



Canadian Dairy  
Commission

Commission  
canadienne du lait

# Milk Access for Growth



Program Guide



## 1. Background and purpose of the program

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The Milk Access for Growth (MAG) program guarantees a sufficient supply of milk to manufacture products that will grow total demand for milk.

The purpose of the MAG program is to encourage new investments in the dairy sector to grow the overall Canadian demand for milk and milk products. These investments include expansion and/or establishment of plants by Canadian dairy processors, manufacturers of food or any other products, or Canadian or foreign investors seeking to establish a business in Canada. The program may be used for new as well as existing products (dairy products or other products containing milk products), with the emphasis being placed on growth.

The CDC will start to receive applications as of November 1, 2015.

## 2. Eligibility criteria

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**Eligible Applicants:** Milk processors registered with the CFIA, manufacturers of food or any other product, and Canadian and foreign investors. Applicants must demonstrate that their activities will grow the overall demand for milk and milk products in Canada.

**Essential Criteria:** Applicants must demonstrate, to the satisfaction of the CDC, that the project meets **all** of the following criteria:

- New investment such as new product line, new technologies, packaging methods/techniques, modernization of equipment necessary for product development activities.
- Net increase in the use of Canadian milk or milk products.

**Other Criterion:** Applicants must demonstrate that the product being manufactured does not pose a risk of displacing existing Canadian dairy product(s) and/or further processed product(s) made with Canadian dairy ingredients.

In order to meet this criterion, an applicant must demonstrate that the product to be manufactured satisfies **at least one** of the following criteria:

- The product is not currently manufactured in Canada.
- There will be a net increase in the use of Canadian milk or milk ingredients from an increase in volume of an existing product.

The information to be provided in the business plan is listed in Appendix 1.

## 3. Application Process

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An applicant who believes that its project meets the eligibility criteria mentioned in section 2 can submit an application under the MAG Program. To apply, a company must submit a business plan that includes, at a minimum, the information listed in Appendix 1.

The CDC will hold in strict confidence the content of any discussions and/or information supplied by a company pursuant to an application under the MAG Program. As an Agency of the Crown, the CDC is bound by the provisions of the *Access to Information Act*. This Act allows for the protection against the release of commercially sensitive information including but not



limited to a product, recipe formulation and process, market intelligence, or technical innovation.

#### **4. Review and approval of applications**

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The CDC Board will assess applications based on the eligibility criteria (section 2), as well as the associated benefits and risks. If necessary, the CDC Board may consult external experts to gain a better understanding of the market impact and technological value of the project.

Once the application is approved by the CDC, the production credits and allocation of milk to plants will be discussed with the responsible provincial board(s)/agency(ies).

Applications will be reviewed and decisions will be made within 90 days following reception of a complete application. If the application is approved, a formal agreement is drawn up for the project. This contract agreement describes the terms of the approved project and specifies the milk supply permitted under the MAG Program. The agreement is signed by the CDC, the applicant and the provincial agency or board responsible for milk supply.

If an applicant is also applying to another program, such as the Dairy Innovation Program, it must report such application to the CDC, as well as the milk volume requested, at the time of filing the MAG application. Milk allocations from the MAG Program are not to be used to support activities already covered by another program.

#### **5. Reporting, disclosure, and verification requirements**

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Participants in the MAG Program need to report monthly to the appropriate provincial milk marketing board or agency their milk utilization under the MAG Program. The CDC periodically provides the Canadian Milk Supply Management Committee with a summary report of milk deliveries for purposes of the program in all provinces.

The MAG program is subject to provincial milk utilization audits (under the *National Milk Utilization Audit Standards*) to validate milk deliveries reported. It is also subject to CDC program audits and evaluations. To obtain the highest degree of assurance over integrity of the data reported in relation to MAG contracts, provincial boards must ask their auditors responsible for milk utilization to submit an annual audit report to the CDC team at the appropriate time (volume and butterfat use).



## 6. Contact

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For more information about the MAG program, please contact:

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## Appendix 1 – Information to be included in the business plan

### Title Page

Project name

Company name

Contact name and title

Contact address, phone number and email

### 1. Identification of the company

- a. Company founding date, type of legal entity and business number:
- b. Sector of activity (for example: dairy products manufacturer, further processor, other)
- c. Valid CFIA licence number (indicate if an application was submitted to CFIA)
- d. Primary supplier
- e. Main client groups
- f. Vision or long term goal
- g. Financial information (include latest audited balance sheet and current order book value)

### 2. Description of the project

- a. Objectives of the project
- b. Planned investment (type and purpose of the equipment or infrastructure, total amount)
- c. Key stages of the project (steps, amounts by step, schedule, current stage of the project)
- d. Product(s) to be manufactured and experience of the company with this/these product(s)
- e. Dairy composition of products in the project (butterfat and solids non fat)

### 3. Milk requirements

- a. Explain how your project will result in a net increase in use of Canadian raw milk components or dairy ingredients
- b. Current milk use
- c. Milk requested under the MAG program for year 1, year 2 and year 3
- d. Forecasted milk use at the end of the project
- e. Growth potential for the products
- f. Current and future (after 3 years) markets for the product(s) covered by the application (clients, market shares)
- g. Explain how you will ensure that all components of the milk received will be used

### 4. Capacity of the company to succeed with this project

- a. Strengths and weaknesses of the company
- b. Name of most direct competitor, in what ways is he better, in what ways are you better
- c. Greatest opportunities and greatest risks for the company
- d. Sales and growth projections for minimum first three years of operations



## 5. Marketing

- a. Client references (name, contact information and reason for satisfaction, share of sales (%))
- b. Actions to ensure loyalty of current clients:
- c. Strategies to acquire new clients and orders:
- d. Advertising strategy
- e. Distribution partners (name and type distribution channels)