



Rural Payments
Agency

Milk Quotas – MQ/11 Approval of Purchasers' Schedule

Important document – Please read carefully and retain.

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If you have any specific queries or problems, please contact the Purchaser Team on 01392 315763

Regulations

The main scheme regulations are:

- Council Regulations (EC) No 1234/2007;
- Commission Regulation No 595/2004; and
- Dairy Produce Quotas Regulation (2005), as amended and the equivalent Regulations in Scotland, Wales and Northern Ireland.

Acting as a first purchaser of milk whilst not approved by the Agency, may result in prosecution.

Conditions of Approval

Approval to act as a purchaser will only be granted upon receipt of a fully completed application form (MQ/11) and following the satisfactory completion of administrative checks.

Completion of the application for purchaser approval form will signify that the applicant has read and understood the provisions and agrees to fully comply with all requirements laid down in this Schedule and the Milk Quotas Regulations.

Confirmation of approval is dependent upon the purchaser satisfactorily completing a six-month trial period.

Approval may be withdrawn at any time within the six-month trial period if, following unannounced visits, the purchaser is found not to be complying with the terms and conditions of approval.

Approval shall only be granted where any applicant; partner of applicant (if partnership) or company officer has:

- given an undertaking to comply with the requirements of Article 23 of Commission Regulation 595/2004 as amended;
- no prior history of offences under any provision implementing a European or Government funded scheme;
- no history of committing an irregularity as defined by Article 1(2) of Council Regulation (EC EURATOM) 2988/95 or any material infringement of a Government funded scheme;

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- if requested, provided the RPA with a bank guarantee covering the maximum foreseeable levy liability.

Accounts/Bank Guarantee

In the event that a Levy seems likely, the RPA reserve the right to request the supply of a minimum of two years' accounts. Where a purchaser is also in receipt of any grant aid from Defra or any other body, they will also need to provide a separate note giving details of such grant(s), as this will assist in the consideration of their financial status.

Where a purchaser is unable to supply a minimum of two years' accounts the Agency reserves the right to request the provision of a bank guarantee based on the theoretical amount of levy due on the projected volume of milk deliveries during the quota year.

Record Keeping

The purchaser must create the records detailed in Schedule 2 of the Dairy Produce Quotas Regulations 2005 and must retain those records for at least three years starting from the end of the calendar year in which they were drawn up.

Failure to comply with this requirement may result in prosecution, payment of a penalty as shown in Regulation 36 of the DPQR, or loss of approved status.

Sampling

The purchaser must sample the milk delivered on a regular basis and not less than once per month for each supplying producer using:

- British standard BS EN ISO 707: 1997; or
- International standard IDF 50C: 1995.

The freezing of samples prior to analysis is not acceptable. However, the use of a suitable preservative provided by the analysing laboratory is permitted.

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Analysis

The purchaser must analyse samples of milk delivered to him by each producer for fat content using:

- British standard BS 696: 1995/International standard ISO 488 (Gerber method); or
- British standard BS 1741: Part 3 1995/International standard ISO 1211: 1995 (Rose-Gottleib method); or
- International standard IDF 141A: 1990 (mid infra red absorption method).

The purchaser must retain records of the results of the tests together with the dates of sampling.

Monthly Declarations

The purchaser must make a monthly declaration on form MQ/12 detailing the:

- total volume of milk purchased during the month (before the application of butterfat adjustments); and
- average butterfat content of that milk.

The form must be submitted within three working days of the end of the month to which the declaration relates.

End of Quota Year

At the end of each quota year, the purchaser must compile and retain a statement for each producer showing:

- the quantity and fat content of the milk which has been delivered during the quota year.

Annual Declaration

The purchaser must make an annual declaration on form MQ/13 by 14 May each year detailing for the previous quota year the:

- total quantity of milk delivered by producers;

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- average fat content of the milk delivered by producers;
- date of the registered quota for purchasers' report used;
- total volume purchased.

The MQ/13 must also be accompanied by a list of:

- individual producers' delivery and weighted butterfat content figures for the year;
- producers who have ceased production during the year;
- non-producing quota holders with permanent quota registered with them during the year.

Calculation of Average Fat Content

The purchaser must calculate the monthly fat content of each producer's milk as the simple average of the results obtained from all samples taken in the month. The annual fat content must be the **weighted** average of the twelve monthly figures.

Non-declaration of Deliveries

The purchaser may not benefit from the reallocation of quota and must pay levy in respect of any quantity not notified to the Agency by 14 May each year.

Calculation of Levy

Once the Agency has carried out an initial levy calculation, the purchaser will be sent a Purchaser Levy Report (PLR) in early July. The PLR will contain a summary of all producers with their confirmed figures, any reallocated quota, and any levy liability if appropriate. The purchaser will be given 14 days to confirm their agreement with the PLR or to raise any queries.

Payment of Levy

Before 1 October each year, the purchaser must pay the Agency any levy due, as calculated in accordance with the Regulations. Where the time limit for payment is not met, the sums due will bear interest at the rate of LIBOR +1%, as detailed in Regulation 31(6) of the DPQR.

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Changes to Quota – Producer forms

The purchaser must sign and forward, as directed, all forms which relate to the transfer or conversion of a producers' wholesale quota.

Changes to Purchaser Quota

If the amount of a Purchaser's quota is increased as a result of changes to a producers quota, the purchaser must complete and forward, as directed, an Adjustment of Purchaser Quota form (MQ/10). The form must be submitted as soon as possible after the transaction, but in any event by 14 May of the year following the transaction.

Forms submitted after 1 July in respect of the previous quota year will not be processed, except with the special agreement of all parties.

Access

The purchaser must make his records available to authorised officers of the Agency at all reasonable hours, and provide to such person any assistance he may reasonably request so as to enable him to carry out any inspection or checks as he may consider necessary to ensure that the Regulations are complied with.

Change in Circumstances

The purchaser must inform the Agency immediately of any factor or change in circumstances which affect approval or ability to comply with these provisions and must confirm such advice in writing within seven days of its discovery.

Penalties

Penalties will be applied if:

- your MQ/12 monthly declaration is submitted late;
- your MQ/13 is submitted after the 14 May deadline;
- we find that you have not declared all your deliveries;
- the delivery information you have provided is incorrect.

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The minimum penalty for:

- the late submission of the MQ/13 is €100 up to a maximum of €100,000;
- all other penalties is £60 up to a maximum of £60,000.

More details on the penalties that apply can be found in the Purchaser Handbook.

Withdrawal of Approval

Approval can be withdrawn where:

- a Purchaser fails to comply with any or all of the requirements of the Milk Quotas Regulations;
- a Purchaser does not pay their Levy liability and/or settle invoices for penalties applied in accordance with the Regulations;
- a Purchaser fails to comply with the requirements of any other Government or European funded scheme legislation.

Data Protection

Defra is the data controller for personal data you give to us or we hold about you. We use it in line with the Data Protection Act. For more information visit our website at www.rpa.defra.gov.uk, then put 'Personal Data' into the search box.

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