

SASKATCHEWAN MILK MARKETING BOARD
Saskatchewan Cottage Industry Program

WHEREAS the purpose and objectives of the Saskatchewan Milk Marketing Board (SaskMilk) includes matters set out in ss. 5(d) of The Milk Marketing Plan Regulations (the Regulations);

AND WHEREAS SaskMilk has the power to do those things set out in ss. 7(1)(b), (e), (l), (y), and (bb) of the Regulations;

AND WHEREAS SaskMilk has determined it is beneficial to encourage and grow dairy processing in Saskatchewan by providing tools and incentives to small (cottage) processors that enable their start-up and longer-term sustainability;

THE SASKATCHEWAN MILK MARKETING BOARD, pursuant to the provisions of the Regulations and *The Agri-Food Act, 2004 (Act)* hereby determines the following to make up the Saskatchewan Cottage Industry Program (SCIP).

All conditions, requirements, caveats, and directions that apply to licensed processors under the Act and Regulations, and under SaskMilk Board Orders and Policies, shall apply to SCIP applicants.

A. Application

1. Applicants must submit an application, in a form and manner determined by SaskMilk, and provide any information or material that SaskMilk requires.
2. Applicant must demonstrate that they meet all applicable health, food safety, and sanitary conditions required by federal or provincial laws, and are also subject to meet additional receiving and sanitary standards that may be required by SaskMilk.
3. SaskMilk will notify a SCIP applicant of the status of their application in a manner and timeframe determined by SaskMilk.
4. Approval to participate in the program is subject to any terms and conditions that SaskMilk considers appropriate.

B. Eligibility

1. Approval for and continued participation in SCIP is entirely at the discretion of SaskMilk.
2. If a participant is removed from the program, SaskMilk will provide 30 days' notice of the removal unless it is deemed to be in the public interest to do so with less notice.
3. Eligibility factors that may be considered include, but are not limited to:
 - a. the volume of milk to be processed;
 - b. the distance from supply;
 - c. the end product to be produced;
 - d. transportation, metering, or measuring capabilities;
 - e. the experience, equipment, or financial responsibility of the applicant; and
 - f. any other factors that SaskMilk considers appropriate.

C. Program: On-Farm Processing

1. Conditions:
 - a. The applicant must operate processing on a production facility owned by the applicant.
 - b. The applicant's producer license and facility license must be in good standing.
 - c. The processing must be only utilizing milk produced by that applicant's own cows (unless otherwise permitted under a processing approval by SaskMilk).
 - d. There is no minimum volume that applies to the On-Farm processing program.
 - e. The maximum volume that applies to the On-Farm processing program is:
 - i. the volume of milk produced at that farm's production facility OR
 - ii. if the difference between the volume processed and the farm's total production is less than 30 kgs, the volume of milk produced at that farm's production facility minus 30 kgs.
2. Benefits:
 - a. The SCIP processor will receive a rebate on the volume of processed milk that is equivalent to that month's pooled transportation cost for Saskatchewan.

D. Program: Discount Milk

1. Conditions:
 - a. Minimum volume may be established by SaskMilk on a case-by-case basis considering costs and benefits to the industry.
 - b. Maximum volume for benefits in any one year is 1.3 million litres.
 - c. An On-Farm Processor is also eligible to apply for the Discount Milk program.
 - d. The processed dairy product must be produced exclusively from Canadian milk and dairy ingredients.
 - e. Applications to the Discount Milk program must include, but are not limited to:
 - i. Anticipated sales volume of the proposed product;
 - ii. Composition of the proposed product, including: butterfat and milk solids non-fat components as well as other ingredients to be used;
 - iii. Preliminary written indication of the Milk Class the dairy product would fall under as per the harmonized milk classification system;
 - iv. Detailed marketing plan indicating, among other things, the distribution network and the targeted market; and
 - v. Estimated market distribution of the proposed product and the amount of milk required.
 - f. An applicant approved under the Western Milk Pool 1c4c program and/or under the CDC's Dairy Innovation Program is not eligible for the SCIP Discount Milk program.
2. Benefits:
 - a. Waiver of any milk delivery charges to the processing location; and

b. A Milk Discount as follows:

Time	Discount
Year 1 (months 1-12)	25% discount based on the relevant pooled price of the final end-use class
Year 2 (months 13-24)	20% discount based on the relevant pooled price of the final end-use class
Year 3 (months 25-36)	15% discount based on the relevant pooled price of the final end-use class
Year 4 (months 37-48)	10% discount based on the relevant pooled price of the final end-use class
Year 5 (months 49-60)	10% discount based on the relevant pooled price of the final end-use class

E. Confidentiality

All SCIP applications and related information are held in the strictest confidence by SaskMilk and are known only to the individuals required to make decisions regarding eligibility, approval, and participation in the program. If the applicant wishes, relevant individuals could sign a confidentiality agreement to this effect.

F. Effective Date

The SCIP Policy comes into effect May 2022.