



DAIRY PROCESSING INVESTMENT FUND

APPLICANT GUIDE
Version 3.1



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

Canada

DAIRY PROCESSING INVESTMENT FUND APPLICANT GUIDE

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Catalogue No. A71-47E-PDF | ISSN 2560-7502 | AAFC No. 12743E

Paru également en français sous le titre *Fonds d'investissement dans la transformation des produits laitiers : guide du demandeur*

For more information, reach us at www.agr.gc.ca or call us toll-free at 1-877-246-4682.

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1.0 Purpose

The purpose of this document is to provide information on applying to Agriculture and Agri-Food's (AAFC) Dairy Processing Investment Fund.

2.0 Dairy Processing Investment Fund

2.1 Description

The Dairy Processing Investment Fund was established to assist dairy processors in adapting to market changes resulting from the Canada-European Union Comprehensive Economic and Trade Agreement (CETA). The Fund will provide non-repayable contributions to support projects that improve productivity through:

1. **Capital Investment** in new equipment and infrastructure; and/or

Improving manufacturing technologies and processes, or the introduction of new or improved products (including the acquisition and installation of equipment);

Construction, expansion and/or modernization of dairy processing establishments in Canada; and,

Engagement of external expertise/consultants related to the implementation, certification or validation of plant improvements.

2. **Access to Expertise** to engage private sector technical, managerial, and business expertise.

The Fund will also allow an applicant to request access to AAFC scientist(s), at an AAFC Research and Development Centre, in order to conduct collaborative research on a project relating to improving an existing product, practice, process, and/or technology.

Please note as it is a priority to improve processor productivity and competitiveness the program will target funding toward those investments that best achieve these goals. As such, for capital projects the program expects to focus on helping processors invest in new processing equipment that will help reduce costs, improve product quality and expand capacity (used or refurbished equipment is ineligible).

Examples of these types of investments include following:

- Automation of production line
- Conveyor
- ERP (Enterprise Resource Planning)
- Ventilation (humidity control)
- Fridge
- Silos
- Packaging equipment (including encoder, packing, labelling, printing, coding, etc.)

The above equipment list is not exhaustive and is intended only to provide context.

Expenditures related to building expansion or new construction are eligible under the program, however support for these investments will be limited to circumstances where the applicant presents a strong case outlining the need to support these types of costs.

The overall budget from April 1, 2017 to March 31, 2021 is \$100 million.

Applicants approved for funding will enter into a contribution agreement with AAFC. The contribution agreement outlines all of the terms and conditions of AAFC's support and the obligations of the applicant. Applicants will be expected to provide financial support to the Project (see [Section 2.5](#) on Cost Sharing).

Where an applicant is collaborating with an AAFC scientist on a project, the applicant will enter into a Collaborative Research and Development Agreement (CRDA) with AAFC (see [Section 4.3](#) on Collaborative Research and Development Agreements).

2.2 Duration

The Fund ends on March 31, 2021. Applications can be submitted for consideration until the Fund end date or until the available budget has been fully allocated.

Projects must be completed by March 31, 2021, and any costs incurred after that date will not be eligible for reimbursement.

2.3 Eligible Applicants

Eligible applicants must be capable of entering into legally binding agreements.

Eligible applicants are:

- For-profit organizations, including co-operatives, which are:
 - small and medium¹ cheese makers;
 - large cheesemakers and all other organizations involved in processing dairy products in Canada whose projects have benefits that accrue broadly, namely:

¹The following definition for company size will be applied to determine small or medium cheese makers:

- Small businesses are businesses with 1 to 99 employees;
- Medium-sized businesses are businesses with 100 to 499 employees;
- Large businesses are businesses with 500 employees or more.

The whole of a company is considered when applying this definition, that is a small subsidiary operating under a large parent company will be treated as a large entity.

- the application of technologies to make use of surplus skim milk (for example, a project to purchase and install new milk drying equipment); or
 - increasing the facility's capacity to use milk or milk components by 1.6 % (rate established based on the expected impact from CETA) above the market forecast growth, through expansion or new product development; and
- Not-for-profit organizations involved in or representing the dairy processing sector in Canada.

