

Impact of Beef Cattle Financial Protection Program Changes



The Ontario government will bring into force the [Protecting Farmers from Non-Payment Act](#) (Regulating Agricultural Product Dealers and Storage Operators), 2023 (PFFNPA) and its new regulations on January 1, 2026. The Act and regulations will govern Ontario's financial protection programs with changes made to strengthen protection for grain and beef cattle (including veal) sellers.

The Ontario Ministry of Agriculture, Food and Agribusiness (OMAFA) consulted with stakeholders (consultation closed April 2024) and completed analyses to inform the changes to the Beef Cattle Financial Protection Program, formerly the Livestock Financial Protection Program. The changes reflect shared priorities and will continue to provide protection in the event that a licensed dealer does not pay the seller. This information sheet explains how the proposed changes will affect sellers, dealers and the Livestock Financial Protection Board.

As renewal applications are issued 90 days before expiry, applications were sent in December 2025 for those dealers whose licence expires in March 2026. To avoid disrupting this licensing cycle, regulatory changes are being implemented in two phases. Phase 1 includes most provisions other than licensing and take effect January 1, 2026. For Phase 2, a regulatory amendment planned for early 2026 would formally incorporate updated

licensing provisions as of April 1, 2026. Items that are part of Phase 2 are marked with an asterisk (*) throughout this document.

What's new

Sellers

The Program protects sellers from financial risks if a buyer does not pay for the beef cattle purchased. The changes are designed to make that protection stronger. For most sellers, day-to-day compliance activities under the Program won't change. However, it's important to note three key requirements: (1) having a written agreement in place with the buyer to sell beef cattle, (2) paying the check-off fees as required; and (3) promptly notifying the Director if you have knowledge that the buyer ceased carrying on business or is insolvent. Non-compliance with these requirements would be additional discretionary grounds on which the Board can refuse a claim.

Dealers

- **Written agreements required:** For the purchase of beef cattle, or for selling beef cattle on behalf of a seller, a written agreement with the seller is required that

contains: the names and addresses of the parties to the purchase or sale, the dealer's or dealers' licence number or numbers, the date of the purchase or sale, a description or identification of the beef cattle, the number of head of cattle being purchased or sold, the purchase or sale price of the cattle, the date of payment for the sale or purchase, and an indication of fees payable to the Board (note that this does not remove the requirement for licensed dealers to provide a statement/receipt showing the actual fee deducted at the time of payment). A template will be developed to help with this requirement.

- **Use of license by third party:** Third-party use of a dealer's licence must be approved by the Director. This means that an agent of a dealer, individuals authorized by a licensed dealer to buy or sell beef cattle on their behalf, must be specifically approved. Agents do not include employees of the dealer.*
- **Increased licensing fees:** The dealer licence fee would increase from \$25 to \$150/year and a \$50/year fee for each agent working under a licensed dealer would be introduced.*
- **Business change reporting:** Dealers would have to inform the Director of changes in banking, ownership structure, or control of the business.*
- **More transparent licensing process:** The existing process to determine whether security is required (i.e. determining financial responsibility) would remain unchanged, but the assessment criteria and process would be clearly described in regulation to support transparency. Dealers would only be allowed to use bonds and letters of credit as security, to align with operational practice.*
- **Small dealer exemption:** Dealers with weekly purchases of \$5k or less may qualify for an exception from providing security and certain application obligations aligning the

regulation with long standing practice that reduces administrative burden for qualifying small dealers.*

- **Expanded licensed dealer registry:** The dealer registry must now include: (1) the legal and business names of the dealer; (2) the name of the individual primarily associated with the licence; (3) contact information for the dealer; (4) the name of any agent working under the dealer's licence*; (5) an indication of whether the dealer received a small dealer exemption*; and (6) information on any non-appealed or Tribunal-confirmed administrative penalties for contraventions of subsection 5 (1) (operating as an unlicensed dealer) or section 7 (failing to pay within the required timeline) of the PFFNPA.
- **Licensing ineligibility if money owed to the Board:** Dealers who owe money to the Fund for Livestock Producers (the Fund) may not be able to get or renew a licence if they haven't made arrangements to repay.
- **New compliance tools:** Compliance orders and administrative penalties (APs) of up to \$10,000/day are available. APs are to be paid into the Fund.
 - The Director can set an AP that increases each day the violation continues or choose a penalty that stays the same. If APs aren't paid, the Director can enforce them through various means, including taking the penalty from any security and requiring a "top-up", suspending or refusing to renew a license, disclosing the debt to a consumer reporting agency, or placing a lien on property.
 - APs are intended to provide a more flexible and measured approach to compliance rather than suspending a licence, which can disrupt business operations.
 - A progressive compliance approach will be used, which will prioritize education

and voluntary compliance before escalating to formal measures such as compliance orders, APs, putting conditions on license, or a licence suspension.

