

October 3, 2017

## Quota Tools Assessment Review (QTAR) Update

On June 30<sup>th</sup>, 2017, the BC Milk Marketing Board submitted its results and recommendations to the Farm Industry Review Boards (FIRB) Quota Assessment Tools Evaluation (QATE). Following the submission date, the following meetings/communications took place:

Date	Communication Type	Details
July 14, 2017	Face to Face Meeting FIRB and BCMMB Staff	Discussion regarding submission and review of executive summary
August 16, 2017	Face to Face Meeting FIRB and BCMMB Boards	Discussion between two Boards regarding the submission
September 8, 2017	BCFIRB Letter Follow-Up Questions	Request for clarity on policy recommendations
September 19, 2017	BCFIRB Letter Questions regarding additional information provided	Request for clarity on policy recommendations
September 19, 2017	BCFIRB Letter BCFIRB Initial proposal analysis and related outcomes	Initial direction regarding Board incentive quota and quota price freeze policies
September 29, 2017	BCFIRB Letter Opportunity for additional input reminder and extension	Extension for any additional input to BCFIRB

During these discussions, the FIRB and Milk Board discussed the proposed recommendations, specifically how these recommendations meet sound marketing principles and the public interest.

The Milk Board fully supports the recommendations submitted on June 30, 2017 and is confident the dairy industry would benefit from the changes outlined in the original submission. However, based on preliminary feedback from the FIRB and the Milk Board's commitment to work with the FIRB to develop policies that meet all stakeholder interests while continuing to respect sound governance principles, **the Board would like to advise stakeholders that the original recommendations have been revised and submitted to FIRB for consideration.**

**BC Milk Marketing Board  
QTAR (QATE) Recommendations  
September 28<sup>th</sup>, 2017**

**A. Remove the 10/ 10/10 and LIFO transfer assessment on all allocations of quota and apply the change on all quota (past, present, future) with no retroactive adjustments.** (As per initial submission)

~~**B. Lower the quota price by approximately 15% (target price =\$36,000 kg/day)**~~

~~Recognizing the intent of the price adjustment was simply to adjust supply and demand and creating a stable market environment through a policy transition period, the Board is willing to withdraw recommendation “B” from the original submission and allow the mechanics of the quota exchange determine the price of quota providing no unintended consequences occur requiring Board review.~~

**C. Apply a policy that restricts the distribution of quota allocations to a producer if an allocation is sold within 12 months of the previous allocation.**

The Board recognizes the challenge of public perception in the case where farms are not using funds from the sale of allocations for re-investment. A policy in which the Board does not distribute a quota allocation to producers who have sold an allocation in the 12-month period following the previous allocation will create producer accountability for the use of allocations for reinvestment. This policy option would only be considered with the removal of the 10/10/10 and LIFO policy.

~~**D. Develop a market responsive assessment with a starting value of 5%**~~

~~In order to support the premise of more transferable quota in the marketplace, the Board is removing its recommendation for a market responsive assessment and is adding a 5% global transfer assessment on all non-exempt quota transactions.~~

**E. Modify the Board Incentive Programs (GEP and Specialty incentive quota) and apply a 10/10/X policy for quota accountability**

Through the consultation process the Board discussed a 10/10/X option for all incentive quota provided by the Board. This policy would allow the producers to earn 10% of the quota allocated annually until year 10 at which time the global assessment would be applied on the quota when transferred. This option was supported by stakeholders and creates some accountability for the program. This policy option would only be considered with the removal of the 10/10/10 and LIFO policy.

**F. Add farm employee to the exempt transfer policy with an ownership limit of 5% (As per initial submission)**

**G. Consultations for a new Graduated Entrant Program to start September 2017 with new entrants starting by August 1, 2019.** (As per initial submission)

The Board is seeking your feedback regarding the revised recommendations; please provide submissions at [qtar@milk-bc.com](mailto:qtar@milk-bc.com) by October 10<sup>th</sup>, 2017. All submissions will be shared with the FIRB. If you have any questions regarding these changes, please contact Zahra Abdalla-Shamji at [zabdalla@milk-bc.com](mailto:zabdalla@milk-bc.com) or 604-854-4480.