

Fall Producer Meeting: Fairmont Waterfront Hotel, Vancouver, BC

NEP Consultation: Discussion Questions and Answers

December 8, 2017

1) **Is the purchase of 15 kg of CDQ too great a financial obstacle for a new entrant to start a dairy farm?**

Reporting from tables (as it was heard):

- We feel 15kg of CDQ is reasonable
- Not if there is additional 35kg of CDQ granted. The bank could collateralize the grant quota in Saskatchewan (how would we do that here?)
- We like using the 35 kg of quota as collateral in order to purchase the 15 kg
- applicant would have to come in with some equity in order to get a loan this large
- Increase amount of given quota up to 50kg (grant- up from 35kg)
- Grant quota MUST be non-transferrable
- Assets should be required
- 15kg is reasonable
- 15kg is reasonable but it could be too big to overcome for some.
- Yes, a new producer should hold some asset but would like the 35 kg be held as collateral.
- 15kg may be a bit of a barrier, consider 10kg to 40 kg grant.
- not too much of financial hardship
- If can't afford 15kg then the board should gift the quota to make up for it. (ie buy 5 kg give 10kg).
- 75% of the value of the quota would be used as debt collateral (from a banker)
- Increase from 35 – 50 kg to service the debt from cashflow

Written submissions:

- Yes, reasonable; existing GEPs received less
- Larger chance for financing with larger amount of quota at start

2) **What exactly do we mean by *legitimate* producers?**

Reporting from tables (as it was heard):

- We'd like to have a person who is hands on farming, but not confident on defining "legitimate". Please include "BC residency"
- To create a new enterprise by the producer

- Someone whose primary income is derived from that farm
- Sons and daughters are legitimate, as long as they didn't own quota previously
- Must be engaged in daily operations and gets their main income from the farm
- As long as they are actively farming and making decisions
- A new independent farmer, hands on operator with this being main source of income.
- Long term farmers, removing transfers of grant would confirm this.
- Want to ensure long term commitments

Written submissions:

- Working on farm

3) Is it fair and reasonable to impose non-transferable restrictions on the **incentive quota** of NEP producers, when existing producers may transfer their quota (dependent on current assessment policy)? If yes, ***why is it reasonable to treat the two differently?***

Reporting from tables (as it was heard):

- Yes, it is reasonable to impose non-transferable quota
- Yes, it is fair. Would eliminate pure investors
- Yes, it is a quota gift in any other business (no new entrant program if you want to open a new Tim Hortons franchise.)
- DO want the quota to be transferred to their family/children
- Incentive quota should be a grant and non-transferrable.
- It is reasonable to have non-transferable (hand up, not a hand out)
- It is reasonable to treat them differently.
- Yes, eliminates investors and promotes farmers. It's a gift to help you get started.

Written submissions:

- Yes, it is fair and sustainable. We feel it is the backbone of a solid new entrant program.
- Yes, it is reasonable because the applicant didn't purchase the granted quota
- Yes, it is fair to impose restrictions

4) *Should sons/daughters/nieces/nephews of dairy farmers be eligible for an NEP program, which provides incentive quota? Why or Why not?*

Reporting from tables (as it was heard):

- Yes, but priority should remain on non-farm family (new to industry). Age restrictions (ie. we shouldn't have 60 year olds as new entrants)
- Yes, they should be eligible.
- No, they should NOT be eligible. Being born into a dairy farm gives you an advantage already.
- Yes, should be eligible.
- Yes, included but with restrictions to promote career farmers.
- Yes, we have great young people and we can't exclude them from industry.

- Yes, they should NOT be excluded but should be vetted by selection committee to ensure the original intent is held.
- Yes, they should be eligible. Parents are not always that able or reasonable in helping their children.

- Yes, but will need more and further vetting. Need proof they could not start a farm on their own or through the help of their parents.
- Agreed, with non-transferable

Written submissions:

- Yes, as long as the "non-transferable" remains as a lifetime policy. We also felt the priority should remain with non-farm family entrants.
- Yes, sons/daughters of farmers are potentially the best farmers
- Yes, [on] large family farms, not always room for everyone on the home farm
- Yes

5) *Who would you suggest sit on an outside NEP selection committee?*

Reporting from tables (as it was heard):

- Producer volunteers, (producer, banker, agrologist but should be knowledgeable and experienced in the dairy industry.
- A panel of the applicants
- NEP quota comes from market growth and the advertising dollars they spend, therefore, producers should be on the NEP selection committee as it is their quota they are giving.
- Regional representation, plus a GEP participant, banker
- Ag banking community, another ag commodity group, producer etc.
- Local input and dairy farmers.

- A peer group or apprenticeship program is needed
- Bankers, farmers, and a successful GEP start-up

Written submissions:

- A non-dairy industry person
- We'd suggest a five-member panel
- Farmers from another province
- Financial advisor of some kind. Someone who has gone through the incentive program
- Financial expertise; past new entrants

6) [Any other policy suggestions/comments?](#)

Reporting from tables (as it was heard):

- Should not take grant quota away if they want to merge with other farms
- Saskatchewan model is preferred.
- Lottery is a good idea
- One year post start-up, there should be an audit of farm activity to prove the manager is hands on and operating the farm.
- System needs to have equal opportunity, perhaps two lists, one for existing farm kids and one for truly new entrants.
- If the entrant keeps possession of the grant quota they should keep it until they stop farming.

Written submissions:

- Pooled freight an issue
- Quota allotment issue
- Larger amounts of quota go back to Board