Note: Not-for-profit organizations operating dairy processing facilities which manufacture dairy products for commercial sale may apply for capital assistance related to those operations. All other not-for-profit organizations are only eligible for Access to Expertise projects.

Only projects related to dairy processing will be considered as eligible under the Fund.

Definitions:

The term "dairy" refers to milk from cows, ewes, goats, and water buffalo. It does not include dairy-free products or dairy-free alternatives such as those made from soybeans, rice or nuts.

The term "dairy processing" means:

- 1) Physical transformation of milk or dairy-based ingredients (e.g. butter, cheese, ice cream, and/or yogurt); and/or
- 2) Processing products predominantly comprising of inputs from dairy milk or dairy-based ingredients.

Ineligible applicants include:

- Academic Institutions;
- Federal government departments and agencies;
- Financial institutions, such as credit unions, chartered banks, etc.;
- Foreign governments including their departments and agencies;
- Individuals; and
- Other levels of government (Provincial / Territorial / Municipal).

2.4 Maximum Funding Amount

The maximum funding available per Capital Investment project is \$10 million.

The maximum funding available per Access to Expertise project is \$250,000.

The maximum amount an applicant can receive from the Fund is \$10 million in total per year for the program.

2.5 Cost Sharing

Eligible costs related to a project, as defined in [Annex A – Cost Categories](#), will be shared between AAFC and the successful applicant.

Total Eligible Project Costs	Cost Sharing Ratio
<i>Capital Investment Projects :</i>	
On the first \$2 million of eligible costs:	50 : 50 (Fund : Applicant)
On eligible costs over \$2 million:	25 : 75 (Fund : Applicant)
<i>Access to expertise projects:</i>	
On all eligible costs -Not-for-profit applicants	75 : 25 (Fund : Applicant)
On all eligible costs – For-profit applicants	50 : 50 (Fund : Applicant)

Example: If an applicant submits an application for a capital investment project with total eligible costs of \$5 million the cost sharing ratio would be as follows:

- On the first \$2 million of eligible costs: \$1 million from the Fund and \$1 million from the applicant
- On eligible costs over \$2 million: \$750,000 from the Fund and \$2.25 million from the applicant

In this example, the maximum Fund contribution would be \$1.75 million.

An applicant’s financial contribution could include cash from operations, commercial loans and lines of credit, as well as funding the applicant has secured from industry partners or other governments.

When including funds from other government sources to meet the applicant’s share, the stacking limit must be respected. The stacking limit refers to the maximum level of total Canadian government funding (federal, provincial/territorial, and municipal) an applicant can receive towards the total eligible costs of a project.

The maximum level of total government funding to for-profit companies will not exceed 75% of eligible project costs.

The maximum level of total government funding to not-for-profit organizations will not exceed 100% of eligible project costs.

2.5.1 In-kind Contributions vs Cash Contributions

In-kind contributions are not recognized under the Dairy Processing Investment Fund.

In-kind contributions are defined as contributions made towards eligible project costs that require no outlay of cash by the applicant, but to which a dollar value can be attributed and substantiated (e.g., pre-existing equipment and buildings).

However, when eligible costs are resourced by an approved cash outlay, they would be cost shared between the Fund and the applicant.

- For example, if a project requires specific human resources to undertake direct project activities and an applicant devotes existing staff with the required skills to meet that requirement, then the cost of those resources is considered a cash outlay.

2.6 Eligible Activities

Only projects related to dairy processing will be eligible under the Fund. Eligible activities include:

For Capital Investment projects:

- Construction, expansion and/or modernization of dairy processing establishments in Canada;
- Improving manufacturing technologies and processes, or the introduction of new or improved products (including the acquisition and installation of equipment); and
- Engagement of external expertise/consultants related to the implementation, certification or validation of plant improvements;

For Access to Expertise projects:

- Business improvement and market development, such as: analyzing current business processes; identifying best practices; planning/proposing strategies and investments; production problem solving; near to market product development; and, facilitating knowledge transfer.
- Collaborative research with AAFC relating to improving existing products, practices, processes, and/or technology.

Note: Projects must be carried out (based) in Canada, however if some services or activities must be contracted outside of Canada, applicants will be asked to provide a rationale and a justification.