- A compliance and enforcement policy will be developed to provide guidance on how and when APs may be applied.
- Compliance orders and the imposition of APs are appealable to the Tribunal.
- While authorized, APs will not be implementing until after July 1, 2026, to allow time for further training and education.

- **Cost recovery:** Defaulters may be required to cover Board costs to conduct a claim proceeding through a "Costs Order," which can be appealed to the Tribunal. In circumstances where a costs order is issued and collected, financial responsibility is shifted away from producers and other sellers, who currently bear these costs through their check-off fees. Claimants may also be required to cover Board costs if the Board found the claim to be frivolous, vexatious or made in bad faith.
- **Updated licensing appeals process:** Changes will limit the Tribunal's power to reviewing a Director's decision, instead of requiring the Tribunal to hold a trial de novo (new hearing), and will require the Tribunal to review the Director's decision on the standard of reasonableness. The Tribunal may consider new evidence not previously presented to the Director, but only if it is satisfied that it was not possible to have been provided during the Director's hearing.
- **Penalties if convicted:** Dealers convicted of a Type A offence (e.g. dealing without a licence or not paying on time) will be subject to a fine of \$10,000 for a first offence and up to \$25,000 for any subsequent offence. Currently, fines are up to \$2,000 for a first offence and up to \$5,000 for any subsequent offence. Under the new scheme, courts may increase fines by 25% where aggravating factors exist, such as profiting from the offence or causing the victim to miss a payment to a third party.
- **Standardize payment timelines:** Producers including co-operatives that buy from licensed dealers should ensure payment is received within 6 or 9 business days of the price determination day, consistent with the timelines for licensed dealers to pay a producer or licensed dealers to pay other licensed dealers.

The Board

- **Board composition:** The Act sets out that the Board must have a minimum of 3 and maximum of nine members. However, the regulation specifies that the Board must include representatives from Beef Farmers of Ontario; Dairy Farmers of Ontario; Veal Farmers of Ontario; Meat & Poultry Ontario (Ontario Independent Meat Processors Association); Ontario Cattle Feeders' Association; Ontario Livestock Auction Markets Association; and the Ontario Livestock Dealers Association. The vice-chair would be able to act as chair when needed, but the Board is not allowed to hold a meeting if neither the chair or vice-chair is able to act.
- **Delegation:** The Board will be permitted to delegate any of its powers to a committee, other than the powers to make or change by-laws; approve the operating budget, business plan, annual report and financial statements; or adjudicate claims.
- **Standardize Timelines:** A standardized timeline to apply to the Fund to be within 30 calendar days after the first day on which the grounds for making the claim arose is proposed.

- **Easier recovery of money owed:** The Board will have new powers: (1) to charge for costs incurred to conduct the claims proceeding (i.e. costs order) and (2) that would streamline the process to collect on debts owing to the Board (i.e. order to reimburse). The orders may be filed and enforced as orders of the court. Costs orders are appealable to the Tribunal. If payment isn't made, the Board may ask the Director to realize on any security and pay it into the Fund. The Director could then require the dealer to "top-up" security or suspend or refuse to renew their licence. Where any debt is still outstanding, the Board may report the debtor to a credit agency or place a lien on their property.
- **Increase payout for dealers:** A dealer making a claim in respect of a Feeder or Breeder Co-operative would be eligible to receive 95% of the valid claim (no payment on valid claims of 5k or less). A dealer making a claim in respect of a producer (that is not a Feeder or Breeder Co-operative) will be eligible to receive 95% of the claim that the Board found to be valid, with no payout for valid claims \$5K or less and with a ceiling of \$320k. Current payout is 85% of the claim that the Board finds to be valid, with no payout for valid claims \$5K or less and with a ceiling of \$125k.
- **More financial flexibility:** The province is also proposing additional funding sources (grant, loan, or loan guarantee) if the fund balance is insufficient for paying claims.
- **Dismissal of claims:** The Board will be empowered to create processes to deal with frivolous or vexatious claims as well as claims made in bad faith without holding a full hearing.
- **Panels to hear claims:** The Board will be authorized to assign panels of at least three members to hear claims.
- **Approval of financial by-laws:** The by-laws for financial management, including borrowing, investing, and managing financial risks, must be approved by the Minister of Finance.
- **Additional grounds to reject a claim:** Discretionary grounds for refusing a claim will be expanded to include not paying check-off fees, not having a written agreement in place, and where the claimant knew that the buyer ceased carrying on business or was insolvent, but did not promptly notify the Director.

