DIP and application form see here:

[milkingredients.ca DIP Program Overview](http://milkingredients.ca/DIP%20Program%20Overview)

## B) Matching Investment Fund (MIF) from the Canadian Dairy Commission

### Program Description

The Canadian Dairy Commission (CDC) remains committed to supporting an environment that encourages growth and innovation in the manufacture and use of Canadian dairy products and ingredients. The

Matching Investment Fund (MIF) provides non-repayable contributions for product development projects on a matching investment basis.

The MIF is designed to help eligible companies and Food Technology Centres (FTC) with product development initiatives that help stimulate demand for Canadian dairy products and ingredients. It supports:

- the development of new or innovative products;
- the reformulation of existing products;
- knowledge transfer activities;
- technology transfer projects;
- new opportunities for solids non-fat ingredients.

Eligible companies and Food Technology Centres (FTC) can access financial support for the following activities of product development projects:

- **Consultation:** Access to advice from specialists and experts on the many areas of the product development process: management and market research, dairy and food science, technical services, and food processing.
- **Product Development:** Support for product analysis, trials, and technology transfer, which includes, but is not limited to, the adoption of new or existing technologies, kitchen, lab, pilot or industrial scale tests, retrofitting of equipment, sample preparation costs, and packaging techniques.

Consultation and product development services can be accessed separately or combined depending on the nature of the project. Both types of services are designed to encourage knowledge and technology transfer.

### Financing available

Please see the following link to determine the financing available: [MIF Eligibility and Financing](#)

For more details and how to apply for the MIF click here: [Matching Investment Fund](#)

## C) Growing Forward 2 (GF2) from Agriculture and Agrifood Canada and the Province of BC

*Growing Forward 2* is a five-year federal-provincial-territorial policy framework for Canada's agriculture and agri-food sector. It is the basis for coordinated, cost-shared programs to help the sector become more competitive and innovative.

In British Columbia, the federal and provincial governments will invest an estimated \$426.90 million in Growing Forward 2 from 2013-2018.

Programs cover the following key areas:

- Business Risk Management
- Innovation
- Competitiveness and Market Development
- Adaptability and Industry Capacity

For full details on the GF2 program see here: [Growing Forward 2 - Agriculture and Agrifood](#)

Growing Forward 2 was replaced by the [Canadian Agriculture Partnership](#) in 2018

## **D) Certification of Origin Logo by the Dairy Farmers of Canada**

In order to be eligible for the Dairy Farmers of Canada Certification of Origin Logo your product must be made of 100% Canadian milk or domestic dairy ingredients (no imported modified dairy ingredients).

Should you decide to put the Dairy Farmers of Canada Certification of Origin Logo on your products, Dairy Farmers of Canada (DFC) can provide support financially by providing free demos in retail stores that carry your products, sampling your products and explaining to consumers what this symbol means. In addition, DFC hosts booths at numerous trade shows which a processor displaying the logo can often attend free of charge, outside of the cost of labour and travel to attend the show.

You don't have to change all your packaging at once, you can simply list the ones that qualify right now, change what you can immediately and change the rest later. However if you are just starting, now is the right time to include our symbol on your new labels.

Once DFC approves your license they will send you an e-mail with all the variations of the symbol for your printer and the brand guidelines.

DFC would ask that you send them a .pdf copy of any new packaging, before going to print, for approval of the use of the symbol.

In addition, DFC includes Canada Certification of Origin Logo processors in their "All You Need is Cheese" magazine.

For information and application go to [Dairy Farmers of Canada Logo Request](#)

## **E) Special Milk Class Permit Program (SMCPP) from the Canadian Dairy Commission**

The main objective of the SMCPP is to provide eligible further processors and animal feed manufacturers with the means to access Canadian manufactured dairy ingredients, at prices that will allow them to remain competitive in the marketplace. The Special Milk Class Permit Program is not a function of the BC Milk Marketing Board. Further information on the permit process and whether you qualify can be found here [Special Milk Class Permit Program](#)



#### 4) EDUCATION

- A) Dairy Plant Workers License: All dairies are required to have licensed dairy plant workers. BCIT hosts the course available here:

[BCIT - food 1151](#)

[BCIT - food 2151](#)

- B) Cheese making courses are available in Guelph, Ontario as well as NAIT, Alberta. There are likely more, check with your local universities and colleges.

[University of Guelph Cheese Making Technology Short Course](#)

[University of Guelph - The Dairy Education ebook Series](#)

[NAIT Cheese Making Courses](#)

Other private organizations offer cheese making courses which can be found through internet searches.

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