

November 25, 2014

Fall Producer Meeting: Discussion Paper

Please note that the fall producer meeting will have a different format this year. The BCMMB intends to engage producers in a consultative discussion. Specifically, the Board is looking for input on three important topics: animal welfare (next steps); milk responsibility and potential liability and; the Graduated Entrant Program (GEP).

Please take a few minutes to review the attached discussion paper, which provides some background on the three topics and key questions that we will be discussing at the fall producer meeting, directly following the AGM. All producers are welcome to attend the AGM and fall producer meeting.

Note that there will also be additional opportunities to provide input on these issues at the spring producer meetings in early 2015.

2014 BCMMB AGM & Fall Producer Meeting

December 4, 2014

Fairmont Pacific Rim Hotel
Star Sapphire Ballroom
Vancouver, BC

Producer Registration opens at 7:30AM

2014 BCMMB AGM

8:45AM –9:30AM

Fall Producer Meeting

10:00 AM - 12:00 PM

If you have any questions, please contact Vicki Crites at vcrites@milk-bc.com



This document is intended to provide background information and some key guiding questions to support the fall producer meeting discussion in Vancouver on December 4, 2014. The BCMMB is seeking input from producers on three important topics at the meeting: Animal Welfare (next steps); Milk Responsibility and Potential Liability; and the Graduated Entry Program (GEP). These are all significant topic areas for the industry right now and there are many avenues for discussion, however in the interests of time and gathering more in-depth feedback from producers, we have narrowed each topic area to a maximum of two key questions. Still, there will be an opportunity for producers to voice additional questions/issues at the end of the meeting and also to provide written feedback, which will be collected on behalf of the Board.

Topic A: Animal Welfare (Next Steps)

Following the BC SPCA investigation of animal abuse allegations at a dairy farm this summer, the dairy industry and the BC Farm Industry Review Board requested that the BCMMB develop mechanisms for monitoring and compliance of dairy animal welfare, in order to ensure orderly marketing. The Board's Powers and Duties Review of 2014 also noted that the Board will need to consider regulatory amendments for possible future additional duties, for example with respect to the DFC "proAction" program.

Amending Order 16, which makes the on-farm requirements of the ***Code of Practice for the Care and Handling of Dairy Cattle (Code)*** mandatory, was approved by the Board September 24, 2014. It became effective October 1, 2014.

The BCMMB established an Animal Welfare Steering Committee which provides oversight for audits by independent experts. This Steering Committee may also provide guidance for the transition to an industry audit program for animal welfare. The BCMMB has met with BCDA to discuss next steps with respect to the Board's implementation plan and the BCDA's plan to move forward with the "proAction" agenda for animal welfare in BC. Currently, there are two parallel tracks moving forward, but the hope is to converge the system of audits in the future. In the interim, the BCMMB plans to begin on-farm visits by March 2015.

To be clear, the BCMMB is not planning an aggressive campaign of enforcement. The Board's focus is on training, prevention and support of animal care; the Board wants to ensure that producers are compliant with the *Code*. To aid the Board's development of the policy details of Amending Order 16, please consider these questions:

Question A (1): What roles do producers and processors have? How can industry support implementation of the *Code*?

Question A (2): What role could regions play to develop farm community support for implementation of the mandatory *Code of Practice*?

Topic B: Milk Responsibility and Potential Liability

Dairy farmers may be the most important link in the dairy value chain, and although it may seem at times that you are working in isolation, it is important to remember that you are not. Milk responsibility and potential liability do not vanish after the milk leaves the farm.

Liability is best assessed through three different “lenses”: regulatory responsibilities; common law responsibilities; and sometimes, contractual responsibilities. Everyone along the dairy value chain carries responsibilities (and potential liabilities) that can be considered via these “lenses.”

Producers have regulatory responsibilities, as well as common law responsibilities (eg. negligence) owed to a broad range of third parties who may foreseeably be affected by any quality issues with their milk. Regulatory responsibilities originate primarily from the *Milk Industry Act (BC)*. Farms in BC are also regulated by other relevant Acts, legislation and bylaws. These include, for example: *Land Act*, *Trespass Act*, *Motor Vehicles Act*, *Prevention of Cruelty to Animals Act*, etc. Common law responsibilities require a producer NOT to behave negligently (or in any way) through actions or inactions that may foreseeably cause harm.

Currently, dairy farming (along with nearly all aspects of industrial food production) is coming under increasing scrutiny in the consumer marketplace, especially given the immediacy of global communications and the potential power of interest groups. In turn, processors and retailers are taking a more active role in protecting their brand, by taking a stronger interest in methods of production and milk quality.

Liability is often a judgment call after something goes wrong, depending on where, when and how the failure occurred. All possible scenarios for potential liability cannot be considered in advance. Producers need to be aware of their responsibilities, but beyond this it may also be worthwhile to consider the possibility of producers carrying either collective or individual liability insurance.

In August 2014, the FIRB decided (with regard to mandatory insurance and poultry board authority) that there is not sufficiently clear authority under the *NPMA* for a mandatory insurance scheme to be implemented in that industry.

Therefore with that reference in mind, we ask you to consider the viability of a voluntary insurance scheme:

Question B (1): Should producers have access to a voluntary, collective liability insurance scheme? How might this work?

Question B (2): If producers choose to remain individually liable, how could producers protect themselves financially?

Topic C: Graduated Entrant Program (GEP)

On September 23, 2014, the FIRB provided its initial response to the BCMMB's Quota Policy and Governance Review. In the response letter, the FIRB specifically addressed the Graduated Entrant Program (GEP) and the Board's recommendations for the future of this program:

"Subject to the following condition, BCFIRB accepts and adopts the Milk Board's recommendations with respect to the Graduated Entrant Program (GEP). Prior to the Milk Board undertaking its recommended actions on the GEP it must satisfy BCFIRB that the proposed approach to clearing the current wait list will mitigate "double dipping."

Please note that based upon the FIRB directive to mitigate "double dipping" the current GEP program is under review and no new GEP entrants will be invited until FIRB acceptance of proposed changes to the current GEP program.

The current GEP provides new entrant producers with an opportunity to begin dairy farming. The program was designed to ensure industry renewal and address the consolidation of farms in the province. The policies intended to provide financial support and ensure production of quota. However, the issue of producers benefiting from both the Board allocation and family transfers now must be addressed in the current program. Thus, the Board must consider how to change the current program.

In order for the Board to proceed with the new GEP directives, the BCMMB must respond to FIRB regarding the current GEP, specifically the issue of "double dipping" and impact on the remaining 42 participants in the program.

The Board is currently considering the following recommendation as a response to FIRB's directive and would like your feedback regarding changing the current GEP program. You may also propose additional options for the Board's consideration.

Question C (1): What is your feedback on the following GEP recommendation?

Recommendation: In order to address the FIRB directive regarding changing the current GEP program, it is recommended that the Board change the current GEP program by exhausting the current GEP waitlist in five years and not allowing exempt family transfer for ten years. If a GEP entrant makes a family transfer within ten years, then retract all GEP benefits which includes the initial GEP quota allocation, allocation from the initial GEP quota, and matching quota plus allocation from matching quota.