

November 22, 2017

### Quota Exchange Policy Changes – Policy Clarification

To provide further clarity to the previous Quota Exchange Policy Notice (issued October 30, 2017), the Board provides policy clarity on questions commonly asked by producers;

On October 13, 2017, the Quota Exchange Committee (QEC) met to review the mechanics of the quota exchange. The QEC monitors the effectiveness of the exchange and provides recommendations to the Milk Board as required to facilitate the transfer of quota in a frequent and responsive manner. The committee membership is made up of producers from across the province, Milk Board members and Milk Board staff.

The primary concern of this committee was that no quota had transferred on the quota exchange since July 1, 2017. The committee discussed the need to adjust the policy parameters to encourage the movement of quota as the industry cannot sustain itself in this manner permanently. New entrants who need to buy quota and sellers who have stopped production have all been negatively impacted by the inactivity on the quota exchange.

The Milk Board reviewed all recommendations from the committee at the Board Meeting on October 26, 2017 and supported the input provided by committee members. Following further policy development by the Board and staff, the Board will apply the following policies effective December 1, 2017 for the transfer date of January 1, 2018;

1. The quota exchange will now pro-rate all priority sellers first and then remaining sellers (non-priority), and clear the buyers on the quota exchange if there is more quota available for sale than quota offered to purchase. The previous policy only cleared the sellers.
2. Any quota for sale remaining on the exchange (not cleared) for producers leaving the industry will become a priority sale and will be automatically added to the next exchange and sold first. To qualify for priority sale, a producer must sign a seller's quota exchange application form for producers leaving the industry. Please note -this form is new and is different from a standard seller's quota exchange application form. Both forms can be found online at the [Producer Secure Zone](#)

A producer submitting a new Priority Seller application on the QE starting Dec 1, 2017 must meet either of the following conditions prior to submitting the Priority seller form:

1. Ceased dairy production, or
2. Provided written notification of quitting production by the end of the QE month regardless whether all quota is sold in that month or partially carried forward to subsequent exchanges.

3. Any producer that sells quota on the quota exchange will not be able to buy quota for a 12-month period. The previous policy was a 6-month period.
4. The quota exchange will now be cleared in the following manner:
  - a. Round 1 – All priority buyers will be cleared at 100% (same as previous)
  - b. Round 2 – All buyers will receive up to 10 kg/day based on their bid amount (new)
  - c. Round 3 – All remaining buyers will be pro-rated on based on the remaining quota up to their bid amount (same as previous)
5. **Any priority and non-priority seller's quota remaining on the exchange, will trigger a subsequent exchange within 2 weeks with a price decrease of \$500.00 (\$1.37) per daily kilogram.**
6. The maximum bid will now be 50 kg/day. The previous policy was 30 kg/day.
7. Financial Letters will not be required for quota bids that are 5kg/day and under. The previous policy required all quota bids to have a financial letter.

The QEC will continue to meet and monitor the activity on the quota exchange. The Board supports the input provided and looks forward to further policy developments from this committee. For all policies related to the Quota Exchange, please refer to [BCMMB Quota Exchange](#). Please contact Zahra Abdalla-Shamji for any policy related questions at [zabdalla@bcmilk.com](mailto:zabdalla@bcmilk.com).