

CLASS 4(m) MPC AND LIQUID SKIM MILK PERMIT

INFORMATION GUIDE

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CLASS 4(m) MPC AND LIQUID SKIM MILK PERMIT INFORMATION GUIDE

This Information Guide outlines the general terms & conditions of the Class 4(m) MPC and liquid skim milk permit.

Section 1 - Overview

1.1 The Canadian Milk Supply Management Committee (CMSMC) is the body responsible for creating the Class 4(m) MPC and liquid skim milk permit herein referred to as the Class. The CMSMC has delegated the administrative functions associated with this Class to the Canadian Dairy Commission (CDC). Unless otherwise decided by the CMSMC, Class 4(m) for MPC and liquid skim milk will expire on July 31, 2016.

1.2 The main objective of the Class is to encourage the use of solids non-fat (SNF) in specific activities with the objective of maintaining or growing markets for SNF.

Section 2 - Eligibility requirements

2.1 Eligible dairy ingredients are MPC and liquid skim milk made by a cheese processor or a licensed processor to be used in the ingredient portion in the processing of standardized cheeses, feta, cheese curds, paneer, cottage, ricotta and cream cheese.

- For standardized cheeses, the maximum amount of liquid MPC and liquid skim milk eligible to be considered as an ingredient is established as 100% minus the % of milk to be used as defined in the cheese compositional standards, multiplied by the total milk protein contained in the vat from all sources – fresh milk, domestic milk protein ingredients, and imported milk protein ingredients (*e.g. for Cheddar, it is established at $100\% - 83\% = 17\%$ of total milk protein*). Therefore, 17% of the total milk protein in the vat may derive from 4(m) ingredients.
- For cheese curds, cottage, ricotta, and cream cheese, the maximum amount of 4(m) MPC and liquid skim milk eligible is established at 17% of the total milk protein in the vat from all sources – fresh milk, domestic milk protein ingredients, and imported milk protein ingredients.
- For feta and paneer, the maximum amount of 4(m) liquid MPC and skim milk is established at 50% of the total milk protein in the vat from all sources – fresh milk, domestic milk protein ingredients, and imported milk protein ingredients.
- For all eligible finished products mentioned above, should ingredients other than Class 4(m) MPC or liquid skim milk be used, the volumes of these ingredients will be deducted from the quantity of 4(m) MPC or liquid skim milk permitted under this class.

2.2 In the case of nutraceutical products and pet foods products, only dry MPC is eligible under this Class. For the purpose of this Class, eligible nutraceutical products include the following products: weight/muscle gain formulations, medical/sports recovery drinks, meal replacement products and infant food formulations. If the CDC believes that such product has the potential to displace the sale of an existing dairy product, that product will not qualify. For example,

chocolate milk, dairy beverages, and yogurts of any kind are not eligible.

2.3 For the purpose of this Class, dry MPC is defined as: the dry milk protein product resulting from drying and concentrating proteins (by removing the lactose and minerals) of skim milk to a minimum protein content of 42% and a maximum of 84.9% by weight expressed on a dry matter basis.

Section 3 - Administration

3.1 In order to control the amount of products claimed in this Class, the CDC issues 4(m) MPC and liquid skim milk permits to applicants who meet the eligibility requirements of the Class. Notwithstanding any additional information that may be requested by the CDC, all applicants must complete an Application Form if they wish to receive a 4(m) MPC and liquid skim milk permit.

3.2 The actual price of an SNF-type product purchased under a 4(m) MPC and liquid skim milk permit must be negotiated between the permit holder and its supplier(s).

3.2.1 To apply for a 4(m) MPC and liquid skim milk permit, the applicant must complete an Application Form and include a copy of its certificate of incorporation. Upon receipt of the application, the CDC will conduct an evaluation of eligibility based on the Class eligibility requirements. All applications and information submitted to the CDC pursuant to an application will be treated confidentially.

3.2.2 Once the application is approved, the CDC will send an agreement to the applicant. The authorised representative of the applicant must sign the agreement which must be returned to the CDC. The Agreement sets out the terms and conditions for the issuance and use of the 4(m) MPC and liquid skim milk permit by the Permit holder.

3.2.3 Once the Agreement for Class 4(m) MPC and liquid skim milk Permit is signed and returned to the CDC, the 4(m) MPC and liquid skim milk Permit will be forwarded to the applicant.

3.2.4 4(m) MPC and liquid skim milk Permits are non-transferable and have no commercial value.

3.2.5 Once the successful applicant has received his 4(m) MPC and liquid skim milk permit, he can purchase SNF products mentioned on the permit from his supplier(s). In order to purchase SNF products at 4(m) MPC and liquid skim milk permit prices, the permit holder must provide a copy of his permit to his supplier(s) at the time of purchase or provide the following information: permit number and approved SNF product(s). The permit number must be indicated on each purchase invoice.

3.2.6 The CDC reserves the right to refuse a 4(m) MPC and liquid skim milk permit to an applicant notwithstanding anything appearing herein.

3.2.7 The applicant accepts that his company could be submitted to a credit check as part of the administrative requirements of the Permit.

3.3 Price Setting

3.3.1 Once a month, the CDC will establish and announce on its website (www.milkingredients.ca) the 4(m) component prices for this class. These prices will be applied to the preceding month.

Section 4 - Reporting

4.1 The supplier (seller) will report the quantity of 4(m) MPC and liquid skim milk sold to permit holders. This information will be used to account for usage of the components purchased by the permit holder.

4.2 More detailed information on reporting requirements and audit rights are contained in the Class 4(m) Agreement for MPC and liquid skim milk that must be signed by the Permit holder.

Section 5 - Questions and Further Information

If you have any questions on the Class 4(m) MPC and liquid skim milk, you may contact the Canadian Dairy Commission at the following address:

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