



July 20, 2011

File: 44200-40 QUOTA

**DELIVERED BY EMAIL**

Jim Byrne  
Chair  
BC Milk Marketing Board  
200 – 32160 South Fraser Way  
Abbotsford BC V2T 1W5

Dear Mr. Byrne:

**QUOTA MANAGEMENT AND GOVERNANCE UPDATE**

Thank you for your May 19<sup>th</sup>, 2011 letter acknowledging BC Farm Industry Review Board's (BCFIRB) comments on the BC Milk Marketing Board's First In, First Out (FIFO) proposal concerning quota transfers.

We are pleased and encouraged that the Milk Board will be pursuing discussions with other organizations as it considers how best to proceed. The development of comprehensive policy analysis and options is always enhanced through dialogue with all potentially affected stakeholders.

I would like to take this opportunity to reference the governance project on which BCFIRB and the marketing boards and commissions (boards) have been working. Attached is the latest version of the Accountability Framework (first presented to the chairs on May 19<sup>th</sup>, 2011), and updated definitions of the six high level principles (Appendix 1) identified to date. These updates reflect BCFIRB's continued development of a principles-based regulation approach to its supervisory and other statutory mandates.

Going forward, BCFIRB will be using a principles-based regulation lens to evaluate governance and decision-making by itself and, as the Provincial supervisory board, the governance and decision-making of the boards. As discussed at the May 19<sup>th</sup> meeting, principles-based regulation includes the six high level principles<sup>1</sup>, along with consideration of risk, provincial agricultural policy and our respective statutory obligations. BCFIRB's objective is to provide higher-level supervision allowing the boards increased flexibility to regulate their sectors within this Accountability Framework. As mentioned in BCFIRB's June 2, 2011 letter, "the 'quid pro quo' of BCFIRB progressively moving toward principles-based regulation is for the boards to

<sup>1</sup> Effective; Strategic; Accountable; Inclusive; Fair; Transparent

demonstrate that they are meeting the expected regulatory outcomes in a way that best suits their sector while still ensuring they are acting in the public interest.” This is consistent with the boards’ responsibilities as regulatory agencies.

Our April 5th, 2011 letter to the Milk Board concerning the Milk Board’s FIFO proposal lays out the statutory and policy factors (“principles”) that BCFIRB took into account in establishing quota transfer rules and quota management expectations following the Specialty Review. The Milk Board should now include in its consultation how the Accountability Framework and principles-based approach might be considered. In particular, the quota transfer concerns raised in respect of the FIFO issue and their implications in regard to quota management and allocation more generally.

Using the Accountability Framework and a principles-based regulatory approach represents a shift to a clear, consistent, transparent, and strategic approach to governance of the BC regulated marketing sector. However, it will be an evolving approach for the foreseeable future and BCFIRB looks forward to ongoing discussion with the boards on how we can jointly manage this transition.

Should there be any questions, BCFIRB would be pleased to discuss.

Yours truly,



Ron Kilmury  
Chair

pc: Chris den Hertog, Acting Chair  
BC Broiler Hatching Egg Commission

Daphne Stancil, Chair  
BC Chicken Marketing Board

Richard King, Chair  
BC Egg Marketing Board

Ralph Payne, Chair  
BC Turkey Marketing Board

Attachment