2.7 Eligible Costs

Eligible costs are the costs directly related to the project that fall within the AAFC standard cost categories and respect all conditions and limitations set out in this guide and the contribution agreement if the project is approved. For details, please refer to [Annex A – Cost Categories](#) and [Annex B – Ineligible Costs and Limitations](#).

Eligible costs are determined by the type of project and are outlined below:

Cost Category	Eligibility	
	Capital Investment Project	Access to Expertise Project
Capital/Assets	Yes	No
Contracted Services	Yes	Yes
Salaries/Benefits	Yes	Yes
Administration*	No	Yes
Travel*	No	Yes
Other Direct Project Costs	Yes	Yes

*Subject to limitations (see [Annex B – Ineligible Costs and Limitations](#)).

To be eligible for funding, an applicant will have to attest that their project did not start prior to the date of the Fund’s announcement, November 10, 2016. A project will be considered “started” when physical work has begun or contracts have been signed for the commencement of work or the acquisition of equipment.

Applications received by March 31, 2018

An applicant that submits a complete application (see [section 3.1](#)) no later than March 31, 2018, may request that the Fund reimburse eligible costs that were incurred from the date of the Fund’s announcement (November 10, 2016).

Applications received between April 1, 2018 and March 31, 2021

For applicants that submit an application on or after April 1, 2018, the Fund will consider costs eligible for reimbursement from the date a complete application (see [section 3.1](#)) is received by the Department.

Note: Even if an applicant is advised that their project is approved and the applicant starts incurring costs, no costs can be reimbursed unless a contribution agreement is ultimately signed between the applicant and AAFC. Thus, any costs incurred prior to the signing of a contribution agreement would be incurred solely at the applicant's risk without obligation of payment by AAFC.

3.0 How to Apply

The application process involves the following steps:

Step 1: Prepare and submit a Project Summary

Applicants first complete the Project Summary, and submit it to: aafc.dpif-fitpl.aac@canada.ca. The Project Summary is used to provide advice and guidance to applicants regarding their project's fit and readiness to apply for funding under the Dairy Processing Investment Fund. Fund staff will contact the applicant to discuss the project.

Step 2: Prepare and submit an Application

Fund staff will provide the application package, as well as guidance on preparing the application and the supporting documentation required.

Applicants may submit an electronic version of the application and attachments in original software format, as well as a pdf copy of all documents requiring signature(s) to: aafc.dpif-fitpl.aac@canada.ca

Alternatively, the original and signed copy of the application along with all additional required information and attachments can be mailed to:

Agriculture & Agri-Food Canada
Dairy Processing Investment Fund
Tower 7, Floor 8, Room 223
1341 Baseline Road
Ottawa, ON, K1A 0C5

AAFC will acknowledge receipt of each application package within one business day of receipt. Applicants will be notified if the application is complete or if additional information is needed.

All incomplete application packages will be placed on hold until the necessary information is received.

Please note that the submission of an application creates no obligation on the part of AAFC to provide funding for the proposed project.

3.1. Complete Application

A complete application package will normally consist of:

- ✓ Business Plan (AAFC template)
- ✓ Copies of all financing agreements related to the project
- ✓ Documentation in support of the costs detailed in the project budget, such as quotes, estimates or contracts should be included.
- ✓ Financial Statements for the past three years
- ✓ Project Work Plan (AAFC template)
- ✓ Project Budget (AAFC template)
- ✓ Project Financing Plan (AAFC template)
- ✓ Project Performance Information (AAFC template)
- ✓ Pro Forma Financial Statements for three years after project completion (Capital Investment Project only)
- ✓ Signed Application Form (AAFC template)

Requirements may vary depending on the nature of the project. Specific requirements will be communicated to applicants at the time that the project summary form is discussed.

