

February 5, 2018

Quota Tools Assessment Review
BCFIRB Decision

On February 2, 2018, the BC Farm Industry Review Board (FIRB) rendered its decision on the Quota Tools Assessment Review (QTAR) recommendations submitted by the BC Milk Board on June 30th, 2017 and September 29, 2017. The supervisory review outlines a majority decision made by the FIRB and a dissenting members comments to why the full FIRB Board agreement was not reached. The complete supervisory review can be found in the BC Dairy Quota Tools Assessment Review section of our website or by clicking on this [link](#).

The Milk Board will review the directives provided in the review and seek clarity where needed to develop policy changes. The Milk Board plans to provide direction to the industry in a timely manner to maintain stability, specifically to producers during this time of transition.

At this time, the Milk Board provides the following summary of recommendations made by the Board and the corresponding FIRB directives that apply to each section;

BCMMB	<p>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.</p> <p>B. 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.</p>
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BCFIRB 171. The BCFIRB rescinds the following 2005 quota transfer assessment related directions:

a) Last In- First Out (LIFO) on all quota held by a producer

179. If boards cease to use LIFO (on all quota held by a producer) and 10/10/10 (on growth quota), these quota management rules are to be replaced with the following:

- a) 10/10/0 is to be applied to the first transfer of all growth quota issued to date and going forward.
- b) Quota holders are to have the option to refuse or accept growth quota.
- c) Quota holders are not eligible to receive growth quota for 12 months following a transfer of any quota with one exception as follows:
 - i. If a quota transfer does not result in an overall change in total quota holdings within a business unit (e.g. within a corporation), quota holders within that business unit remain eligible to receive growth.

- d) Receipt of growth quota cannot be deferred. Offer and acceptance of growth quota is a onetime opportunity

BCMMB

- C. Apply a 5% global assessment on all non-exempt quota transaction
E. Add farm employee to the exempt transfer policy with an ownership limit of 5%

BCFIRB

171. The BCFIRB rescinds the following 2005 quota transfer assessment related directions:

- c) 5% transfer assessment on quota issued by boards prior to 2005-2007 (as per individual commodity board dates in their General Orders)

180. At this time, BCFIRB's directions regarding transfer assessment exemptions remain

181. Boards are to have some form of mechanism in place to ensure quota is available to the commodity board for new entrants and other policy program needs (market demands/public interest) on an on-going basis.

182. Mechanisms should be applied in such a manner that they do not unduly advantage or disadvantage a particular producer or specific group of producers.

BCMMB

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

BCFIRB

175. If boards cease to use LIFO (on all quota held by a producer) and 10/10/10 (on new entrant quota) 10/10 is to be applied to the first transfer of new entrant quota issued to date and going forward.

176. After 10 years new entrant quota is to be managed under the same rules as other quota issued by the board and held by an established producer for more than 10 years.

177. BCFIRB's direction that no transfer assessment exemptions are to be applied to the first transfer of new entrant quota remains.

178. BCFIRB expects commodity boards to:

- a) Bring in new entrants through new entrant programs on an annual or regular basis;
b) To regularly review and update new entrant programs to ensure the programs remain effective and strategic; and,
c) Continue to support regional and specialty/niche development opportunities through new entrant programs.

In addition to the directives provided specific to the BCMMB recommendations, the BCFIRB provided the following direction:

173. All quota distributed by a board, including new entrant quota or other program quota such as Cottage Industry Program, and any associated growth, are to remain transferable in some form.

174. Policies and rules for administering quota received from a commodity board should be similar for all classes of quota with exceptions only when demonstrably necessary.

183. BCFIRB accepts boards using pricing mechanisms to help ensure quota exchanges function transparently and accountably where these mechanisms derive quota value from producer quota market input and forces.

- a) Boards are not to directly set quota price. In managing quota exchanges boards may be informed by and reflect quota prices established on the basis of producer quota markets; and
- b) Boards are not to directly charge levies in return for distributing quota to producers.

Please contact Zahra Abdalla-Shamji with any questions regarding this notice at zabdalla@bcmilk.com