



BC Farm Industry Review Board

April 23, 2020

File: 44200-20 MMB

DELIVERED BY E-MAIL

Benjamin Janzen
Chair
BC Milk Marketing Board

Dear Chair Janzen:

BC MILK MARKETING BOARD AND DAIRY INNOVATION WEST INITIATIVE

On behalf of the BC Farm Industry Review Board (BCFIRB), I would like to thank you and the BC Milk Marketing Board (MMB) for meeting with us on February 25, 2020 to discuss the Dairy Innovation West (DIW) initiative. Representatives from the BC Dairy Association (BCDA) and the Ministry of Agriculture were also in attendance at this meeting.

At the meeting, we discussed a range of issues, including the legal and regulatory issues associated with the initiative as identified by BCFIRB's legal counsel. I understand our respective legal counsels, along with legal counsel for the Ministry of Agriculture, exchanged information and correspondence since the meeting on February 25, but these discussions are now considered concluded. BCFIRB's position that the MMB's ownership of the proposed DIW is not permitted under the current legislative framework remains unchanged.

In a phone discussion we had on April 3, 2020, you confirmed that the MMB is no longer pursuing any form of ownership interest and/or operating role in the DIW initiative. My understanding is that the BCDA and the Ministry of Agriculture are now working together to explore whether the BCDA can have an ownership and/or operating role in the proposed Alberta processing plant.

Leaving aside the issue of the producer monies expended to date, the plan initially proposed by the MMB would have required significant amounts of producer funds for investment in both the capital cost of the DIW facility, as well as its ongoing operating costs. Please confirm for us that no further funds (e.g., any levies or fees, or surplus levy funds derived from reduced transportation costs) collected by the MMB, under the authorities currently contained within the *Natural Products Marketing Act (NPMA)*, or any federally delegated authorities, will be invested in the DIW initiative, either directly or indirectly. Should British Columbia and/or Canada choose

**British Columbia
Farm Industry Review Board**

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April 23, 2020

Page 2

to enact legislative amendments in the future which might affect this situation, BCFIRB will carefully review its role and the role of the MMB in light of those amendments.

Although the MMB is no longer pursuing an ownership interest and/or operating role in DIW, it remains the first instance regulator of the dairy industry in British Columbia and as such, is responsible for sound marketing policy. This role necessarily includes understanding and potentially working with the BCDA to proactively identify and manage any financial or other risks to BC producers associated with the DIW initiative. In light of this, please keep BCFIRB apprised of any role the MMB intends to play in relation to DIW so that BCFIRB can consider what, if any, supervisory oversight may be required.

Finally, and given the limited nature of the MMB's role, BCFIRB will not be pursuing any further analysis of the broader legal and/or sound marketing policy questions in its supervisory role at this time. It will be for the Ministry of Agriculture to assess the risks and benefits associated with the DIW initiative on BC producers.

Yours truly,

A handwritten signature in black ink, appearing to read "Peter Donkers". The signature is fluid and cursive, with a large initial "P" and "D".

Peter Donkers
Chair

cc: Wes Shoemaker, Deputy Minister
Ministry of Agriculture

Arif Lalani, Assistant Deputy Minister
Business Development Division
Ministry of Agriculture

Holger Schwichtenberg, Chair
BC Dairy Association

BCFIRB Website