4.0 Assessment and Approval

4.1 Assessment Criteria

An application must be complete in order for Fund staff to begin the assessment. Applications will be assessed against the following criteria, as applicable:

- eligibility (of applicants, activities, costs, location, project timelines);
- how the project will fit into and improve upon the applicant's existing business (e.g. improve productivity);
- capability of the applicant to successfully complete the project including:
 - financial capacity including evaluation and validation of all sources and levels of project

financing, both government and private; and,

- managerial capability (experience and track record);
- financial, management and marketing capacity of the applicant to generate ongoing and/or increased revenues necessary for business viability;
- benefits to dairy sector to be derived from the project such as increased use of surplus skim milk, milk or milk components;
- level of risk associated with the project after mitigation measures proposed to manage/reduce risk have been considered;
- extent to which the project is a priority for the dairy industry; and
- extent to which the project is likely to benefit a dairy processor or dairy processors.

Note: Consideration will be given to new applicants that have not received any prior contributions from the Fund.

If an applicant is successful, AAFC will provide a written decision letter outlining the level of assistance awarded and any other conditions if applicable. The Fund aims to assess applications and provide a decision within 100 business days of receiving a complete application.

4.2 Contribution Agreement

Successful applicants who enter into a contribution agreement with AAFC will be referred to therein as recipients. Recipients are required to enter into a contribution agreement that outlines the amount of funding AAFC will provide to the recipient towards eligible costs, how funds will be disbursed as well as the recipient's responsibilities and obligations. Contributions under the Dairy Processing Investment Fund are non-repayable.

4.3 Collaborative Research and Development Agreement

The Dairy Processing Investment Fund will allow applicants to seek non-monetary support for their project to collaborate with AAFC scientists to undertake research relating to improving an existing product, practice, process and/or technology.

As part of the application, the applicant will be required to provide a letter of support from the Director of the [AAFC Research Centre](#) confirming the availability and ability of the scientific team to do the work as described in the proposal.

The applicant will be required to demonstrate that the activities, work plan, budget and deliverables related to the collaborative research are separate and apart from activities that may be funded under a contribution agreement. AAFC will ensure that there is no duplication with other activities in the application and that they have distinct budgets.

If an applicant's research project has been approved for a collaborative relationship involving AAFC scientists, the applicant will enter into a Collaborative Research and Development Agreement with AAFC. Successful applicants will be referred to as the collaborator in the agreement. The Collaborative Research and Development Agreement will outline the responsibilities and obligations of both AAFC and the collaborator with respect to the project. Under the Collaborative Research and Development Agreement, AAFC would support approved activities conducted by AAFC's scientists through internal funds and the successful applicant would be expected to provide financial support to the Project (see [Section 2.5](#) on Cost Sharing).

Intellectual Property matters, amongst other issues, will be negotiated between AAFC and the collaborator prior to execution of a Collaborative Research and Development Agreement.

To obtain more information on Collaborative Research and Development Agreement, please contact the Office of Intellectual Property and Commercialization at OIPC-BPIC@agr.gc.ca

4.4 Reporting Requirements

Recipients will be required to provide progress reports during the work phase of their project using forms to be provided by AAFC, describing the activities completed and progress made towards deliverables, as described in the Project Work Plan template. Recipients will also be required to provide performance reports annually and at the end of a project, using forms provided by AAFC. Those reports will track progress against expected results as described in the Project Performance Information template and could include information on increased production, introduction of new products and cost savings.

Other reports may be required at AAFC's discretion.

5.0 Notes

5.1 Risk Framework

Once a project is approved for contribution funding, AAFC will conduct a risk assessment to determine the overall risk level of the project.

The result (risk level) of this assessment does not determine eligibility for funding but will affect, among other things:

- The frequency of progress reporting;
- How the contribution funds may be disbursed;
- The amount of funds to be held back (holdback);
- The frequency of site visits (if necessary); and
- Percentage of supporting documentation required for claim verification.

A letter will accompany the contribution agreement to outline the requirements for the above.

5.2 Intellectual Property

The Contribution Agreement will contain an intellectual property clause which will confirm that all title to the intellectual property in any materials created or developed by or for the recipient of contribution funding will vest in the recipient or in a third party, as may be negotiated by the recipient. However, AAFC may, at its sole discretion, include a provision in the contribution agreement requiring the recipient to grant, or ensure that third parties grant a non-exclusive, worldwide, perpetual, royalty-free license to the Crown to such material, in whole or in part, in any form or medium, for internal government Fund administration purposes.

