



April 27, 2018

File: 44200-60 QATE

**DELIVERED BY E-MAIL**

Rob Delage  
General Manager  
BC Milk Marketing Board  
200 – 32160 South Fraser Way  
Abbotsford, BC V2T 1W5

Dear Mr. Delage:

**BC MILK MARKETING BOARD QUESTIONS – QUOTA ASSESSMENT TOOLS  
SUPERVISORY REVIEW**

As per our February 19, 2018 letter, the BC Farm Industry Review Board (BCFIRB) is following up on the Milk Marketing Board's (Milk Board) February 9, 2018 questions regarding the Quota Assessment Tools Supervisory Review (Quota Review) decision.

The majority panel has asked me to respond to the Milk Board questions as follows.

*Milk Board question 1: Directive 179(c)<sup>1</sup> is silent on whether a quota holder remains eligible to receive growth quota if a quota transfer is made between exempt persons<sup>2</sup>. The Milk Board proposes that it is important for industry renewal purposes for a quota holder making a quota transfer to an exempt person to remain eligible to receive growth and not be subject to a 12 month moratorium.*

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<sup>1</sup> 179(c) Quota holders are not eligible to receive growth quota for 12 months following a transfer of any quota with one exception as follows: If a quota transfer does not result in an overall change in total quota holdings within a business unit (e.g. within a corporation), quota holders within that business unit remain eligible to receive growth.

<sup>2</sup> "Exempt persons" refer to those persons not subject to BCFIRB directed assessments when quota is transferred. Exempt persons are defined in the Quota Assessment Tools Supervisory Review decision. Exemptions to transfer assessments were originally established to support succession planning.

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**British Columbia  
Farm Industry Review Board**

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First, the majority of the Quota Review Panel determined that the Milk Board question is seeking clarification of the majority decision. As such the question is properly addressed only by the majority panel.

The majority notes that the Milk Board's written submissions during the supervisory process did not expressly set out a request for these exceptions. Nonetheless, as part of its deliberations, the majority considered the issue of exceptions on receiving growth and made a considered decision that there would be one exception as per paragraph 162(c)(i)<sup>3</sup>. The decision stands, and will not be revisited at this time. If in the future the Milk Board wishes to advance a case for further exceptions, it will be required to be specific, and comply with paragraph 164 of the majority decision.

164. If commodity boards decide there is a sound marketing policy rationale for change to these quota management directions, BCFIRB will require substantive, objective information with a supporting SAFETI analysis that includes considerations such as industry competitiveness and public policy objectives.

*Milk Board question 2: BCFIRB was silent on the Milk Board proposal to expand the exempt persons list to include non-family members. The intent was to support non-family members having an opportunity to join a corporate farm as part of succession planning. The Milk Board is asking for clarity on BCFIRB's position on this matter.*

The majority panel agreed that it believed its February 2, 2018 decision would support quota transfers to non-family members for succession planning purposes without the need to add non-family members to the exempt persons list. The majority agreed it made an error of omission in its decision and as such it determined that it is for the majority to address this error.

Prior to making any corrections to the Quota Review decision, the majority will need to follow a process that gives proper disclosure of the question to all potentially impacted commodity boards and provide them an opportunity to be heard on the potential correction. A process letter will be sent out shortly to the supply-managed boards, including the Milk Board.

If you have any questions, please feel free to contact me.

Regards,



Kirsten Pedersen,  
Executive Director

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<sup>3</sup> 162(c)(i) If a quota transfer does not result in an overall change in total quota holdings within a business unit (e.g. within a corporation), quota holders within that business unit remain eligible to receive growth.

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cc: Stephanie Nelson, Executive Director  
BC Broiler Hatching Egg Commission

Bill Vanderspek, Executive Director  
BC Chicken Marketing Board

Katie Lowe, Executive Director  
BC Egg Marketing Board

Michel Benoit, General Manager  
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BCFIRB website