



November 22, 2013

File: 44200-60 MMB  
QUOTA REVIEW

**DELIVERED BY EMAIL**

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

Dear Mr. Byrne:

**SUPERVISORY REVIEW OF BC DAIRY QUOTA GOVERNANCE**

Congratulations to you and your team on completing the first round of consultations as part of the BC Milk Marketing Board's [BC Dairy Quota Policy & Governance Review](#). As we noted on April 5, 2011, it represents an important step in supporting "...the business of the industry growing forward while still respecting Government's overarching policy objectives for the regulated marketing sector".

We would like to take this opportunity to thank you for inviting BCFIRB board and staff as observers to the recent industry stakeholder sessions. Although we were unable to attend all the sessions, it was a valuable learning opportunity for us to attend those in Nanaimo, Chilliwack and Salmon Arm.

The work the Milk Board has done to date connecting with industry stakeholders and promoting dialogue contributes to achieving a fair, inclusive, transparent and effective consultation process. It is our impression – from the regional meetings that our members and staff attended and the feedback received from others – that the sessions were well planned and facilitated, as well as having a high level of participation and engagement from the dairy industry. The results seemed to be positive and welcomed as an opportunity for open discussion.

For all boards, one general challenge is effectively and strategically engaging stakeholders outside of the immediate industry. The Milk Board has taken steps to publically advertise the Quota Governance Review and opportunities for input on the BC Agriculture Council and Milk Board web sites. We encourage the Milk Board to give ongoing consideration to opportunities

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throughout the review to actively connect with stakeholders who are not directly involved in the dairy sector.

In wrap up to the first step of the review (*Establishing Common Understanding of Expectations*) and in keeping with BCFIRB's higher level, principles/outcomes based approach, we are offering a guidance document (attached) that summarizes our previously communicated general supervisory expectations.

Finally BCFIRB would like to note our appreciation for the Milk Board's ongoing proactive communication with us to date through the consultation team.

Please feel free to contact us at anytime if you have any questions, concerns, or wish to discuss this review.

Yours truly,



Ron Kilmury  
Chair

Attachment

cc: BCFIRB Web site



## **BC Farm Industry Review Board - General Supervisory Expectations**

RE: Supervisory Review of BC Dairy Quota Governance

This document provides an overview of BCFIRB's general supervisory expectations to support the BC Milk Marketing Board (Milk Board) in its review of BC Dairy Quota Policy and Governance.

BCFIRB's responsibility for the general supervision of BC's marketing boards and commissions under the *Natural Products Marketing (BC) Act (NPMA)* includes ensuring they are:

- acting within their legislation, and
- following sound marketing policy.

BCFIRB's supervisory role enables it to review, to oversee and, where deemed necessary and appropriate, give directions. This proactive role is complemented by BCFIRB's appellate role, which is triggered when a person files an appeal from a decision, order or determination of a marketing board or commission.

### ***Background - Supervisory Review Process***

This Review is being conducted in three stages:

1. *Establishing Common Understanding of Expectations (Fall 2012 – Summer 2013)*

BCFIRB works with the Milk Board to develop and establish a common understanding of shared expectations concerning the Review.

2. *Milk Board Quota Policy and Program Evaluation (Summer 2013 – Spring 2014)*

Milk Board develops and conducts its evaluation process informed by the established shared expectations as well as their own considerations. At the close of their evaluation, the Milk Board reports on its findings and recommendations to BCFIRB.

3. *BCFIRB Next Steps (Spring 2014)*

If any outstanding issues are identified after receiving the Milk Board's final report, BCFIRB will assess whether and how those issues should be further addressed.

## ***BCFIRB General Supervisory Expectations***

BCFIRB expects the Milk Board to:

- Effectively and strategically engage with its stakeholders, including non-dairy industry stakeholders and the general public, in examining its quota policies and programs;
- Evaluate whether current quota policies and programs are effective and strategic in meeting sound marketing policy objectives;

*Sound marketing policy* considerations can include, but are not limited to, relevant legislation and regulation, public policy, value chain considerations, sound governance principles (see BCFIRB's [Accountability Framework](#)) and the business needs of a sustainable BC dairy industry

- Identify issues and gaps;
- Propose solutions; and
- Report its findings and recommendations to BCFIRB, including a full rationale for any decisions reached by the Milk Board, and for any decisions requested of BCFIRB.

BCFIRB also expects the Milk Board to keep the following key considerations for quota governance in mind throughout the review process.

### **Key Considerations for Quota Governance in BC**

These considerations highlight points of legislation, BCFIRB's [2003 - 2005 Specialty Review](#) directions, the BC Ministry of Agriculture's [2004 Regulated Marketing Economic Policy](#), and BCFIRB's '[SAFETI](#)' principles. All points have been communicated previously through the above noted sources and/or BCFIRB communications will all boards and commissions.

#### *Quota governance adheres to legislative requirements*

- Quota remains the property of the boards at all times.
- Boards cannot attach monetary value to quota.
- Policies and programs meet sound marketing policy objectives in the public interest.

#### *Quota governance reflects the intent of supply management*

- Boards retain a flexible approach quota management and distribution in order to be able to respond to market demands.
- Producers are actively engaged in production and committed to being in the industry. The historical intention of quota is that it is produced.

#### *Quota governance reflects provincial agricultural policy*

- Boards establish policies and programs to facilitate the entry of new producers.
- Boards establish policies and programs to stimulate and promote innovative approaches to production and marketing that have potential to create sustainable demand for BC products.
- Boards ensure their policies and decisions do not inhibit the economic viability of regional industries. Boards consider ways to sustain regional industries and capture unique opportunities for regional production and marketing.

#### *Quota governance reflects a principles-based approach to regulation*

- Boards undertake effective consultation with stakeholders and consider all appropriate perspectives in their decision making.
- Policies and programs are accountable --- they are developed and delivered in an effective, strategic manner that reflects a fair, inclusive, transparent approach.