5.3 Official Languages

5.3.1 Language of Service

Applicants are encouraged to communicate with AAFC in the official language of their choice. AAFC reviews and assesses applications and project deliverables in both official languages.

5.3.2 Official Languages Considerations

AAFC is committed to enhancing the vitality of the official language minority communities (OLMCs), supporting and assisting their development, and promoting the full recognition and use of both English and French in Canadian society.

When it is determined that projects under the Dairy Processing Investment Fund involve activities related to the development and transfer of knowledge on improving dairy processes and may have an impact on OLMCs or are susceptible of promoting the use of English and French, AAFC will include appropriate linguistic commitments in agreements with dairy organizations and ensure that additional expenses incurred as a result of these commitments are considered eligible for contribution funding.

OLMCs are French-speaking people outside Quebec or English-speaking people in Quebec.

Impacts on OLMCs may include: Diversifying or strengthening the economic base of OLMCs; or increasing investments in businesses located in OLMCs.

Promoting the use of both official languages may include: Translating tools and best practices to share them with OLMCs; or facilitating networking and collaboration between both linguistic communities to achieve tangible economic results in OLMCs.

The recipient must publicly acknowledge AAFC's support for the project. The department may request that such acknowledgments include text in both official languages.

Applicants are also encouraged to complete an OLMC self-identification section in the application form to help AAFC collect information on whether applicants are a member of an OLMC to tailor future communications activities.

For further information on whether official languages obligations apply to your project, consult AAFC staff.

5.4 Conflict of Interest

Current or former public servants or public office holders are required to avoid conflict of interest situations while employed by the federal government, and for a period of time following their service. The Applicant acknowledges that any individuals who are subject to the provisions of the *Conflict of Interest Act*, the *Values and Ethics Code for the Public Sector*, the *Conflict of Interest Code for Members of the House of Common*, any applicable federal values and ethics code or any applicable federal policy on conflict of interest and post-employment shall not derive any direct benefit resulting from this application unless the provision or receipt of such benefit is permitted in such legislation, policy or codes.

5.5 M-30 Law (for Quebec organizations only)

The *Act Respecting the Ministère du Conseil Exécutif* (M-30) may apply to an applicant in the Province of Québec. Applicants may be required to complete an additional information form and, if they are subject to the requirements of the Act, to obtain written authorization and approval from the Government of Québec prior to execution of any contribution funding agreement.

5.6 Privacy Notice

AAFC is subject to the Privacy Act and is committed to the protection of the personal information under its control. Personal information provided in or with this application package will be used for communication regarding the application and for its assessment and review of eligibility, and is being collected under the authority of the Department of Agriculture and Agri-Food Act. Personal information may also be used for survey, statistical analysis, reporting, and audit and evaluation purposes. For more information about AAFC's privacy practices, refer to the following standard Personal Information Banks: Public Communications PSU 914; and, Outreach Activities PSU 938.

Individuals have the right of access to their personal information held by AAFC and to request changes to incorrect personal information. To exercise these rights, please contact the AAFC Access to Information and Privacy Coordinator at ATIP-AIPRP@agr.gc.ca.

5.7 Business Information

AAFC may collect, use and share an applicant's information, which includes, but is not limited to, documentation prepared in the administration of the Dairy Processing Investment Fund. AAFC may use and share this information with the following organizations :

- Other AAFC programs and/or other AAFC Branches;
- Other departments or agencies of the Government of Canada; and
- Other levels of government in Canada.

The information may be shared with the parties mentioned above, for purposes that include, but are not

limited to:

- For the purposes of assessing and reviewing the eligibility of the applicant and the proposed project;
- The use of the applicant's information in the administration, including audit and evaluation of the Fund;
- Surveying for the applicant's experience with AAFC;
- Audit, analysis and risk assessment of the applicant and/or the project;
- Determining the possible availability of funding for the applicant's project under another program or initiative;
- Examining the scope and direction of agricultural programming in Canada; or
- Ensuring efficiencies and effectiveness in setting up and administering agricultural and other government programs.

