



File: 44200-60 QATE

November 8, 2018

DELIVERED BY E-MAIL

Rob Delage, General Manger
BC Milk Marketing Board

Dear Mr. Delage:

SUCCESSION PLANNING AND NON-FAMILY MEMBERS – FURTHER QUESTIONS

Thank you for the BC Milk Marketing Board (Milk Board) submission on August 27, 2018 setting out a revised recommendation on how to reduce quota-related barriers to non-family succession planning.

In summary, the Milk Board recommends BCFIRB approve certain transfers of farms' quota to non-family members:

1. To take place off the Quota Exchange; and,
2. Not be subject to BCFIRB-directed transfer assessments.

For transfers to be eligible for the proposed "exempt transfer sale" list, the quota recipient would need to meet the following criteria:

- 5 years of verified service for the farm in question;
- The farm provides the primary source of income;
- The person must be in a management or senior type role with the farm; and,
- Residency must be in BC.

All transfers would require Milk Board approval.

BCFIRB reviewed the revised recommendation, alongside other supply managed board submissions on quota transfer assessment, succession planning and non-family members.¹ At this point BCFIRB has two outstanding questions and an observation for Milk Board consideration.

¹ 2018 May 30. BCFIRB. [Succession Planning and Non-Family Members – Request for Submissions from Supply Management Boards](#).

Questions

As part of the 2016-2018 Quota Assessment Tools Supervisory Review (Quota Review) the Milk Board recommended non-family members, meeting specified criteria, be added to the current “exempt persons” list². The “exempt persons” list allows for certain quota transfers to take place off of the Quota Exchange and without BCFIRB directed assessments being taken.

Under the revised recommendation, non-family members meeting specified criteria would be placed on a separate “exempt transfer sale” list.

1. What are the industry pros and cons (short and long-term) of adding non-family members to the current exempt persons list, as originally proposed, under the overall policy objective of farm succession?

BCFIRB understands the Milk Board’s goal of keeping policy objectives and the tools used to meet those objectives separate – in this case family succession versus non-family succession policy objectives and tools. However it is not immediately evident that establishing separate farm succession policy objectives with their own lists is sound marketing policy at the current time.

2. Should two lists be established, why is the Milk Board recommending the use of “exempt transfer sale”, as opposed to “exempt non-family transfer” or a similar list title?

Criteria consideration

BCFIRB observes the Milk Board may wish to review its proposed non-family criteria against the objective of genuine, successful, engagement in the industry. For example, when the criteria are considered in light of the Milk Board’s New Entrant Program criteria, the non-family criteria could be potentially viewed as narrow in some regards. For instance, why the person must be in a management or senior type role with the farm (proposed criteria) when compared to the required 2 years of dairy farm experience or equivalent training, with a business plan, for new entrants.

BCFIRB is not directing the Milk Board to reconsider its proposed criteria and make changes. Rather, it is pointing out a potential area of tension or appeal in the future should BCFIRB decide not to go so far as to prior approve the non-family criteria in any final decision it may make.

² Producer’s: spouse, child, child and the child’s spouse, niece and the niece’s spouse; nephew, nephew and the nephew’s spouse, grandchild and/or grandchild and the grandchild’s spouse.

Rob Delage
November 8, 2018
Page 3

If the Milk Board would like its recommendation considered at the BCFIRB December 12-13 meeting, please provide a response to the question above before November 30, 2018 to Wanda Gorsuch at Wanda.Gorsuch@gov.bc.ca.

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

Regards,



Kirsten Pedersen
Executive Director

cc: BC Chicken Marketing Board
BC Broiler Hatching Egg Commission
BC Turkey Marketing Board
BC Egg Marketing Board
BCFIRB website