

# Dairy Direct Payment Program

## Frequently Asked Questions

### **1. When and how will dairy producers receive funding?**

The \$345 million provided for year one will be received by eligible producers starting at the end of calendar year 2019, and these direct payments will be administered by the Canadian Dairy Commission (CDC).

All eligible licensed dairy producers holding quota in Canada as of August 31, 2019 will be eligible to receive a payment in year one (ending March 31, 2020). Institutions, such as research or school farms are not eligible to receive the compensation. Funds will be allocated on a provincial basis reflecting provincial shares of the national quota.

The individual payments will be calculated based on the percentage that each producer's quota holdings represent of the total quota within the province. The CDC will work closely with each of the provincial dairy marketing boards to deliver funding in year one.

### **2. Will dairy producers be required to apply for funding?**

Producers will not be required to submit an application. However, producers will be required to register for the program, provide banking information and confirm their acceptance of the payment.

### **3. How will producers register for the program?**

The CDC will administer the program and send further instructions to eligible producers on how to register, at a later time.

### **4. How will the payments be paid? Will it be required to supply electronic bank transfer information or will cheques be sent out?**

All producers will be asked to provide electronic banking information. For those who prefer cheques, this option will be available but due to the manual processing required, they will take longer to issue.

### **5. Will the electronic bank transfer information be validated before the Dairy Direct Payment Program funds are transferred?**

Once a dairy producer has registered to the program through a web-based portal (anticipated to be available later in 2019), producers who have opted to have their payment transferred directly to their bank account will receive a deposit of an amount more or less around \$3.00. They will be notified of this deposit by email.

Producers will be requested to confirm that they have received this amount by logging into the portal and entering the amount. This must be done before the full remaining balance of the program payment can be deposited to ensure that the transfer is made to the correct account.

**6. It says payments will start by the end of the year, but is it possible to defer our payments to 2020?**

Producers will be required to register and confirm their acceptance of the payment no later than **March 1, 2020**.

Producers will be given the option to receive their payment;

- Before the end of calendar year 2019\*; or
- Before March 31, 2020

\*If a producer chooses the option to receive their payment before the end of calendar year 2019, the producer will require to confirm the acceptance of the payment no later than December 6, 2019.

**7. What is the exact data the payments will be made on?**

The provincial share of the compensation will be calculated based on the quota allocated to each province for the 12 months ending on August 31, 2019. Within each province, the payment per kg of quota will be calculated on quota issued in August 2019 by the province to its eligible producers. To receive a payment, a producer has to own quota as of August 31, 2019.

**8. How much funding will the average dairy producer receive?**

In the first year, based on estimates and averages, eligible dairy producers can expect to receive approximately \$315 per kg of daily quota. For example, a typical farm with 80 cows could receive around \$28,000 in the first year.

**9. How will funding be allocated for years two through eight?**

The funding amount of \$1.75 billion will be made available over 8 years. The intention is to continue working with dairy producers to make the remaining \$1.4 billion available in future years.

The federal government will continue to work with the Dairy Farmers of Canada to determine terms and conditions for future years.

**10. Why is the Government delivering its support over an eight year time period?**

The working groups, comprised of industry representatives from the dairy sector, worked extensively to estimate impacts and determine appropriate compensatory measures.

Through the working group, it was heard from the sector that compensation should allow flexibility to reflect the diverse needs of the sector and to allow individual producers the ability to make decisions that reflect the reality of their farms. Through these discussions, the Government of Canada decided that implementation of compensatory measures over eight years will allow continued support as dairy producers adjust to the implementation of the Canada–European Union Comprehensive Economic and Trade Agreement (CETA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

**11. What is the provincial breakdown of how the \$345 million will be allocated?**

Funds will be allocated on a provincial basis reflecting provincial shares of the national quota for the 12 months ending in August 2019.

**12. Will there be stringent guidelines on how dairy producers use the money? Is it required to be used for on-farm improvements?**

The payments will be made in the form of grants and there will be no specific requirements for how they are used.

**13. Will the income received through direct payments be subject to taxation?**

Government payments to producers under the program will be treated as income in the year the payment is received. Income tax will be assessed accordingly.

**14. Are administration costs included in the \$345 million funding announced?**

The funding announced on August 16, 2019, will go directly to producers.

**15. Will producers who received funding under the Dairy Farm Investment Program (DFIP) be eligible for the direct payment and, if so, will there be a deduction for the amount of DFIP funding they received?**

All producers will be treated the same, whether or not they participated in the Dairy Farm Investment Program.

**16. Why are goat, sheep or water buffalo milk producers not eligible for funding under this initiative?**

Goat, sheep and water buffalo producers are not covered by supply management and have the opportunity for growth according to their interest and market requirements.

The Canadian Agricultural Partnership, which came into effect on April 1, 2018, offers a range of programs and services to address the priorities of all agricultural sectors, including sustainable growth, and innovation.

These programs are already benefitting all agricultural producers, including producers of goat, sheep and buffalo milk.