AAFC publishes a list of approved projects on the departmental website and may publish such a list on other Government of Canada websites. This list would include the name of the recipient, the project name, and the amount of the Dairy Processing Investment Fund contribution. AAFC may also publicize this information, along with a description of the project, in:

- Project funding announcements or other promotions; and
- In other government documents, including public reports on the progress of government initiatives.

5.8 Environmental Considerations

Applicants must provide details on environmental considerations for their project in the application form, as certain projects may have environmental requirements.

All projects must comply with the Canadian Environmental Assessment Act, 2012. This will depend on the [type of] activities being undertaken and the location. Indicate in the application form whether the project is on federal land. If a project is on federal land, AAFC staff will follow-up with the project proponent for further details and/or to clarify, as required. Under the Canadian Environmental Assessment, 2012, a federal land means:

(a) lands that belong to Her Majesty in right of Canada, or that Her Majesty in right of Canada has the power to dispose of, and all waters on and airspace above those lands, other than lands under the administration and control of the Commissioner of Yukon, the Northwest Territories or Nunavut;

(b) the following lands and areas:

(i) the internal waters of Canada, in any area of the sea not within a province,

(ii) the territorial sea of Canada, in any area of the sea not within a province,

(iii) the exclusive economic zone of Canada, and

(iv) the continental shelf of Canada; and

(c) reserves, surrendered lands and any other lands that are set apart for the use and benefit of a band and that are subject to the Indian Act, and all waters on and airspace above those reserves or lands.

Indicate on application form whether you have or will obtain federal, provincial, territorial or municipal authorizations. AAFC will provide guidance on potential environmental legislation requirements, which may require obtaining permits or authorization before the project begins.

Provide details on whether the project has any environmental effects and risks. Positive or negative environmental effects and risks can include those related to air emissions, soil erosion, noise, effluent, waste water, solid waste, odour, construction, rare species and related habitat, nearby water bodies, and any public concern. With this information, AAFC staff will determine if the project may benefit from further environmental analysis. If a project is deemed to require a further environmental evaluation, development of and agreement to mitigation measures to avoid adverse environmental effects might be necessary. AAFC reserves the right to request additional information.

If AAFC determines any environmental requirements, including those related to the Canadian Environmental Assessment, 2012, a project may be conditionally approved pending the completion of all requirements. In such cases, project activities cannot proceed prior to receiving the results of environmental evaluations and no funding will be provided until environmental requirements are complete, including development and agreement to mitigation measures.

Note also that all relevant federal, provincial, territorial or municipal environmental authorizations or permits required to undertake or successfully complete this project must also be in place before funding will be provided. Copies of these authorizations or permits might be required by AAFC during the application assessment.

For projects that are partially or fully completed at the time of application submission, if AAFC determines the project has environmental requirements the project may be conditionally approved pending the completion of all requirements, including the development of and agreement to mitigation measures to avoid adverse environmental effects, or until all required local, provincial, territorial, or federal environmental authorizations or permits are obtained (note this does not include electrical, hydro or gas permits).

6.0 Contact Information

Details about the Dairy Processing Investment Fund can be obtained at www.canada.ca/dairy-processing-investment-fund.

For further information please contact us toll-free at 1-877-246-4682, or by e-mail at aafc.dpif-fitpl.aac@canada.ca.

Applications can be mailed to the following address:

Agriculture & Agri-Food Canada
Food Programs Division
Dairy Processing Investment Fund
1341 Baseline Road
Tower 7, 8th Floor, Room 223
Ottawa, ON K1A 0C5

Annex A: Cost Categories

Capital/Assets

Capital Assets are tangible assets that are purchased, constructed, developed or otherwise acquired and:

- are required for the execution of the projects;
- have a useful life extending beyond one fiscal year and are intended to be used on a continuing basis; and
- are not intended for resale during the life of the project.

Costs such as:

- building purchase, renovation, site improvement and construction costs;
- new machinery, new equipment, and software purchase and installation costs.

Contracted Services

Professional or specialized services for which a contract is entered into, such as:

- Consultant/expert services
- Installation/construction
- Environmental assessment
- Project management

Salaries/Benefits

Salaries and benefits directly related to completing the activities of the project:

- Labour including wages/salaries and benefits, and specific per diem fees

Administration

Administration costs necessary to complete the project, such as:

- Office supplies and materials
- Office space
- Telecommunications/Audiovisual
- Postage and freight

Note: Administration costs are limited to 10% of total project costs and are only eligible to not-for-profit recipients/collaborators receiving Access to Expertise project funding.

Travel

Travel costs* directly related to the project, such as:

- meals
- incidentals
- accommodations
- transportation

Note: Travel costs are only eligible for Access to Expertise projects under the Dairy Processing Investment Fund.

*Subject to limitations as detailed in Annex B

Other Direct Project Costs

Other costs for project-related deliverables, such as:

- rental, lease of facilities, equipment or machinery
- goods, services and all related shipping and transportation costs;
- production of materials required to fulfill obligations under the agreement, including translation and production of materials in the second official language
- material/consumables needed to undertake the project

Annex B: Ineligible Costs and Limitations

Ineligible Costs

Ineligible project costs are, but not limited to, the following:

- any cost, such as amortization that would not result in a direct, out-of-pocket expense for the recipient
- any portion of any cost that, in AAFC's opinion, exceeds the fair market value for that cost item; and,
- capital items not specifically required for the execution of the project;
- costs related to regular ongoing operation and managerial activities of the organization;
- costs being reimbursed under an existing federal, provincial or territorial program;
- equipment purchased or buildings owned by a related party;
- goodwill;
- hospitality (e.g. alcohol, meals, entertainment, gifts, etc.);
- land;
- legal fees
- refundable portion of the Goods and Services Tax/Harmonized Sales Tax (GST/HST), value-added taxes, or other items for which a refund or rebate is received; and
- any other expenditure not specifically listed as eligible or otherwise approved as eligible.

Limitations

Project cost limitations include, but are not limited to, the following:

- Administration costs will not exceed 10% of total eligible costs (administration costs are only eligible for not-for-profit organization)
- Travel:
 - Per diems will contribute to covering the costs for daily accommodation, meals, local or in-city transportation (buses, taxis, vehicle rentals, etc.), and incidentals (personal phone calls, laundry, insurance, gratuities, etc.) for individual travel.
 - Recipients may:
 - a) claim the established per diem; or
 - b) claim an amount less than the established per diem.
 - Whether using option (a) or option (b), individual invoices and proof of payment for these incurred travel costs will not be required for claims, however, proof of travel is required (i.e., boarding pass, hotel invoice).
 - If using option (a) per diems are payable for every day on travel status as follows:

- Travel within Canada: \$300 CAD/day (Canadian per day) for each day that ends with an overnight stay;
- Travel within Canada with no overnight stay: \$70 CAD/day;
- Travel outside Canada: \$400 CAD/day.
- For the costs of ground transportation to and from the traveller's home/work and the commercial carrier (air, rail, bus), the recipient may:
 - a) claim a flat rate of \$100 CAD to cover all "to and from" ground transportation expenses per trip. This \$100 will cover costs associated with taxis, buses, or the traveler's own vehicle, including kilometric rates and parking; or
 - b) claim an amount less than the established flat rate.
- Whether using option (a) or option (b), individual proof of payment for all expenses incurred will not be required for a claim.
- The recipient may claim costs for air, rail and ground transportation (to an out-of-city destination) for individual travel as follows:
 - Air: economy rate (not Business or First Class) fare;
 - Private vehicle: kilometric rates (no higher than the rates of the National Joint Council Travel Directive as it stands on the day of travel) as well as costs for parking at the destination;
 - Rental vehicle: the cost for a mid-size vehicle (or the cost of a larger vehicle, based upon factors such as, but not limited to, safety, the needs of the traveler, and the bulk or weight of goods transported); gas, and parking at the destination.
- Recipients are obliged to keep all invoices and proofs of payment, as per the terms of their Contribution Agreement.

Only expenses directly related to the Project activities stipulated in the Contribution Agreement are eligible. Expenses that do not follow AAFC guidelines are not eligible. If you are unsure about a particular expense, or if an expense is unusual, please check with your Fund Officer before making a financial commitment.

Note that prepaid expenses, such as airfares and accommodations paid in advance can only be claimed once travel has occurred.